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Beyond Works Councils?: Employee Participation in a Regional High-Tech Cluster

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Founded in 1963 by two prominent Austrians living in exile – the sociologist Paul F. Lazarsfeld and the economist Oskar Morgenstern – with the financial support from the Ford Foundation, the Austrian Federal Ministry of Education, and the City of Vienna, the Institute for Advanced Studies (IHS) is the first institution for postgraduate education and research in economics and the social sciences in Austria. The **Sociological Series** presents research done at the Department of Sociology and aims to share "work in progress" in a timely way before formal publication. As usual, authors bear full responsibility for the content of their contributions.

Das Institut für Höhere Studien (IHS) wurde im Jahr 1963 von zwei prominenten Exilösterreichern – dem Soziologen Paul F. Lazarsfeld und dem Ökonomen Oskar Morgenstern – mit Hilfe der Ford-Stiftung, des Österreichischen Bundesministeriums für Unterricht und der Stadt Wien gegründet und ist somit die erste nachuniversitäre Lehr- und Forschungsstätte für die Sozial- und Wirtschafts-wissenschaften in Österreich. Die **Reihe Soziologie** bietet Einblick in die Forschungsarbeit der Abteilung für Soziologie und verfolgt das Ziel, abteilungsinterne Diskussionsbeiträge einer breiteren fachinternen Öffentlichkeit zugänglich zu machen. Die inhaltliche Verantwortung für die veröffentlichten Beiträge liegt bei den Autoren und Autorinnen.

Abstract

German policy makers promote investments into high technology fields to increase employment and to further innovation. In North Rhine-Westphalia, regional and local governments are spending vast amounts of money to foster the set up of a microsystems technology cluster in the old industrial region of Dortmund. There have been important public activities to build an infrastructure in this field since the late 1980s and more than twenty small and medium sized enterprises have successfully established themselves in the Dortmund region in the last ten years. This gives rise to questions about the relevance of employee participation in a field where the age of companies is low, the proportion of academic employees is high, and where the influence of trade unions on company level tends to be zero. Based on empirical studies, it is argued that there indeed is no ‘zone without participation’. Although only few workers’ representations exit, we can observe the emergence of a wide range of direct participation forms and practices. The paper deals with common practices of participation in three types of microsystems firms in the Dortmund region with the aim to analyse the emerging participation culture and to discuss the possibilities and limits to direct participation.

Zusammenfassung

Welche Mitbestimmungsmöglichkeiten und -formen gibt es in dem hochtechnologischen Feld der Mikrosystemtechnik? Dieser Frage wird anhand empirischer Untersuchungen im Raum Dortmund nachgegangen. Die hier lokalisierten Unternehmen und die von ihnen verfolgten Strategien lassen sich mit Hilfe einer Typologie voneinander unterscheiden. Auf der Basis dieser Typologie werden anschließend die Partizipationsmöglichkeiten der Beschäftigten erörtert. Abschließend erfolgt eine Einschätzung der vorhandenen Mitbestimmungsformen und -möglichkeiten, wobei auch auf den Aspekt einer regionalen Informationsaustauschs der Beschäftigten eingegangen wird.

Keywords

Participation, regional cluster, High-technology, Dortmund

Schlagwörter

Partizipation, regionale Cluster, Hochtechnologie, Dortmund

Contents

1 Introduction

In North Rhine-Westphalia (Germany), regional and local governments are spending vast amounts of money to foster the set up of techno-economic clusters in the old industrial region of Dortmund. This is aimed at tackling unemployment and creating new apprenticeship opportunities, two problems which have been troubling the region since the collapse of large parts of the local beer, coal and steel industries (Rehfeld/Wompel 1998; Dörre/Beese/Röttger 2002; Kock 2002; Bömer 2004). Apart from logistics, information and communication technologies, microsystems technology[1] plays a vital role (Jonas/Berner 2002) in the so-called 'dortmund project' (dortmund-project 2004; Kopf 2004). An efficient infrastructure for businesses in this technological field has been developed over the past years, part of which are: IVAM e.V. (an international association of businesses and institutes), training schemes for skilled workers and university students, and the establishment of intermediary 'foundries' (AVT-Centre, MST-Factory). Local actors involved in the 'dortmund project' add to this offer, which is accessible to about thirty small and medium sized enterprises (SMEs). While Dortmund's microsystems enterprises employed about 600 people in 1996, the number rose to 1.800 in 2004 (cf. Fohr et al. 2003; Küper 2004; table 1), with some companies creating more jobs than others. How many jobs can be created within a company depends on the company's age and strategic policy. The fastest job growth occurs in companies moving from research & development (R&D) to production, i.e. moving from activities mainly involving research and development to the establishment of a production process requiring a higher number of employees; a process that takes approximately ten years.

