

V. LABOR/EMPLOYMENT LAW, LABOR UNIONS/LABOR STUDIES, AND INTERNATIONAL/COMPARATIVE REFEREED PAPERS

Low Road Convergence: Diversity or the Beginning of the End for National Industrial Relations Systems?

Tony Royle
Nottingham Trent University

Abstract

This paper examines the labor relations practices of American, British, and German companies in the German quick food service sectors. This includes multinational corporations (MNCs) such as Burger King and McDonald's, Whitbread subsidiaries Maredo and Churrasco, and German competitors such as Nordsee, Dinea, and Blockhaus. Focusing on unionization and employee representation, the findings suggest that MNCs in this sector are increasingly promoting anti-union employment practices across national borders and that national competitors are increasingly emulating this approach. This trend is arguably leading to a convergence of employment practices around a "five-lane low road" of increased standardization, union exclusion, low trust, low skills, and low pay. While some might argue this "low road" signals the beginning of the end for national

Author's address: Department of HRM, Nottingham Business School, the Nottingham Trent University, Burton St., Nottingham, NG1 4BU, United Kingdom

industrial relations systems, we argue that it merely confirms the continuing variation within national industrial relations systems and highlights the importance of sectoral characteristics and organizational contingencies in understanding cross-border MNC behavior.

The quick food service sector is frequently overlooked in terms of serious industrial relations research, yet it is a vast and expanding industry in which multinational corporations (MNCs) are highly active and influential. Indeed, a large proportion of new jobs created in the United States and in other industrialized countries are to be found in this sector. In terms of job creation in the United States in 2000 for example, the top five occupations for those aged eighteen to twenty-four were, in descending order: cashier, waiter, cook, sales worker, and stock handler (Schmitt 2001). There seems little doubt that U.S. chains are still the main drivers in this sector; internationally, in 2001, the top ten U.S. chains¹ alone had a combined turnover of almost \$100 billion and operated over 107,000 units worldwide, employing around five million workers (*Foodservice* 2002b). This paper therefore tries to address this situation by examining the activities of American, British, and German companies in the German quick food service sector. The study therefore includes companies such as the American-owned Burger King,² McDonald's, KFC, and Pizza Hut; the German subsidiaries of the British Whitbread company, Churrasco and Maredo; and the German companies Nordsee, Blockhaus, and Dinea.

Convergence, Divergence, and National Industrial Relations Systems

The early convergence thesis suggested that industrial societies would become increasingly similar to one another (Kerr et al. 1973). The logical outcome of this argument was that this increasing similarity would eventually erode the distinct nature of national industrial relations systems. Although this early thesis became discredited in the late 1970s, it did not stop later research, which claimed to find a more subtle form of market-driven convergence offering a "one best way" model for work practices often associated with "Japanization." One well-known example of this type was that of lean production (Womack et al. 1990); however, this argument also faced criticism for its methodological and conceptual weakness (Williams et al. 1992; Elger and Smith 1994). Nevertheless, more recent studies, which focus on sector and company-specific factors, still claim to have found evidence of convergence around such issues as functional flexibility (Mueller 1992) and "JIT" (Frenkel 1994).

There are of course a number of long-standing arguments that take the opposing view and assume that employment relations practices are shaped by locally isomorphic factors (Rosenzweig and Nohria 1994). These arguments

emphasize the continuing divergence of national systems—the continuing importance of the national web of institutions within which all firms are said to be embedded. These arguments include the work on societal effects (Maurice et al. 1986), and more recently on business systems (Whitley 1999) and “varieties of capitalism.”

On paper at least, the German industrial relations system provides employees considerable rights to independent representation through industry-level collective bargaining arrangements, works councils or workers committees, and trade union representation rights (Jacobi et al. 1998). In theory at least, these institutions could place considerable constraints on management in terms of how they can manage their employees (Marginson and Sisson 1994; Ferner and Edwards 1995). However, the main weakness of these divergence theories is that they tend to neglect variation within national systems and particularly sectoral and company-specific characteristics, as recent studies acknowledge (see for example Ortiz 2002). In addition, Marginson and Sisson (1994) also suggest that MNCs may increasingly question their involvement in national systems of industrial relations and develop their own organization-based employment systems. Similarly, Collier and Marginson (1998) argue that a greater range of management decisions affecting the interests of nonmanagerial employees are being taken beyond the scope of national jurisdictions, achieved through “channels of influence” in MNCs. What evidence of convergence or divergence can there be found in studies already undertaken in this sector?

