'Safe enclaves'? American multinationals and Spanish trade unionism

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By examining two case studies in Spain’s automobile industry, this article analyzes the part played by the multinational corporation (MNC) in the historical transformation of Spanish trade unionism at shop-floor level. The literature on organizational change, often aimed at explaining the ability of MNCs to diffuse human resource policies and practices across borders, is used to explore MNCs’ ability to introduce organizational changes into the specific local conditions they are forced to deal with. Of the three possible types of organizational change examined (‘continuity and institutional inertia’, ‘discontinuous and revolutionary change’, and ‘hybridization’), the authors find there is a strong evidential tendency towards hybridization. The MNCs under scrutiny were able to transform some aspects of the work of trade unions at the workplace level (wages, promotion, selection), but found they had to adapt their management style to the Francoist state’s labour legislation – namely, concerning professional classification and functional mobility. The authors also contend that it was the role of these companies as MNCs, not their country of origin, which opened the way to the transformation of trade union organization and labour relations at the local level in Spain, since such a transformation accelerated once French and Italian multinationals took over each one of the MNCs under examination.

Introduction

Dominant accounts of the creation of the modern labour relations system in Spain usually link it to the arrival of democracy. Little attention has been paid to the role of foreign companies, especially multinationals, in this process. Our contention is that multinational companies’ managers, interplaying with clandestine workers’ representatives during late Francoism (1959 onwards), contributed to the creation of the modern labour relations system that emerged in this period. American multinational companies (MNCs) were salient in bringing human resource management (HRM) procedures that departed from the paternalistic practices that had dominated Spanish business culture until the late 1950s. Throughout the 1960s and 1970s American MNCs used HRM practices which accepted that a legitimate role existed for workers’ representatives in achieving a peaceful industrial order similar to their own domestic experience. Thus, it might be useful to examine the extent to which American multinationals were decisive in dismantling paternalism,
establishing modern industrial relations at the workplace level, and, ultimately, forging a modern trade union movement in Spain, as against more orthodox explanations of this post-Franco phenomenon.

This is not simply an historical or even specifically Spanish question, since the conclusions drawn from this study might be relevant for other countries where labour relations system are not quite fully developed after the transition to democracy. We have chosen two Spanish car and heavy vehicles manufacturers – Barreiros-Chrysler and ENASA – that were eventually (or almost) taken over by American multinationals in the 1960s and 1970s in order to explore the issues surrounding the transition from one industrial relations regime to another. ENASA was initially owned by the State; the other was privately owned. Both companies were representative of the paternalism that pervaded HRM during the first period of the Francoist regime.

This approach could be particularly relevant when the system of industrial relations is not completely formed, such as in central and eastern European countries. In authoritarian regimes on the verge of collapsing or transitioning to democracy, it might be irrelevant to talk about host-country effect, in the sense of a cluster of already well-established labour institutions to which the MNC adapts. Moreover, such circumstances may well have allowed MNCs actors to shape organizational structures not totally formed in these countries. In our case, MNCs might have made a major contribution to shaping the new trade unionism which replaced the older forms of trade unionism that had been wiped out after the Spanish Civil War (1936–39).

We will divide the Francoist regime into two distinct chronological periods: first, 1939–1959, decades characterized by autarchy; and, secondly, 1959–1975, years marked by the opening up of the economy, a period of pragmatic modernizing. Then, after briefly summarizing the theoretical debate on induced organizational change, we will attempt to show how the roots of the current system of industrial relations lie in the last decades of the Francoist regime. Through interviews and archival data, we will analyze how collective bargaining in Barreiros-Chrysler and ENASA changed from the beginning of the 1960s onwards, a process that coincided with the takeover of these two companies by American MNCs. Finally, we hope to show how changes in ownership and managerial culture induced a change in the way the trade union movement organized itself and structured its activity at the workplace level.

**Induced change**

Most of the research on diffusion of MNC practices across borders has focused either on the country-of-origin or the host-country effect. The crux of the debate is the extent to which MNCs adapt their practices to suit the institutional environments of the host countries where they invest, or, on the contrary, the extent to which they are able to shape the country of destination institutions, therefore contributing to a process of diffusion and organizational isomorphism. Yet there has been little research on the extent to which, by striving to diffuse some norms and practices, MNCs contribute to inducing organizational changes within the local actors they are forced to deal with.
There are three patterns of organizational change normally established by the literature. First, the process can follow a path of ‘continuity and institutional inertia’. Path dependency reproduces organizational structures that usually develop in an endogenous way as a result of steady growth. Second, there can be a process of ‘discontinuous or revolutionary’ change, as a result of changes in the environment of organizations, like population ecology suggests with the notion of punctuated equilibrium or new institutionalism with the idea of coercive or even competitive isomorphism, or as a consequence of a dramatic merger or takeover. Finally, there may be processes of ‘hybridization’, where ‘local agents negotiate a mixture of new and old know-how that leads to genuinely new forms of organization’. This hybridization process can be better understood if we analyze labour relations from a political approach in which relations are not totally determined (that is, issues can be negotiated) and local actors (unions, managers, institutions) and global or international actors (i.e. MNC managers) have some resources at their disposal to affect the relationship with the other actors. Furthermore, when negotiations occur in a moment of structuring a new organization, it may adopt a structure based on the issues being negotiated.