A common aspect of all companies in the Dortmund region is the pressure to reorganise. This pressure is based on a mix of continuous factors such as expansion processes, market changes and changes of organisational structure and forms of communication. While pressure is always high during the first years of a company's existence, switching to mass production or to a whole new strategy involves major reorganisation. Knowledge, experience and informal skills of employees are seen as central resources in work processes both from the managements' and employees' points of view. All studied companies have the legal form of a 'GmbH' (a private limited company), with the exception of one joint-stock company. Hardly any of the companies are members of employer associations. Employees are not particularly organised – union involvement or membership are the exception rather than the rule.

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[1] Public funding of microsystem technology in Germany reaches back into the 1980s, with the German Ministry for Science and Technology being one of the main initiators for public funding programs. But Germany's federal states also seized the initiative early on: North-Rhine-Westphalia, for example, has supported the advancement of microsystems technology in cities like Aachen, Dortmund and Duisburg for some time now. Microsystems – or microstructure – technology has now become one of the twelve most relevant fields of competence for innovation and technology policies concerning the "Ruhrgebiet" (cf. Ziegler 2002, 17).

But job creation and a thriving economy can hardly be established by sole public spending. Regional cluster building processes are mainly based on both the quality and the intensity of the interactions of all relevant actors (Jonas 2005). This leads to the following questions: How is the chance for employees to participate to be evaluated and which types of participation can be found within existing companies? It would seem plausible to assume a 'no-go zone' in terms of participation in this high-tech field, i.e. a complete lack of unions, works councils and other forms of participation. On the other hand, one could imagine a wide range of types of participation build up, developed, and shaped by employees, and dependent on factors like the employee's personal interests, the companies' current development and position in the market, and the managements' attitudes and actions.

We are going to discuss these questions on the basis of two empirical studies.[2] In order to be able to make any sophisticated statements, first of all, a typology of businesses in the Dortmund region will have to be developed (II.). Based on this typology, we will discuss the different types of participation found in the surveyed companies (III.). Finally, we will take a look at the opportunities and limitations of participation from the employees' point of view, as well as at a possible regional discourse between workforces (IV.).

[2] The discourse is based on 29 expert interviews which we conducted between June 2003 and March 2004 as part of the project 'TRANET-Ruhr'. Twenty interviews were with actors from businesses, three with representatives from the field of academic R&D, and six with members of intermediary institutions. 26 of the 29 interviews were conducted in the Dortmund region, the remaining three in the Duisburg region. We would like to thank Marita Kampshoff, Olaf Katenkamp, Klaus Kock, Hartmut Neuendorff, Sabine Nover, Gerd Peter and Ursula Schumm-Garling, as well as our interviewees and everyone who participated at the workshop (cf. Jonas/Berner 2004). Furthermore, this discourse is based on the results of a study carried out as part of a social studies course at the University of Dortmund (Jonas/Berner/Bromberg 2002).

2 Typology of Businesses and Strategic Orientation

Apart from being in the field of microsystems technology, the relevant businesses in the Dortmund region do not share too many common characteristic which does, of course, have an impact on the potential types of participation to be found. Thus, an analysis should be based on a typology (cf. e.g. Barret/Rainnie 2002). The companies can be differentiated using the following criteria: Age, size (in terms of the number of employees), form of hierarchical levels, workforce composition, and production orientation. This results in three business types:

The first type is called *'newcomer'* and could be labelled as the 'third generation' of microsystems companies in the Dortmund area. It includes very small companies such as spin-offs from regional companies and academic institutions, start-ups or marketing centres of companies outside the region. Businesses of this type have been established in the last four years. In most cases they orientate their work towards research and development (R&D) projects. Usually they employ up to nine persons, especially highly skilled academics. Work is organised with the help of 'muddling through' communication processes. Hierarchy only plays an important role in the case of ultimate decision-making. Business strategies are focused mainly on survival in the market. Although companies rely heavily on the individual knowledge of employees, the relevance of personal training courses in other than academic themes is low. The managements' and staffs' self-images are family- or community-oriented. Salary is often lower than in established companies, working hours per week higher. Low volume production can often only be accomplished by joining up with one or more partners or if – almost always with the help of outside capital – a massive growth process can be initiated.