The Case of the Quick Food Service Sector

Although some U.S. companies have promoted welfare capitalism and most have promoted some variant of human resource management techniques, many U.S. companies remain avowedly nonunion (Kochan and Weinstein 1994; Towers 1997; Human Rights Watch 2000), and in many cases promote a “three-lane low road” of low trust, low skills, and low wages (Milkman 1998). In the U.S., Canadian, and British quick food industries, U.S. multinational chains still dominate. Furthermore, in all these countries, even amongst Canadian and British competitors, the sector is predominantly nonunion and anti-union activity is rife. In most cases trade unions have been unable to gain recognition at all and, in the remainder, unions have only been able to establish collective agreements that cover one restaurant at a time and which invariably last for just a few months (Leidner 2002; Reiter 2002; Royle 2002). In terms of unionization, levels of pay, trust, skills, and the standardization of work organization, these studies suggest a considerable degree of convergence in employment practices across national borders in this sector. However, the German system of industrial relations would appear to present MNCs and

national competitors with a much more formidable challenge in terms of well-organized trade unions and a highly juridified system of labor relations compared to that found in the United States, Canada, or the United Kingdom (Jacobi et al. 1998). Similar outcomes among the United Kingdom, United States, and Canada may therefore reflect a lack of cultural distance (Ferner 1997); a more convincing argument for “convergence” would therefore have to include countries with very different systems of industrial relations such as Germany.

This study therefore raises a number of questions. Firstly, what kinds of employment practices will U.S. and non-U.S. quick food service companies adopt in the more regulated German market? How effectively can unions and employees mobilize their power resources, which are rooted in statutory mechanisms of employee representation (for example German works councils), when faced with MNCs that tend to adopt nonunion employment practices in their home and similarly less-regulated countries? What similarities and differences are evident in the activities of MNCs and their large national competitors? What implications do the findings have for the divergence versus convergence debate and our understanding of the home country, host country, and sectoral influences on MNC employment practices? Finally, what are the implications for the future of national industrial relations systems?

Low Road Convergence

As we have already suggested, much of the more recent evidence for convergence across borders is often focused around “one best way” employment practices (Mueller 1992; Frenkel 1994), and is often seen as driven by employers’ use of “coercive comparisons,” where MNCs can enforce their employment practices by threatening to withdraw or divert investment from one country to another (Ferner and Edwards 1995; Coller and Marginson 1998). However, such coercive comparisons are of little relevance in the quick food sector or other low-wage service sectors (Erickson et al. 2002), because labor cannot be outsourced abroad or outsourced to other wage areas as it may in manufacturing.

Nevertheless, the findings from this study do suggest a convergence of employment practices within one sector around a five-lane low road of increasing rationalization and standardization, union exclusion, low wages, low trust, and low skills, creating formidable obstacles for independent employee representation. It appears that an increasing number of companies in the fast food service sector are changing their forms of work organization to become more like the “traditional” fast food operators, in other words, offering more standardized and restricted menus; tighter portion controls and controls of ingredients; employing a larger proportion of unskilled, young, and “acquiescent” workers; and adopting increasingly anti-union employment practices.

While it may be tempting to claim therefore that this is the beginning of the end for national industrial relations systems, we argue that in fact this low road convergence merely restates the continuing variation within national industrial relations systems (Locke 1995) and emphasizes the importance of sectoral characteristics in understanding MNC behavior, a point which recent studies are either implicitly (Barton and Turnbull 2002) or explicitly (Ortiz 2002; Colling and Clark 2002) beginning to address. As Ferner (1997) also argues, the salience of country of origin features is likely to be influenced by sectoral factors, with globalized industries likely to be more subject to pressures to converge around the practices of dominant firms. In this sector American MNCs appear to have a strong influence in determining the “one best way” model of conducting business in this sector. It is then this sectoral logic which appears to be dominating the agenda of both MNCs and their large national competitors.

Research Issues

The findings in this paper are drawn from a larger study covering a large number of Eastern and Western European countries, including the United Kingdom, Germany, Denmark, France, Ireland, Italy, Spain, Czech Republic, Poland, and Russia, funded by the Nottingham Trent University’s Research Enhancement Fund. The study now spans a period of eight years and has utilized a variety of research methods including, for example, a period of participant observation, the distribution of questionnaires, a large number of qualitative interviews, and documentary analysis. The bulk of the data for this paper draws on around thirty face-to-face interviews in Germany together with a number of telephone interviews, e-mail exchanges, and an analysis of documentary materials. The interviews have included trade unions, trade union federations, international trade union organizations, senior management in German companies, restaurant management, franchise operators, and a large number of employees, including works councilors and trade union representatives in workplaces.