Soulsby and Clark’s argument has been somehow applied to MNCs’ diffusion of practices to their subsidiaries abroad, but not to the diffusion to the local organizations they deal with in these subsidiaries. In a context of unformed industrial relations systems, it may be important, as we argue here, to consider the extent to which MNCs, as foreign agents, are able to induce changes in organizations that are local actors, and even to shape their formation, if the birth of these organizations more or less coincides with the establishment of multinational companies. Trade unions were such local actors inside MNC subsidiaries in the last decades of the Francoist regime. To explore this issue, we selected two automobile companies already operating in Spain – a state-owned company (ENASA) and a private-owned one (Barreiros) – before and after being taken over by American multinationals, so that we could evaluate the changes in human resources management from one managerial culture to another. Eight interviews were carried out in ENASA and seven in Barreiros. Three follow-up interviews were conducted with union leaders of ENASA’s Barcelona factory. We interviewed both former managers and members of the only clandestine trade union that existed in the company before democracy. For reasons of confidentiality, these interviews will be quoted in the text with a code whose first letter refers to the company (E, ENASA; B, Barreiros), and whose second refers to the condition of the interviewee (S if the person belonged to the trade union; C if s/he was a manager). Collective agreements and company code books were also consulted.

We argue that, to some extent, trade union activity in Spanish large establishments might have been derived from the efforts of American MNCs to implement their home-country practices in the desert-like landscape of industrial relations during mid-Francoism. The trade union movement was just being regenerated in large companies where there was some scope for collective bargaining, granted by a very limited reform of the authoritarian labour legislation. Many of these companies were multinationals that had implemented Fordist practices in their home countries, including granting some legitimate role to workers’ representatives. Spanish unionism acquired a more modern sense of trade union activity at the workplace in MNCs because they took advantage of a window of opportunity opened by the
regime, which facilitated the access of workers’ clandestine organizations to key positions in the official Francoist trade union.

The Spanish automobile industry during Franco’s regime

**ENASA**

After the Spanish Civil War, the Francoist regime tried to implement an autarchic economic model based on import substitution, in the naïve belief that the Spanish economy could produce almost everything so far imported. The Spanish National Industrial Institute (Instituto Nacional de Industria [INI]) was founded to implement this policy. Within this general plan, the automotive sector was considered a ‘strategic’ one. It was therefore strongly directed by the State. INI established a state-owned heavy-vehicle manufacturer, ENASA, as the single provider for the Spanish market.

The National Company of Heavy Vehicles (Empresa Nacional de Autocamiones [ENASA]) began producing its first units in 1954. Protectionism, reflected in high tariffs and the huge requirement of Spanish components for foreign producers, guaranteed a steep increase in sales during the 1950s. ENASA diversified its product range, and began exporting to Latin American, Middle Eastern and African countries. But the strong protection of the Spanish market did not compensate for its structural limitations. Demand was quickly saturated, and this coincided with the international crisis of the 1970s. It was soon clear that the company’s survival required a greater focus on external markets, and less focus on the relatively weak Spanish market. The lack of an international commercial network prevented it from acquiring this profile. Equally, ENASA products were neither good nor cheap enough to be competitive in the European market, where the INI increasingly aimed its sales. Hence, INI looked for a multinational partner that would allow ENASA to compete internationally.

The American multinational International Harvester (IH) bought the company in 1980. Its aim was to develop a ‘range of vehicles competitive at a global level, on the basis of the experience of Pegaso [ENASA] in the manufacturing of heavy vehicles’. IH began to modernize the company, rationalizing the product range, suppressing the less profitable models and increasing labour productivity. Amongst other measures, there was an emphasis on reducing labour costs; a strategy dictated by the losses accrued by ENASA in the years prior to its takeover.

In common with the experience of many other multinationals then investing in Spain, IH’s economy drive coincided with the international crisis of the 1970s. It soon faced problems at home which forced it to sell off ENASA. In 1990 the company was finally taken over by the heavy vehicles division of the Italian FIAT motor company.