The second type can be described as an *'invention company'*. Companies of this type were often founded in the middle of the 1990s. In contrast to those of the newcomer-type these businesses have been established in the market for some years. Now, they concentrate their activities on invention and development of microsystem components in selected steps of value added chains. Usually they are engaged in collaboration with other SMEs to build up 'innovation networks' for substituting missing capabilities (for example to engage in mass production). In some cases they also have production capacities, but only for producing small series for market niches. The number of employees varies between 10 and 50 with few levels of hierarchy – as a rule, a project or department level can be found between the management and workforce level. While all businesses are research orientated, some have the capacity for the low level production of certain products or product components – if only in a very restricted way. These companies do not have shift work. Furthermore, businesses either provide services or they develop and manufacture customised microsystems in co-operation with their partners. Even though work processes are increasingly customer or industry oriented, a company profile aimed at anything but low level production is not taken

into consideration. One reason for this is that businesses are usually not able to develop and integrate all of the required components of a microsystem into a finished product by themselves. Informal knowledge transfer is very important. Because of the relevance of R&D, mainly academics and – as a second group in the field under study – qualified workers (with a certificate of apprenticeship) are part of the staff. Internal personal trainings (and tacit knowledge) are essential. As a result of the recession in Germany external training courses are too expensive for most companies of this type, unless they can reduce their costs by participating in publicly supported training schemes. Although organisation is based on groups, departments or on a project level, communication between management and employees is vital. Salary is higher than in 'newcomer firms', but is reduced in critical phases. In most cases staffs are able to decide about working time systems or can influence the managements' decisions. Working hours per week are relatively high and holiday entitlements are lower than usual in Germany. Both management and staff are interested in developing paths to rescue community-oriented communication rules and atmosphere in the process of stabilisation or growth.

The third type of SMEs under study can be described as the *'all-round company'*. Companies of this type have begun or at least planned to build up cost intensive production capacities in the last years. These capacities are aimed at anything from the low level to the mass production of components – and, if already in place, production involves shift work. In mass production, the automobile sector plays an important role. But still, all businesses keep a strong R&D orientation. They have organised cost or profit centres with a relatively high degree of hierarchisation (compared to those of the other two types). Because such SMEs normally employ between 51 and 600 people, they make up for most of the present job growth in the cluster building process. Building up production infrastructures is but one aspect of the reorganisation processes to be accompanied with the rapid growth of a firm: *Firstly*, communication channels and decision-making procedures within the company need to be reorganised. Depending on the rate of growth, hierarchy levels are added to the usually existing flat hierarchy and the number of profit centres or departments is raised. Old organisational structures and communication channels are formalised (further) in this process. Since not every department within a company will further the production of goods suitable for a mass market equally, relationships between certain areas of the company have to redefined in order to avoid potential conflicts. *Secondly*, because local markets do not allow for the production of cost-efficient quantities, expansion strategies can only be pursuit if businesses manage to go international. The Asian and US markets in particular are gaining importance. This strategy may, however, mean that SMEs have to compete with multinational corporations, which in turn creates new pressures. One way to counter cost pressure is by outsourcing part of the production process, e.g. to Asian enterprises. *Thirdly*, staffs have to become acquainted to the new production lines. This does not only involve skill development for the existing but also the training of new personnel. And, *fourthly*, quite often new working time regulations are needed because the new production lines can only be run efficiently on a 24-hour basis which requires the implementation of a three or four shift

system. Staffs here are composed of three general groups: academics, skilled and unskilled workers. In some cases, companies use less qualified work forces recruited from subcontracting labour companies. In this case staffs are not only divided into the three qualification groups, but also into a permanent core and a powerless ‘fringe’, i.e. a primary and secondary staff. The latter is used for jobs that do not require any qualifications and could virtually be done by anyone. Managements regulate the number of people belonging to the secondary staff by handing out fixed-term contracts, thus including and excluding people according to the current demand. Personal training is usually focused on managers and qualified academics or non-academic specialists. It is often combined with performance agreements on individual, project or profit centre level.