Defining the Sector

The companies selected for this study are both MNCs and their large national competitors, particularly those that appear to be competing with each other for market share in the “quick” end of the food service sector. However, there may be some problem in trying to determine which companies should be included in a sector and which should not. The term “quick food service” encapsulates a wide variety of different operations. The evidence from this study suggests that many of the product offerings, service, and mode of operation of fast food, travel catering, retail catering, leisure catering, and in some

cases even full service restaurants are becoming increasingly standardized or perhaps “McDonaldized” (Ritzer 1993) in the search for greater efficiencies and better profitability. These labels may not therefore be all that helpful in practice. Although some of the operators under consideration in this paper would often be referred to as fast food restaurants, some may focus less on takeaway, e.g., Pizza Hut, and some may be strongly rooted in another sector, for example, Dinea (department store catering). In addition there has been huge growth in coffee and sandwich chains in recent years, all of which are competing with fast food products. This means that not only is it becoming more difficult to distinguish between differing operations, but in some cases, it may be more difficult to decide in which sector a company should be located. We have therefore taken a fairly broad-brush approach. Following the definition put forward by Hollingsworth et al. (1994), we would include any companies that have products which actually and potentially compete with one another.

The German Food Service Sector

The one hundred largest companies in the broader German food service sector spent approximately £4800 million in 1999 on turnover. Companies described as purely fast food (that is excluding airport catering, trains, motorways, retail catering, full service restaurants, and leisure catering) accounted for almost half of this turnover, with the largest twenty-seven fast food companies accounting for £2200 million (Foodservice 2000). The seven largest quick service food employers in Germany in order of sales are McDonald’s, Burger King, Nordsee, Tricon (Pizza Hut and KFC), Esso, Kamps, and Kochlöffel. McDonald’s took the lion’s share of turnover of all these companies in 1999 with just over £1400 million. Table 1 provides details of the main operators in the German markets in order of turnover. The U.S. market for

TABLE 1
Operators’ Turnover and Number of Outlets 1999 (US\$ millions)

Company	Turnover	
	US\$ millions (1999)	Outlets (1999)
McDonald’s	2202	1008
Burger King	273	223
Nordsee	240	302
Dinea	234	290
Pizza Hut/KFC	110	113
Whitbread (Churrasco/Maredo)	103	69
Blockhaus	76	39

quick food is considerably more saturated than the European market, and there is therefore still considerable potential for expansion in Europe. International operators have also increasingly adopted local snacks as part of their product offerings, and changes in employment patterns have reduced the length of traditional lunch breaks, further enhancing the demand for quick food service.

The German Sector: Employer Associations and Employee Representation

Employer organization in the broader German quick food service sector is dynamic, with some employers moving from a refusal to negotiate with unions at all, to membership in different employers' associations at different times, and, in some cases, adopting company-level agreements. Most of the American MNCs including McDonald's, Burger King, and PepsiCo/Tricon are members of the German fast-food employers federation Bundesverband der Systemgastronomie (BdS). McDonald's, like the other U.S. quick food companies, had originally tried to operate without unions and collective agreements. However, after eighteen years of increasing bad publicity, McDonald's established the BdS in the late 1980s. The BdS also includes Häagen-Dazs and Train-Catering (a subsidiary of Mitropa). Indeed Mitropa (railway catering) is a good example of changing employer affiliations—it was sold off by German railways (Deutsche Bahn), then became a member of the BdS. However, when Mitropa was taken back into Deutsche Bahn ownership, it then left the BdS in 1997 and now has a company-level agreement with the NGG (the hotel, food, and restaurant workers' union). The large national food retailer Dinea was a member of the Hauptverband des Deutschen Einzelhandels (HDE), but in 2000 Dinea became part of another employers' association recently established by its parent company Metro. Some others like Churrasco, Maredo (Whitbread), Wienerwald, and Blockhaus have signed national agreements with the German Hotel, Guest House, and Restaurant Federation (DEHOGA) since 1997. The remainder either sign regional collective agreements with DEHOGA or are not members of any employer federation and sign company-level agreements, like Mitropa and Nordsee. Most employees in the fast food sector are represented by the NGG, but Nordsee workers are represented both by what used to be DAG (salaried and white collar workers' union) but is now part of the much larger VER.DI (united service workers' union, formed in 2002) and the NGG.