**Barreiros-Chrysler-Peugeot**

The end of the Spanish Civil War coincided with the beginning of the Second World War. These were times of fuel scarcity in Spain. Diesel engines were more economical than petrol ones. Eduardo Barreiros, a mechanic born in Galicia, seized this opportunity to open up a blooming business transforming standard engines
into diesel. But even the diesel engines thus transformed proved to be expensive. The opportunities for profit were soon exhausted. Barreiros then decided to manufacture new diesel engines under licence from Perkins, a British engine manufacturer. When demand for diesel engines dried up, Barreiros then jumped into the manufacture of heavy vehicles with diesel engines. Here Barreiros, a private-owned company, faced the opposition of the INI state holding. The INI saw Barreiros as a redundant company competing with the state-owned ENASA. But after seeing an order placed by the Portuguese army, the Spanish dictatorship suddenly saw Barreiros as a source of prestige to be sold both abroad and at home. Barreiros received permission to manufacture heavy vehicles. In 1954, Barreiros Diesel was founded as a company manufacturing ‘engines and heavy vehicles’. As happened with ENASA, vertical integration developed at Barreiros at the same time as the company widened the range of vehicles it produced, to buses, tractors, and vehicles for the army.

But Eduardo Barreiros’ ultimate dream was to manufacture not engines or heavy vehicles, but cars. Car making, though, required a technology he did not possess, and because of this he was forced to rely on a foreign manufacturer, so in 1963 he signed an agreement with Chrysler. After some glorious years in which demand grew steeply, Barreiros soon found itself in difficulties. The agreement with Chrysler led to the production of some American-style models, like the Dodge Dart, which were too large and expensive for the average Spanish consumer. Stocks piled up and debts increased. The Spanish financial system was not at this point either strong or modern enough to help the self-financed Barreiros overcome such a situation. The financial hardship the company experienced during the 1960s forced Barreiros to ask the Chrysler Corporation for help. Investing in Barreiros suited Chrysler: it had adopted the strategy of investing in Europe late in the day, a strategy led by the other two big American vehicle manufacturers, Ford and General Motors. Chrysler chose Spain to emulate the Detroit car makers, and in 1967 it seized control of Barreiros.

Unfortunately, Chrysler’s move went as wrong as IH’s venture with ENASA. Soon after seizing control of the company, Spanish demand collapsed; as it did worldwide. Facing domestic problems, Chrysler decided to dispose of its shares in Barreiros and sold them to Peugeot, which took over the company in 1978.

**From paternalism to human resource management**

In spite of their different ownership, both Barreiros-Chrysler and ENASA-Pegaso were in practice model forms of ‘paternalism’, a way of managing human resources that provides facilities for employees – that is, houses, sport facilities, shops, and so on – and creates the possibility of a direct relationship between workers and owner, so weakening the ability of the former to organize so as to advance their own distinct interests. Paternalism in both state- and private-owned companies was favoured in the absence of a welfare state. During most of Franco’s regime, almost no workers had access to public health care, education for their children, or social assistance. Large companies provided their employees with some of these services. There are several examples of this in our case studies. Around the ENASA and Barreiros factories in Madrid, company houses (colonias) were built so that workers could live near the workplace and be conveniently controlled by the police. Control over the
workers came from the fact that being fired also meant losing one’s house. Paternalism was also expressed in the work of the social worker in the company’s medical service: according to interviewee SE5, ‘her only work was supporting workers’ families, attending their needs, sorting out their problems… If a worker had a problem at home, with his kids, the social worker went to his home, assessed the problem, and recommended courses of action.’ Although both workers and the company were contributors, the mutual help fund (Obra Social) established by the company was another example of paternalism. This fund entitled workers to buy from discount company shops (economatos), to have access to company canteens, and to have their children’s education paid for. The practical and ideological role of the fund was a result of the absence of a welfare state. The same rationale lay behind the medical service in Pegaso, manned by several medical doctors who provided workers with medical assistance and emergency services; and behind the Mutualidad de Previsión Social, a widowhood and pension system, first established in ENASA’s factory in Madrid, and later in the Barcelona factory.

Although workers in both factories considered themselves privileged compared with other Spanish blue-collar workers, they did not have an independent voice, they worked long hours, and their relationship with the company was subject to arbitrary treatment and decisions. In this sense, they were very much dependent on the unmediated will of the owner or manager of the company.

Eduardo Barreiros was viewed as an ‘accessible’ manager who used to visit the workshop, roll up his sleeves, and try tools with his own hands. He was also known for taking an interest in the personal lives of his workers. For instance, one the interviewees (SB1) told the story of a worker whose wife required surgery and who asked the personnel division for a salary advance of 2000 pesetas. When the advance was denied, he went straight to Barreiros himself and explained the situation. ‘Then, Barreriros took a roll of peseta bills from his pocket and said, “Take this [4000 pesetas]; do not worry. Have the operation done and I wish you well. Do not worry.”’