3 Types of Participation beyond Work Councils

Working conditions and participation, in general, bear a striking resemblance to the stereotypical image of the IT sector. Workforces identify themselves with an ideal that used to be typical for the New Economy and that can be described by terms like ‘freedom’ and ‘flexibility’. We define participation in companies in its widest sense as taking part in decision-making processes, i.e. the minimum requirement is mutual exchange of information and communication between actors on different levels. In the studied companies, participation can be found in the form of direct participation or is practiced with the help of employee representation, while financial participation schemes are the exception rather than the rule (cf. Poutsma/Hendrickx/Huijgen 2003, 49). Considering the size of the companies in the local MST scene, it is not surprising that workers’ representations could only be found in four of them belonging to the type ‘all-round company’: one work council, two representations similar to work councils, and one special form of representation. The low number of elected representatives as well as the lack of representation in companies of the other two types are, however, not proof for the absence of participation. Before we analyse the potential for participation in those companies with a workers’ representation, we take a look at the more general participation opportunities and the informal integration of workforces into the respective business strategies.

3.1 Direct Participation: ‚Open Corporate Culture’

The companies in the Dortmund region may well be divided into different types, but the need for top efficiency is one major common characteristic. Both, the employees’ practical knowledge and their motivational skills are vital in this context. This is not only true for highly skilled personnel but for everyone in the company if highest quality levels are to be maintained. An intensive information policy is used in all the studied companies as an instrument to keep employees motivated – i.e. participation in its widest sense. Managements of all types of companies seem to agree that top performance cannot be achieved against the will of the workforce.

Information and communication are pivotal elements when it comes to the exertion of influence within a company. Even if the staff is not actively taking part in decision-making processes, their opinion may well be taken into consideration. ‘Open corporate culture’ – characterised by an open information policy,[3] exchange of information between different hierarchical levels, and the explanation/legitimation of decisions – is something commonly found within the studied companies.

[3] This may not always be true: The structures of salaries or individual salaries, e.g., are not made public in most cases.

Undisclosed business figures enable employees to gain information about where costs originate and where potential profits may end up. From the employees' point of view, it seems to be important not to work for the private profit of the management but for the preservation of the company. Exchange of information in small businesses (type 'newcomer', but also partly type 'invention company') is unproblematic; with offices 'just across the hall' – a very high degree of spatial proximity – communication takes place between everyone everyday. Exchange of communication and information is structured by means of meetings or individual talks, partly with predetermined topics. Opportunities for communication decline with the growing size of a company but can be maintained in limited form. Companies of the types 'invention company' and 'all-round company' use 'multipliers' to pointedly pass information from higher to lower levels of hierarchy. These channels are also used to maintain the exchange of information the other way round. Other businesses with a flat hierarchy use group structures to ensure the exchange of information, in this case, the heads of department act as a connecting link to the management level. Exchange of information between groups takes place through personal contacts between members of staff, e.g. in form of small talk during working hours.

Management decisions against the will of the workforce are seen as inevitable in some situations, but are avoided if possible. Even if employees are not actively taking part in decision-making processes, businesses with this kind of corporate culture try to legitimise decisions through general approval. This means that information has to flow from lower to higher hierarchy levels and vice versa: staffs need to know about the managements plans in order to voice an opinion, on the other hand, managements need to be able to get this opinion. Open corporate culture in a more intense form includes the direct integration of employees into the decision-making processes themselves. Arguments are partly exchanged with respect to and partly regardless of the position of the people involved (cf. Kremer 2004). One example are decisions concerned with calculating the costs of work steps that affect the respective employees. By not placing (hardly) any emphasis on different qualification levels, the smallest businesses (type 'newcomer') can benefit from a broader basis of decision-making. Solidarity is particularly strong in very young businesses. In this case, managements show great interest in furthering the personnel's identification with the company. Joint decisions are a crucial instrument for integration. In one case, project deadlines were commonly agreed on resulting in a better acceptance of time pressure – while employers imposing deadlines on staffs without consent have to either offer financial incentives or put up with varying degrees of tension.