The establishment of the BdS did not herald a more pro-union or cooperative stance amongst its U.S. members. This fact probably reflects the influence of the McDonald's Corporation, which, according to NGG officials, continues to have a major influence on BdS policy. The BdS has had an in-

creasing influence over the way in which bargaining relationships have developed across a large part of this sector. Indeed there have been a number of instances where companies have threatened to pull out of DEHOGA or company-level agreements to join the BdS if they did not get what they wanted in bargaining rounds.

Works councils have traditionally been seen as a way for German unions to enter workplaces and increase union membership (Sadowski et al. 1995). Since its creation in 1989, the BdS has frequently been involved in both the promotion and execution of many of the works council avoidance strategies at McDonald's (Royle 2000), and this union avoidance approach appears to be escalating. In 1999, the BdS threatened to "de-recognize" the NGG as a bargaining partner if the NGG did not accept a pay offer of 1.5 percent per year (for three years) and would instead negotiate solely with a small trade union called Ganymed. This union falls under the umbrella of a union with a Nazi history, the German Association of Commercial and Industrial Employees (DHV). The DHV is affiliated to the Christian Federation of Trade Unions (CGB), which in 1998 had just over three hundred thousand members (Waddington and Hoffman 2000). NGG officials state that Ganymed is a yellow union, simply established to make deals with employers at the expense of workers. It only has around fifteen hundred members and is administered by a staff of five in an office in Bonn. The NGG organized workers to demonstrate outside BdS restaurants and the BdS dropped its threat. However, during the 2002 bargaining rounds, the BdS once again refused to negotiate with the NGG. Following the German government's pension reforms of 2001 (*EIRR* 2001a), the NGG had proposed that in addition to a 5 percent pay raise to correct the continuing low level of pay in this sector,³ the BdS should establish an occupational pension to try to make up for the eventual shortfall in the value of the state retirement pension. Although similar arrangements already exist with DEHOGA and other companies in the food service sector, and the NGG was offering a reduction in holiday pay entitlements to help pay for the scheme and to only cover workers employed for 12 months or more with the plan, the BdS refused to negotiate. In April 2002, the BdS announced that it was de-recognizing the NGG and would establish an agreement with Ganymed. This story may not be an example of the increasing decentralization of collective bargaining typifying the German system at present (*EIRR* 2002), but it does suggest an increasingly nonunion approach in this German sector. As we suggest above, there appears to be a trend of increasing anti-unionism at McDonald's and in the BdS employers' association, but what about the other U.S. companies under the BdS umbrella and some of their British and German competitors?

Burger King

Burger King did, until recently, have a *Stadtbetriebsrat* representing a number of company-owned restaurants in Berlin, plus about six works councils in the rest of Germany, representing individual restaurants. The Berlin *Stadtbetriebsrat* had nine members with one employee paid to work full-time on works council business. However, Burger King franchise restaurants are not covered by this works council and, according to works councillors, the *Stadtbetriebsrat* had been under constant threat from Burger King management. Indeed Berlin works councillors suggest that the only reason that they had this works council is because when it was established in the 1980s, management were not well versed in German labor law and employees were able to take management by surprise. After the retirement of one long-serving works councillor, the company took the opportunity to try to remove the works council. An election was held and the restaurant manager was quickly voted in as chairman; he was also a DAG union member. The works council term of office later came to an end and a new works council election had to be held. The new chairman tried to influence the vote by falsifying election papers and producing more votes than there were employees in the store. The NGG appealed against the result to the labor court and the election was declared invalid. The results of the new election are not known, but in the period from 1999 to 2002 all the remaining Burger King works councils outside Berlin have been closed.

Whitbread

Industrial relations in most German-owned firms appear to be somewhat less antagonistic; in most cases the large national players have by and large accepted both the role of trade unions and works councils. For example, the NGG enjoyed good relations with Maredo while it was under German ownership and before it was taken over by the (British) Whitbread group. Since the takeover, relations with management at both Maredo and Whitbread's other subsidiary, Churrasco, have been difficult. For example, despite having a very active company-level works council at Churrasco, union officials suggest that they have had to fight over every point of law to achieve anything for their members since the takeover. In addition, workers report that management are increasingly trying to remove experienced, usually unionized (and more expensive), employees as part of an attempt to standardize work organization and product offerings.