Managerial paternalism implied a direct relation between the employer and the worker, bypassing middle managers and ignoring any sort of norms, rules, bureaucratic procedures and organizational structures. But it also implied arbitrariness: according to SB1, “[Barreiros] used to walk inside the factory and [one day] saw a chap and said, “Pepe [former personnel manager], fire this one.” “But, why, Mr Eduardo [Barreiros]?” “Don’t you see how lazy he looks?” After the personnel manager argued, Barreiros would say, “I do not want to see him any more. Fire him.”’ This absence of professional management was similar to many other Spanish companies. Barreiros managed his company as a family business, putting his brothers in key positions in the company hierarchy. One of the brothers, Valeriano, was nominally in charge of the personnel department, a relatively minor function in the company. Below him, Jose Delgado Novo, an acquaintance of Eduardo Barreiros, born in the same province, and an extremely influential official in the Francoist union, was actually in charge of personnel matters and had virtually a free hand in matters such as hiring and firing, paying wages and disciplining the workforce. Delgado Novo was feared by workers in Barreiros for his authoritarianism.

The arrival of Chrysler in 1967 was accompanied by the renewal of its direction and a clear drive for professionalization. Personnel was a function no longer
exclusively populated by relatives and acquaintances, but instead was headed by ‘a second round of [more professional] managers’ (CB2). The organizational structure was clarified. In this respect, the takeover by Chrysler signalled a clean break with past practices: ‘A proper function of Personnel was only established when Americans [Chrysler] arrived. Then, a new hierarchical organization was set up, with nine departments for the whole company’ (CB2). The company had become simply too large to be managed as a family business any longer.

Even so, the company hierarchy remained underdeveloped. There were just three functional directorates: Financial, Production and Administration. There was no distinct personnel or HRM department; personnel matters were ultimately the responsibility of the Director of Administration. The personnel section was just one of many sections within it, and Delgado Novo remained in place. As CB2 declared, he still had ‘a high autonomy’. Clashes with him were frequent; but times were changing, and Delgado Novo was finally dismissed when Chrysler assumed full control of Barreiros.

Our interviewees confirmed the narrow role of the personnel manager before Chrysler took a firm grip of Barreiros. Chrysler, however, was ‘looking for a proper personnel manager because the person who had somehow played this role so far was an old-fashioned personnel manager, somebody who was 64 years old. Besides, they were looking for somebody with experience abroad’ (CB1). The new personnel manager met these needs: he had been working in an American multinational company in Europe before moving to Chrysler.

Personnel was thus upgraded and established as one of the main directorates of the company, immediately below the CEO. One of the first tasks of this new, upgraded personnel department was to cut labour costs associated with the production of vehicles deemed no longer competitive or profitable, to adapt the head count to a downturn in sales, and to increase workers’ productivity, so that the company could compete in international markets.

In spite of the clear signs that the Chrysler administration was decisive in its modernization of human resources management, it is equally clear that some progress in this area also took place later, during the period of Peugeot ownership (see below). Thus, modernization was not completed by the American multinational, although Chrysler did much to initiate this managerial transformation.

The role of the American multinational was less obvious in the case of ENASA. IH was decisive in modifying and modernizing job classification methods among supervisors and technical staff, but had not moved much beyond operational issues. FIAT, not IH, completed the modernization of human resources management in ENASA after political democratization. However, in both cases, American investors triggered significant changes in managerial organization and brought about a clear focus on labour costs as a strategic issue.

The origins of trade unionism in the Spanish automotive sector

After the Spanish Civil War, independent trade unions were banned in Spain. As in many other authoritarian regimes, a single, official union was set up instead. The Spanish Union Organisation (Organización Sindical Española [OSE]) was linked to the official party, Falange. Its main objectives were submitting workers to the
discipline of the regime, creating a fiction of representation of working-class interests, and promoting the idea that there was no contradiction between their interests and those of their employers.

Apart from the OSE, institutions for workers' representation at the company and workshop level were established in 1942 and 1947. They were the 'company juries' (jurados de empresa) and the 'liaison union members' (enlace sindical). Company juries, a weak form of workers' councils where employers' representatives also had seats, were elected every four years amongst four different groups of workers: unskilled, skilled, technical and administrative. Chaired by a company representative, they were purely advisory and tightly restricted by Spanish labour legislation. Most of the time they were controlled by company managers or owners: ‘The company juries were almost appointed by the company: [it said,] “You, you, and you [will be] company juries.”’ The president of the company jury was a representative of the company. Nothing was really discussed in these meetings’ (CE3). In other words, jurados de empresa constituted a faked workers' representation at company level. Workers were reluctant to participate in the election lists; they were almost all chosen, invited or forced to do so by the company. Liaison union members were minor figures who also belonged to the company jury and who theoretically acted as workers’ representatives inside the workshop. Again, there was hardly any guarantee that liaison union members could develop an independent and legitimate role.