Moreover, the majority of employees have a right to a say in their working hours. Flexitime schemes were found in all companies with those of the type 'all-round company' additionally running shift schemes. Working hours are not necessarily put on record (cue: voluntary conformity to working hour rules). Imminent deadlines particularly cause employees involved in projects to work overtime and sometimes even during weekends. This, of course, means that working time contracts may be breached in some situations. Conflicts, however, can be

avoided if employees can also feel the benefits of flexitime. This is mostly the case if 'flexible' overtime is countered by 'flexible' spare time, e.g. the opportunity to satisfy personal obligations or needs when necessary. Young academics are quite often unaware of the negative effects resulting from the deregulation of working hours, a problem usually associated with the IT sector. Still, administration and production personnel normally have to stay within regular working hours.[4]

Examples for staffs being involved in reorganisation processes were found across all types of companies. This includes activities reaching from assessing the middle management to participating in the reorganisation of business structures. Some companies, especially those of the type 'all-round company', are very aware of the problems resulting from rapid business growth and the requirements involved in (re-) organising internal communication structures (see above). The examples show that this awareness can not be taken for granted and that rapid business growth can easily lead to conflicts.

3.2 Limitations of Direct Participation: Reasons for a Formal Workers' Representation

Participation is one way to ensure employees' motivation and identification with a company. But, employees do not only take part in decision-making processes, they also take on some of the economic pressure and responsibility (cf. Pongratz/Voss 2003). Economic risks, however, can not and should not be distributed equally, which in turn sets a clear limit to direct participation. None of the staffs in the studied businesses were holders of substantial capital shares. Financial incentive schemes were only introduced in a small number of companies of the type 'all-round company'. If introduced, these incentives are not applied to low skilled workers or production staffs.

As has already been mentioned, direct participation can be maintained with the help of group structures but is no longer effective for companies of the type 'all-round company' due to the large numbers of employees and hierarchy levels. Rapid employment growth within an enterprise does not only limit the access to communication opportunities, it also raises the threshold to openly address problems. This can result in problems being ignored and therefore lead to conflicts or confrontations within the firms.

An illustrative example is a confrontation process in one of the 'all-round companies'. After the first years of survival in the market, the company underwent rapid growth: In 2000, the number of staff members was 30, in 2004, it was about 100. The staff is composed of people coming from more than 20 countries, especially from East European countries of the former

[4] The chances and risks involved in the co-determination of working time regulation – or deregulation – should indeed not be overlooked (cf. Hildebrandt 2004).

Soviet Union, but also from Asian and West European countries. More than 50% of staff members are highly qualified academics, often with a doctoral degree. A lot of East European academics are working in the production department, not on equivalent academic positions but only on technical positions. On the one hand, the multinational staff is the result of a personnel strategy which allows to take on highly qualified experts in a wider range of working positions and therefore to expand rapidly. On the other hand, and as a consequence of the rapid growth of the mixture and the number of actors from different countries, internal working processes didn't function any more: employees were unsatisfied, because they didn't get enough information from the top management. In some cases they didn't exactly know any longer whether their colleagues were still members of their group or project or if the top management had decided to transfer them. The top management used a very strong version of a 'muddling through' strategy and made a lot of spontaneous decisions without paying any attention to workers', project leaders' and managers' opinions. As a consequence conflicts surfaced and led to confrontations on the shop floor: Part of the staff members started to refuse to accept their superiors and to provoke power struggles. One member of this group, for example, infringed instructions of his superior and repeatedly changed the adjustment of a production machine causing defects and financial damage. Only in this stage of escalation did the top management realise their failures and started to reorganise structure and communication channels within the company.

The mere chance of direct participation on its own is not enough. This problem can, however, be alleviated by organising talks in small groups ahead of major meetings. The participation deficit resulting from rapid business growth can at least partly be countered by formalising measures of this kind. Regular meetings with specific topics, e.g., can act as a substitute for small talk. Managements in this kind of company, however, seem to neglect workers' participation on behalf of furthering the influence of higher hierarchy levels.