Nordsee

The British/Dutch MNC Unilever-owned Nordsee has been well known in Germany for its quick food seafood products for thirty years. However, in 1995 it was taken over by the German APAX group (who also own a third of Tank and Raststätten). Works councillors state that Nordsee's long relationship with the food processing giant Unilever meant that it enjoyed a high level of union organization, good relations with management, and good collective agreements. APAX began restructuring Nordsee to bring it more into line with other fast food operations. First, it was announced that the workforce would now have new titles (more or less the same as at McDonald's: store manager, assistant managers, the equivalent of floor managers, and lower orders similar to McDonald's crew who make up the majority of the workforce). Second, that there would need to be a new collective agreement with new pay groupings and that performance-related pay would be introduced. Initially APAX threatened to join the BdS which management suggested would "strengthen their hand at the bargaining table." However, in the end this was not necessary; the works councillors, now separated from their source of organizational strength as part of the larger Unilever group, could do little to stop the changes, though they did manage to negotiate some seniority for older workers (some of whom had been employed there for fifteen or twenty years). The basic pay for new employees fell to just a few pence more per hour than they would get at McDonald's. By 2000, many of the old Unilever restaurant management had left, performance appraisal was introduced, and pressure was put on older (usually unionized and more expensive) workers to leave, with the result that many long-term workers have now left the company. In the last few years Nordsee has dabbled with McDonald's style drive-ins and opened a large number of smaller outlets; many of them are small snack shops selling Nordsee sandwiches and salads in train stations and airports. APAX is operating these new formats of Nordsee outlets under a separate limited company, and this company has joined the fast food employers section of DEHOGA and negotiated a separate collective agreement for these workers, with pay on a par with that at McDonald's.

There are approximately twelve large works councils representing all Nordsee workers in the 350 or so restaurants. These are organized on the basis of twelve districts in three regions—north, middle, and south Germany. The original Unilever management at Nordsee appear to have decided early on to take a strategic and pragmatic approach to works councils. Rather than waiting for workers and unions to request their own structure, they proposed the current structure in which they voluntarily allowed some works council members to be paid to work full-time (*freigestellt*) on works council business. This

structure has not yet been altered under the new APAX management. In theory, the unions and workers could argue for another structure based around the regional areas and not the smaller districts, which could provide them with a larger number of *freigestellt* workers, but have not done so. It seems likely that APAX management are well aware of this and have perhaps decided not to propose any changes, in case a more onerous works council structure is imposed upon them through a labor court decision. At the same time, works councillors report that although the company has not directly tried to obstruct works council business, it has recently been showing signs of impatience with works councillors, and relations are not as cooperative as they used to be under Unilever. Of more concern is the fact that union numbers are dwindling as more long-term employees leave the company. In the new-format outlets, workers are all fresh recruits with no Nordsee tradition; furthermore, the small numbers employed in the snack shops make it very difficult to establish works councils. The NGG and councillors at the old Nordsee outlets have tried three or four times to establish works councils at the new outlets, but have not had any success.

Dinea and Blockhaus

Dinea, a large retail company, has a number of in-store fast food catering operations. According to NGG officials, there is a strong system of over one hundred works councils and a very effective company-level works council. However, the management at Dinea may have more in common with those at Nordsee and do not have the same kind of fast food heritage as management at McDonald's or Burger King. However, German companies, such as the steakhouse chain Blockhaus, have adopted anti-union strategies and have actively avoided and undermined works councils since they set up in business in the 1990s.

Discussion and Conclusions

Fast food employers in the American, British, and Canadian fast food sectors have had little difficulty in operating without trade unions (Leidner 2002; Reiter 2002; Royle 2002); and, in Germany, U.S. quick food service companies are also pursuing aggressive nonunion policies. McDonald's, Burger King, KFC, and Pizza Hut had eventually given in to public pressure to accept collective bargaining in the late 1980s, but in 2002 under the auspices of their employers' federation the BdS, they have withdrawn from collective bargaining with the NGG and gone with a yellow union. This suggests that the conflicts of the early and mid-1980s, which resulted in the establishment of the BdS and the first collective agreements (Royle 2000), were purely a result of concerns about the public image of these companies and had little to do with any