As in other authoritarian regimes, there was little room for collective bargaining. The State minimised the regulatory role of both company and workers’ representatives. The Bill on Labour Regulations (Ley de Reglamentaciones de Trabajo) established a number of Reglamentaciones (formally called Ordenanzas Laborales), which set working conditions and conditions of employment, as well as wage increases. Collective bargaining was replaced by legislation.

At the end of the 1950s, it was quite obvious that autarky had failed to either promote the Spanish industry or to bring about import substitution. It was also clear that, after the end of the Second World War, the Francoist regime was isolated internationally. For both reasons, the regime began an economic and very limited political liberalization. Restrictions on workers' representation at the company level were slightly eased. During this period, the first clandestine ‘Workers’ Commissions’ (Comisiones Obreras, CCOO) were set up in order to negotiate with employers on specific matters. They were not intended to be permanent organizations, but it was the increasing permanence of labour conflict that made them increasingly permanent to the point that Workers’ Commissions gradually emerged as the main union organization as Francoism was eclipsed.

Profiting from new processes of industrialization concentrated in Madrid, the Basque Country and Catalonia in the 1960s, Workers’ Commissions thrived. A law issued in 1967 enabled workers to appear in lists of candidates for company juries independent of OSE membership, and Comisiones Obreras took advantage of the opportunity to participate in the elections. Although candidates remained clandestine members of the new organization, workers in large firms knew who they were and voted for them.

In large enterprises, often subsidiaries of multinational companies, the new, clandestine union movement became more deeply rooted. Some of these companies were accustomed to collective bargaining in their home countries, or in other parts of
their international operations. Besides, the only way of adjusting labour costs to
productivity was to have full control of all personnel matters, instead of having
wages established by government. Quite paradoxically, then, it might have been in
foreign companies, not in the native ones, where an incipient union movement was
first established. Multinational managers were more concerned with producing
stability than with political compliance, so tacit recognition of ‘unofficial’ elected
workers’ representatives quickly became widespread. In this sense, multinational
subsidiaries provided selective safe enclaves for nascent independent trade unionism
in Spain.

The 1956 Collective Agreements Law (*Ley de Convenios Colectivos*) opened up
the possibility for limited collective bargaining. It enabled companies to reach
agreements with ‘legitimate’ organs of workers’ representation – that is, with *Jurados
de Empresa*. Still, the issues subject to negotiation were few, and the result of
collective bargaining needed to be ultimately confirmed by the State; even so, this
was an opportunity for the *Jurados de Empresa* to achieve a real role and authority.
This 1956 law allowed agreements over wage increases above what the *Ordenanzas
del Trabajo* stipulated. The most relevant issue here was that clandestine groups of
workers (still with a very basic and limited organization) in large companies took the
opportunity of playing by the rules of the regime and by doing so helped the official
trade union ‘to begin changing from inside’ (SE3).

Unions and collective bargaining

The first real elections to company juries soon revealed, in both Barreiros and
ENASA, the mobilizing capacity of the *Comisiones Obreras*. ‘Their victory was
overwhelming’ (SE5). Regime officials took disciplinary measures against all these
company juries and liaison union members and had them fired from ENASA. After
that, a High Court sentence on February 1967 declared *Comisiones Obreras* illegal.22
Most of the members who had been elected to company juries were jailed.

From 1967 onwards, *Comisiones Obreras* worked clandestinely and suffered
periods of prosecution, dramatically weakening their internal organization in both
companies. However, they were never completely uprooted. The few members who
were not fired and arrested always somehow managed to re-establish the organi-
zation. Franco’s regime proved less and less capable of suppressing their activity. At
the same time, management in large companies, many owned by MNCs, increasingly
looked upon the clandestine *Comisiones Obreras* members as the authentic
representatives of the workforce and, therefore, as necessary for industrial peace
and continuity of production: *Comisiones Obreras* ‘was the workers’ representation
recognized by the company, even though there was no legal framework [to justify the
recognition]’ (SB3).

The opening of a window of opportunity for collective bargaining reinforced, if
not promoted, the role of clandestine and incipient trade unions in large companies.
It became increasingly common to bargain over a number of human resource
management topics, many of them previously dictated either by the State or by
employer paternalism. Through such negotiations, the company had to concede
some workers’ rights that were not legally established. Indeed, one of our informants
recalled how the company ended up legitimizing the clandestine workers’
commissions and marginalizing the legal structure of representation. Referring to a collective bargaining round, he recalled: ‘The Jurados de Empresa appointed the bargaining committee [twelve people]. We elected twelve people in our assemblies. The company had to choose with whom they should negotiate. They opted for the Jurados de Empresa. But every time they had a meeting, the plant stopped working. Workers complained because those who were negotiating were not their representatives. The company, and even the Jurados de Empresa, had to acknowledge that they could not keep the show going on. If they did not want to enter in a spiral of conflicts, they had to admit that the real representatives were those chosen by the workers. From then on, there was an explicit recognition from the company’ (SB3). It was the workers’ support and the subsequent threat of halting the production process that helped to legitimize the clandestine workers’ representatives as the effective negotiators with the company and consolidate improvements in salaries and working conditions.

Collective bargaining in Spain was limited, erratic, almost clandestine, but it had been established in the 1960s. There were other major issues that mobilized workers, such as the re-establishment of political and trade union rights. But here we are more concerned with the type of trade union activity at the workplace level that would contribute to the shape of trade unionism when democracy arrived. The organization of the only trade union then really present amongst the workforce (Comisiones Obreras) was established to mirror the issues that collective bargaining allowed. The Socialist UGT, the Social-Christian USO, and the anarchist CNT followed suit in developing their own organisation at workplace level, especially after a number of laws issued in the 1980s allowed these organizations to re-establish themselves. Wages and employment, obviously, but also hiring, training and promotion were issues that one of the main Comisiones Obreras departments, Secretaría de Acción Sindical, which would build the fabric of trade unionism and collective bargaining.

We now turn to those issues that normally fall within the scope of collective bargaining, beginning with selection. Paternalism and unobtrusive organizational control were evident in the priority given to the sons of Pegaso’s employees when recruiting new workers: ‘All things being equal, orphans and offspring of company workers should be given priority at the moment of selection’.23 A similar norm existed in Barreiros: ‘Once Barreiros’ entry requirements are met, priority will be given to sons of deceased workers; positions as trainees will be occupied first by sons of workers of the company’.24 In this way, these two companies restricted their access to external labour markets and created their own internal labour markets that crossed generations.

By 1979, Barreiros was attempting to regain access to the external labour market: the collective agreement signed that year stated that 35% of vacancies would be ‘freely disposable by the company’. In the 1984 collective agreement, there is no longer any mention of preferences given to workers’ sons; indeed, the contrary is explicitly stated. The company also changed the selection process for managers and relied on the external labour market. This brought about the professionalization of the managerial function, especially in the personnel area: ‘[human resources management] became more civilized and professional’ (CE3). The impact of the foreign company was clear in that after the takeover the company opened its internal labor market to external workers.
Workers in the Spanish automobile sector were mostly unskilled and without any experience of factory work. Most came from rural areas. In the first phase of development, ENASA and Barreiros required skilled workers, and in spite of the introduction of Fordist methods of production, there remained a chronic scarcity of electricians and engineers. ENASA established its own training school; on the other hand, Barreiros selected some workers to attend the first vocational training schools in Spain, under the management of the Ministry of Labour. However, this did not alter employment policy, as company training schools guaranteed the recruitment of workers’ relatives, since they were given priority as trainees.

The rationalization of production engineered by American multinationals decreased the requirement for skilled workers in ENASA and Barreiros. Some parts of the production process disappeared, and vertical integration was diminished. On the one hand, the entrance of American multinationals reduced the need for on-the-job training; on the other, though, the increasing professionalization of promotion and the consolidation of Fordist methods of production required further training in precision engineering and production design. Overall, the introduction of Taylorist techniques after the takeover meant the fragmentation of the work process and a training system that involved learning very simple and purely mechanical operations: ‘during the American period there were times in which we hired 500 workers per week. They had around a couple of days of training, which meant that the operations had to be very simple. It was like that of Chaplin [in Modern Times]…’ (CB1). In the case of ENASA, it was the arrival of Italian FIAT, rather than IH, that put an end to its training school.

Professional classification was one of the dimensions of labour relations most thoroughly regulated by the State, through the Ordenanzas Laborales. Only recently has this changed, for the whole economy, and for the metal-working sector in particular. Quite remarkably, unions adopted and even promoted some of the protective measures implemented by the State through successive rounds of collective bargaining with the employers well after political democratization: ‘All this thing of “professional categories” comes from the Francoist Ordenanzas Laborales. They were progressively introduced in collective bargaining, and later on only progressively and timidly modified, as technological progress made some professions disappear’ (SB1). This issue remained untouched by the change from paternalism to a more professional human resource management introduced by MNCs. On the contrary, MNCs in the automobile sector had to put up with this feature, which was, until the last decade or so, the central institution of the Spanish system of industrial relations.