real desire to adapt to the German system, or to accept unions as a pluralist principle. These companies continue to avoid or undermine statutory works councils, and frequently violate existing collective agreements in a number of areas such as: appropriate wage grouping; miscalculation of pay; entitlements to holiday pay and sick pay; and inadequate notice of shift changes. With just a small number of works councils in these companies, there is no way to stop such violations or to assert the information, consultation, or co-determination rights for the majority of employees. Employees in this sector are often unaware of their rights to various allowance or pay structures unless they are brought to their attention and are otherwise dependent on the goodwill of management. Although the German government strengthened some aspects of the works council legislation in 2001 (*EIRR* 2001b), works councillors and NGG officials state that the new legislation has not affected the overall situation in this sector, despite reducing works council election periods. While trying to support the small number of works councils that do exist, the NGG is currently targeting BdS employers with pamphlets addressed to their customers and employees, and trying to organize worker protests in order to bring the BdS back to the table.

In the case of German companies like Dinea, things have remained positive as far as unions and workers' representation rights are concerned. Although competing in the quick food service sector, Dinea is still operated by a company in the retail sector and this appears to explain their employment practices. However, the influence of sectoral factors may be beginning to change the situation at Nordsee. Nordsee was sold by the British/Dutch ownership (Unilever) to the German APAX group in 1995 and by 1997 was beginning to adopt a more standardized system of work organization, introduce performance related pay, and remove experienced (and often unionized) workers. In addition, management appears to be becoming less cooperative with works councils; works councillors describe management as increasingly impatient when it comes to works council business. Perhaps of even greater concern for unions is that in addition to some new German companies in this sector (e.g., Blockhaus) adopting a nonunion approach from the outset, other German companies like Churrasco and Maredo, which had operated more as traditional full-service restaurants with a union-inclusive approach under German ownership, were restructured to operate more as fast food chains with a union-exclusive approach under British Whitbread ownership.

The findings suggest that in this sector MNCs can transfer their management practices across borders, imposing their "employer-based employment systems" (Marginson and Sisson 1994) with little regard for national institutional arrangements. Indeed, it appears that MNCs are doing so with such success in this sector that national competitors are beginning to emulate them.

In the United States, Canada, United Kingdom, and Germany, American, British, and German enterprises are increasingly adopting anti-union policies.

International comparisons of this kind could be accused of being misleading in that they may not adequately contextualize the differences in national systems. In other words, in other sectors where employers have more scope to search for flexibilities within differing national industrial relations systems, they could negotiate variations in the organization of work; the introduction of new compensation schemes; changes in skill patterns, training, and careers; and changes in job mobility and employment security (Locke and Thelen 1995). However, we argue that in this sector, the highly standardized system of work organization, low skill requirements, and an acquiescent workforce (Royle 2000) leave few outlets for variation in national regulatory regimes.

While other studies emphasize the continuing divergence of employment practices, in other (often higher-skilled) sectors like auto manufacture (Ortiz 2002), engineering (Colling and Clark 2002), and dock workers (Barton and Turnbull 2002) this study suggests a convergence of employment practices across countries in the quick food service sector. The low level of skill requirement and high level of acquiescence to managerial prerogative among the workforce combined with little or no tradition of unionism or representation provide the way for a “five-lane low road”: standardization of work organization, union exclusion, low skills, low trust, and low pay. However, we do not interpret these findings as signaling the end of national industrial relations systems, but as re-emphasizing the continuing diversity within national systems (Locke 1995). Other commentators monitoring the state of the German industrial relations system, for example, argue that despite some changes within the system, German firms in other sectors are still strongly embedded in the German system and that the system remains intact (Kurdelbusch 2002; Lane 2000). In a similar vein, Roche (2000) also argues that national systems are likely to become increasingly attenuated by sectoral characteristics and organizational contingencies. In other words, it is a range of sector specific factors—the nature of sectoral product markets, the composition of capital within sectors, pre-existing levels of unionization, and the traditions of representation—that are likely to shape social regimes along either union-inclusive or union-exclusive lines (Roche 2000). This study does not therefore necessarily mean the end of the national industrial relations systems.

Finally, the findings also suggest that the national regulatory regimes of mainland Europe, largely established in the post-war period up until the mid-1970s, and largely with traditional manufacturing jobs in mind, seem ill-equipped to deal with the employment regimes in this kind of sector, where work is being increasingly standardized and rationalized, and low-skilled, temporary and part-time work, and acquiescent workers are the norm.