In the collective agreements of both ENASA and Barreiros, functional mobility resulted either from the workers’ own request, or from an agreement between the worker and the company, or from disciplinary measures or, finally, in the interest of the company. Franco’s government used strong employment protection as one of the main routes to social and political compliance from a working class that had largely been opposed to his cause during the Spanish Civil War. Subsequent restrictions to access the external labour market forced MNCs to negotiate workers’ redeployment with the increasingly legitimate, although clandestine, workers’ representatives. Functional mobility became a key issue in collective agreements in both companies; indeed, most workplace trade union activities centered on this issue, which became crucially important in collective agreements. To gain some room for labor
Redeployment companies negotiated functional mobility with workers’ representatives as early as 1968: ‘there was a strong intervention of CCOO to defend a structure which, from the company’s point of view, was obviously a limit’ to functional mobility (SE5). In this respect, Spanish trade unionism at the workplace level resembled job control unionism, paradigmatic of American unionism.26

The existence of an internal labour market implied the parallel importance of promotion. The first available collective agreement in Barreiros (1977–78) states that, except amongst managers, middle managers and administrative workers, vacancies will be first covered from current employees; only if the vacancy remained empty after that, ‘the company will proceed to hire from the external labour market’.27 Two-thirds of the vacancies were to be covered through promotions; the rest, on the basis of seniority, ‘provided that the worker demonstrated the skills required’28 for the job. There was then a guarantee of a career for all workers in the factory.

In ENASA, the first collective agreements reveal that seniority was imported from the paternalistic labour legislation of Franco’s governments: ‘Promotions will be regulated in accordance with the norms that the National Labour Legislation established for the metallurgic industries. There will be three promotion rounds: by seniority, by competition amongst internal workers and by free appointment by the company’ .29 The first two of these rounds was confined to workers inside the workforce. The fourth and fifth collective agreements had already established that all vacancies would be covered by an open competition called concurso-oposición; in other words, seniority was already suppressed as the only element of promotion. Yet in the concurso-oposición, seniority still scored high, according to the criteria against which the candidates would be ranked.30 Changes in promotion were less the result of the takeover by Chrysler than because of the interventionism that followed the participation of the French in the company: ‘The French guys clear these things up a lot; they sacked a lot of inefficient people; middle managers most of them’ (SB1).

In sum, like selection, promotion is one of the areas where either state or company paternalism progressively gave way to bureaucratic norms that regulated workers’ access to different career paths. After Barreiros and ENASA were taken over by MNCs, seniority progressively declined in importance, and different measures of workers’ productivity became more relevant. It is around the regulation of these issues that workers’ representatives developed their bargaining strategies.

From 1939, the authoritarian regime was so interventionist as regards employment relations that even wage increases for each industry and occupation were decreed by the government. Opportunities for negotiation were negligible. However, after the passing of the Law on Collective Bargaining in 1956, companies were allowed to negotiate wage increases beyond those established by Labour Ordinances for each sector. As a consequence, after the takeover, both ENASA and Pegaso negotiated different agreements in which workers could have obtained up to 20% above those rates established by the state. This was immediately reflected in the collective agreements of the two companies: it resulted in a wide range of bonuses paid to the employees according to their shift pattern, the heat, the risk, and other hazardous situations progressively integrated in the domain of collective bargaining. Thus, from being confined to wage levels, the scope of collective bargaining expanded to earning hierarchies, health and safety, and general issues of equity in

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the workplace. As a consequence, managerial grades previously untouched by collective agreements became part of a reward system established by ENASA when it was taken over by IH. The HAY system rewarded productivity increases among the technical and managerial strata in the workplace.

**Workplace activism**

The evolution of collective bargaining was accompanied by a parallel development of trade union organization at the workplace level. When trade union freedom was finally attained with the arrival of democracy, the trade union branches of CCOO at both ENASA and Barreiros were structured into three main secretariats: the General Secretary of the branch; the Secretary of Union Action, responsible for implementing all the measures that the branch approved; and the Secretary of Organisation. The Secretary’s main task eventually became drafting lists of candidates for union elections (held every four years) and making lists for a number of *comisiones paritarias* (joint commissions).

In ENASA-Pegaso and Barreiros-Chrysler-PSA, the issues discussed in the previous section were progressively regulated by these joint commissions, which became one of the main institutions of trade union activity in large Spanish companies. They subsequently contributed to the structuring of trade union organization at the workplace level. Such commissions were ‘a training school for trade union cadres at the shopfloor level. They also constituted a way of relieving possible tensions inside the trade union branch, since it provided opportunities for trade union leaders with aspirations to occupy positions of responsibility in negotiations with the company’ (SE5).

The existence of joint commissions did not necessarily mean that trade union objectives held sway. But although the balance may have shifted, a union voice was a permanent and legitimate part of all aspects of employment regulations. Commissions were sometimes set up in order to negotiate issues where management had regained positions, as in the case of recruitment or promotion; in other cases, joint commissions were set up to maintain or preserve what state or company paternalism had initially established, as in the case of job classification or functional mobility.

In the case of ENASA, a joint commission (Jobs Joint Commission, *Comisión Paritaria de Puestos de Trabajo*) was set up to administer the lengthy, complicated regulation of recruitment, job classification and promotion that had been piling up for years. As we have seen in the previous section, some of these issues changed throughout the 1970s and 1980s. Union organization in this case developed around the consolidation and permanence of labour regulation inherited from state paternalism. In other cases, the commission became the opportunity for CCOO to develop around the negotiation of issues where there were significant changes (i.e. in selection or promotion).

The case of the HAY system is notable. An ad hoc joint commission was established with the implicit participation of both workers’ and company representatives: ‘We did not like the HAY system, but we understood that, if we were in, we would have leverage to intervene; otherwise, we had not’ (SE5). The incentive HAY system was another example of the type of modernization of human resources
management attempted by IH that helped promote the development of trade union organization through the setting up of a joint commission.

The arrival of democracy boosted the transformation of industrial relations at the companies studied. In the case of ENASA, even before the arrival of FIAT, the Head of Industrial Relations in the Barcelona factory was fired for ‘his anti-democratic attitude’. In 1982, the Spanish Socialist Party (PSOE) came to power. ENASA, a state-owned company, was the subject of important government-induced changes in its human resource management practices. Thus, the arrival of democracy was a decisive factor in completing and consolidating the modernization of industrial relations in this factory.

Conclusion

The analysis of the evolution of employment relations and human resource management in ENASA and Barreiros has allowed us to illustrate a parallel evolution from paternalism to a more professional way of HRM. The multinationals that took over both companies around the late 1960s and early 1970s were decisive in the introduction of new, more professional and more detailed ways of dealing with human resource matters. The opening of a space for collective bargaining and legitimate workers’ representation induced organizational changes in the incipient trade union movement by expanding the scope and deepening the legitimacy of the union voice. Some features of Spanish trade unionism, as it consolidated during the beginning of democracy, were laid out then and there.

Yet we are unable to confirm that it was the ‘Americanness’ of these MNCs which proved decisive. Indeed, American influence was uneven, being stronger in Barreiros-Chrysler-PSA than in Pegaso-International Harvester-FIAT. It is quite likely that this was due to the fact that Chrysler had longer to influence the ethos of Barreiros than IH had in ENASA. Yet in both cases we have evidence that the transformation of HRM was accelerated when other multinationals (French and Italian) took over these companies. It was clearly the multinational character of the company, not just its American origin, that allowed this transformation, and which in turn led to the subsequent transformation of trade union organization at company level. The increasing bargaining power that trade unions, for both organizational and legal reasons, attained in the 1970s also contributed to their organizational shaping.

Multinationals, however, had a greater impact in some areas than in others. Selection, promotion and wages were three areas were the norms captured in collective agreements moved further away from the previous paternalistic legislation. Yet in other areas, such as professional classification and functional mobility, trade unions simply adopted the Francoist protectionist legislation; they appropriated such legislation and transformed it into a set of guarantees to be protected during collective bargaining.

In sum, union organization at the workplace level developed not only from concerns regarding the regulation of issues when HRM departed from the old paternalist style of management, but also from issues directly inherited from the regulation this paternalism had generated. These two case studies illustrate a case of hybridization, where both institutional and organizational change only occur to some
extent, in some particular areas; it is neither ‘continuity nor institutional inertia’ nor ‘discontinuous and revolutionary’ change. Furthermore, this hybridization is better understood as the result of negotiations between social actors in the context of political authoritarianism – hence the relevance of understanding labour relations from a political approach in which actors, through their social practices, define and redefine the environment in which they have to work, generating in the process new forms of organization.

Notes
1. Kahancova, ‘Embedding Multinationals’; Kahancova and van der Meer, ‘Coordination’.
2. Guillén, Limits of Convergence.
5. Hannan and Freeman Organizational Ecology, 38, 60.
11. Martin Acena and Comin, INI. INI was the Francoist institution in charge of planning the development of the Spanish industry modelled very much after its Italian fascist counterpart.
13. Lage and Manz, Hispano-Suiza/Pegaso, 225.
15. Ibid., 20–2.
16. ENASA’s social worker was suppressed when ENASA was taken over by FIAT.
18. García Suarez and Ribalta, ‘La política social’.
22. Ruiz, Historia de Comisiones Obreras, 49.
25. This was confirmed by some interviewees, according to whom the old professional classifications (Ordenanzas Laborales) survived in ENASA-Pegaso, even after they were suppressed by law. ENASA’s collective agreement stated that the old professional classifications remained in the company.
28. Ibid.
29. ENASA. 1st Collective Agreement.
32. Ibid., 25.

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