Notes

1. In order of turnover: McDonald's, Burger King, KFC, Pizza Hut, Wendy's, Subway, Taco Bell, Domino's Pizza, Applebee's, Dairy Queen.
2. The Burger King brand became American owned once again when it was sold to a U.S. investment group led by Texas Pacific in the autumn of 2002 (*Foodservice* 2002a).
3. In comparison with similar skills and jobs with similar work intensity in other sectors, pay for the majority of fast food employees is low. Indeed, according to the NGG's calculations 80 percent of workers in the BdS companies would be better off living on social security benefits. NGG officials argue that the German taxpayer is effectively subsidizing these employees, because they earn so little that they are entitled to social security payments (see also Royle [2000] for a comparison of McDonald's pay rates across Europe).

References

- Barton, H., and P. Turnbull. 2002. "Labor Regulation and Competitive Performance in the Port Transport Industry: The Changing Fortunes of Three Major European Seaports." *European Journal of Industrial Relations*, Vol. 8, no. 2, pp. 133–56.
- Coller, X., and P. Marginson. 1998. "Transnational Management Influence over Changing Employment Practice: Surveying a Case from the Food Industry." *Industrial Relations Journal*, Vol. 29, no. 1, pp. 4–17.
- Colling, T., and I. Clark. 2002. "Looking for 'Americanness': Home-country, Sector and Firm Effects on Employment Systems in an Engineering Service Company." *European Journal of Industrial Relations*, Vol. 8, no. 3, pp. 301–24.
- Elger, T., and C. Smith. 1994. "Global Japanization? Convergence and Competition in the Organization of the Labor Process." In *Global Japanization? The Transnational Transformation of the Labor Process*, ed. T. Elger and C. Smith. London: Routledge.
- Erickson, C. L., L. Fisk, R. Milkman, D. J. B. Mitchell, and K. Wong. 2002. "Justice for Janitors in Los Angeles: Lessons from Three Rounds of Negotiations." *British Journal of Industrial Relations*, Vol. 40, no. 3, pp. 543–67.
- European Industrial Relations Review (EIRR)*. 2001a. "Reform of Pensions Provision Gains Parliamentary Approval." No. 330 (July), pp. 27–29.
- . 2001b. "Germany: New Works Constitution Act Enters into Force." No. 333 (October), pp. 27–28.
- European Industrial Relations Review (EIRR)*. 2002. "Germany: Further Decline of Sectoral Bargaining Coverage." No. 337 (February), pp. 20–23.
- Ferner, A. 1997. "Country of Origin Effects and Human Resource Management in Multi-national Companies." *Human Resource Management Journal*, Vol. 7, no. 1, pp. 19–37.
- Ferner, A., and P. Edwards. 1995. "Power and the Diffusion of Organisational Change within Multinationals." *European Journal of Industrial Relations*, Vol. 1, no. 2 (July), pp. 1–35.
- Foodservice*. 2000. "Marken machen Märkte." April, pp. 18–50.
- Foodservice*. 2002a. "Burger King: Verkauf and Texas Pacific." September, p. 16.
- Foodservice*. 2002b. "United States: Top 50 Restaurant-Marken 2001." October, p. 14.
- Frenkel, S. 1994. "Patterns of Workplace Relations in the Global Corporation: Toward Convergence." In *Workplace Industrial Relations and the Global Challenge*, ed. J. Belanger, P. K. Edwards, and L. Haiven. Ithaca, N.Y.: Cornell University Press.
- Hollingsworth, J. R., P. C. Schmitter, and W. Streeck. 1994. "Capitalism, Sectors, Institutions, and Performance." In *Governing Capitalist Economies: Performance and Con-*

- trol of Economic Sectors*, ed. J. R. Hollingsworth, P. C. Schmitter, and W. Streeck. Oxford: Oxford University Press, pp. 3–17.
- Human Rights Watch. 2000. *Unfair Advantage: Workers' Freedom of Association in the United States under International Human Rights Standards*. London: Human Rights Watch.
- Jacobi, O., B. Keller, W. Muller-Jentsch. 1998. "Germany: Facing New Challenges." In *Changing Industrial Relations in Europe*, ed. A. Ferner and R. Hyman. Oxford: Basil Blackwell, pp. 191–238.
- Kerr, C., J. T. Dunlop, F. Harbison, and C. Myers. 1973. *Industrialism and Industrial Man*. London: Penguin.
- Kochan, T. A., and M. Weinstein. 1994. "Recent Developments in U.S. Industrial Relations." *British Journal of Industrial Relations*, Vol. 32, pp. 483–504.
- Kurdelbusch, A. 2002. "Multinationals and the Rise of Variable Pay in Germany." *European Journal of Industrial Relations*, Vol. 8, no. 3, pp. 325–49.
- Lane, C. 2000. "Globalization and the German Model of Capitalism—Erosion or Survival?" *British Journal of Sociology*, Vol. 51, no. 2, pp. 207–34.
- Leidner, R. 2002. "Fast-Food Work in the United States." In *Labor Relations in the Global Fast-Food Industry*, ed. T. Royle and B. Towers. London: Routledge, pp. 8–29.
- Locke, R. 1995. "The Transformation of Industrial Relations? A Cross-National Review." In *The Comparative Political Economy of Industrial Relations*, ed. K. S. Wever and L. Turner. Madison: Industrial Relations Research Association, pp. 9–31.
- Locke, R. M., and K. Thelen. 1995. "Apples and Oranges Revisited: Contextualized Comparisons and the Study of Comparative Labor Politics." *Politics and Society*, Vol. 23, no. 3, pp. 337–67.
- Marginson, P., and K. Sisson. 1994. "The Structure of Transnational Capital in Europe: The Emerging Euro-Company and Its Implications for Industrial Relations." In *New Frontiers in European Industrial Relations*, ed. R. Hyman and A. Ferner. Oxford: Blackwell, pp. 15–51.
- Maurice, M., F. Sellier, J. J. Silvestre. 1986. *The Social Foundations of Industrial Power*. Cambridge, Mass.: MIT Press.
- Milkman, R. 1998. "The New American Workplace High Road or Low Road?" In *Workplaces of the Future*, ed. P. Thompson and C. Warhurst. London: Macmillan, pp. 22–34.
- Mueller, F. 1992. "Flexible Working Practices in Engine Plants: Evidence from the European Automobile Industry." *Industrial Relations Journal*, Vol. 23, no. 2, pp. 191–204.
- Ortiz, L. 2002. "The Resilience of a Company-Level System of Industrial Relations: Union Responses to Teamwork in Renault's Spanish Subsidiary." *European Journal of Industrial Relations*, Vol. 8, no. 3, pp. 277–99.
- Reiter, E. 2002. "Fast-Food Work in Canada: Working Conditions, Labor Law, and Unionization." In *Labor Relations in the Global Fast-Food Industry*, ed. T. Royle and B. Towers. London: Routledge.
- Ritzer, G. 1993. *The McDonaldization of Society*. Thousand Oaks, Calif.: Pine Forge Press.
- Roche, W. K. 2000. "The End of New Industrial Relations?" *European Journal of Industrial Relations*, Vol. 6, no. 3, pp. 261–82.
- Rosenzweig, P., and N. Nohria. 1994. "Influences of Human Resource Management Practices in Multinational Corporations." *Journal of International Business*, Vol. 25, no. 2, pp. 229–51.
- Royle, T. 2000. *Working for McDonald's in Europe: The Unequal Struggle?* London: Routledge.

- Royle, T. 2002. "The 51st U.S. State? Labor Relations in the UK Fast-Food Industry." In *Labor Relations in the Global Fast-Food Industry*, ed. T. Royle and B. Towers. London: Routledge.
- Sadowski, D., M. Schneider, and K. Wagner. 1995. "Works Councils, Barriers or Boosts to the Competitiveness of German Firms?" *British Journal of Industrial Relations*, Vol. 33, no. 3 (September), pp. 493–513.
- Schmitt, J. 2001. "Low Tech Proves Its Worth in Jobs Creation Race." *The Guardian*, September 24.
- Towers, B. 1997. *The Representation Gap: Change and Reform in the British and American Workplace*. Oxford: Oxford University Press.
- Waddington, J., and J. Hoffman. 2000. "The German Union Movement in Structural Transition: Defensive Adjustment or Setting a New Agenda?" In *Transnational Industrial Relations in Europe*, ed. R. Hoffman, O. Jacobi, B. Keller, and M. Weiss. Düsseldorf: Hans Böckler-Stiftung.
- Whitley, R. 1999. *Divergent Capitalisms: The Social Structuring and Change of Business Systems*. Oxford: Oxford University Press.
- Williams, K., C. Haslam, J. Williams, and J. Cutler. 1992. "Against Lean Production." *Economy and Society*, Vol. 21, no. 3, pp. 321–54.
- Womack, J., D. Jones, and D. Roos. 1990. *The Machine That Changed the World*. New York: Rawson Associates.