Another problem of direct participation is that the involvement of the complete staff requires a huge amount of mutual trust. Managements sometimes take on an advisory role, undoubtedly with the intention to be open for any problems. This may work in some cases but only as long as the management itself is not part of the problem in question and the threshold to approach a superior is not too high. Both aspects are arguments for the introduction of indirect participation, i.e. (formal) workers' representation. We define the latter as a person or group of persons who are not part of the management and represent the employees' interests.

Many companies have something that can be described as a 'natural representation': a person who is trusted by fellow employees as well as the management and takes on a conciliation function. Since these persons are not elected or officially appointed, they neither have the right nor the obligation to act on anything but they often contribute to conflict resolution. Companies of the type 'newcomer' are both too small and too young in order to have anything but 'natural representation'. Notably, this is also true for companies of the type

'invention company'. In addition to the relatively young age and small size of these businesses, this can be explained by the lack of tradition concerning workers' representation in this high-tech field.[5]

3.3 Different Types of Workers' Representation in the ‚All-round Company'

Other, formally safeguarded and legitimate types of workers' representation can only be identified within companies of the type 'all-round company'. Apart from work councils, we found a 'formally safeguarded representation' and a representation in its widest sense: a formal workers' representation can act as a substitute for a work council, especially, if the management does not want unions to become involved. One group of employees of one of the companies in the Dortmund region tried to introduce a work council with the help of a union. Because of rivalries between union representatives and (part of) the management, the latter only learned about these plans shortly before the whole process was to be initiated. After identifying the employees involved in the work council planning process, the management won a crucial vote on the subject by offering a formal workers' representation with less rights at a staff meeting. The election for the alternative representation was held at a different meeting, union sympathisers or members were not elected. But the involvement of unions is not necessarily viewed as a 'breach of confidence' or 'hostile act'. The management of a different company of the same type had an open discussion with the staff which lead neither to confrontation nor to the introduction of a more formally safeguarded representation.

The existence of a work council or a similar form of representation does not mean that the employees' needs are automatically met. Especially if this position has only just been introduced, a learning process has to take place. Workers' representatives have to learn which responsibilities they are to take on, if and when they are able to participate at all, how to adapt to their new role in the company, and how they can avoid manipulation by the management. This integrative process can only be successful if workers' representations or work councils are accepted by the ones they are to represent (cf. Lengfeld 2003). The aim of the workers' representations in all observed cases is to improve matters in co-operation with the management, a first step on the way to co-management.

This can be demonstrated with the help of the only company that actually has a work council is: work council structures were already in place, when part of a company based in Karlsruhe were re-established in Dortmund. While the work council only used to take action on the

[5] The situation changes if an informal workers' representation is elected. This rare case of an informal, but elected representation was found in one of the companies in the Duisburg region. The position was introduced at the request of the staff.

management's request and only if absolutely necessary, they are now involved in a number of activities: the introduction of luncheon vouchers, salary negotiations with superiors, negotiation of agreements, terms and conditions for on-call duties, attending committee meetings etc. Co-operation with the management is seen as a mutual learning process. The work council does not insist on union involvement.

The second alternative to work councils is representation in its widest sense, a concept between 'natural' and 'formal representation' describing a person or group of persons whose position within the company includes the authority to make and influence decisions and whose responsibility it is to protect the employees' interests. These representatives are not appointed by the staff, but hired into the position by the management. While 'natural' representatives have to be accepted in order to take on the role, acceptance in this case can be problematic and depends on the social skills of the person in this position.

The question of how to substitute direct participation in the future is not relevant for all companies if one takes a look at their potential development. Only those planning or building up production capacities will certainly have to face the problem of how to maintain and handle participation and how to counter the loss of their open corporate culture. While businesses in traditional industries already have differentiated systems of participation, the introduction of something like a work council in companies in new industries quite often presents itself as a major difficulty for the few activists trying to accomplish this aim (cf. Kock 2002: 164). One obstacle is that the introduction of a workers' representation is not discussed early on because of the fears mentioned above. Avoiding the discussion can lead to power struggles between the management and (part of) the workforce – a situation in which neither side will gain anything. Union sympathisers among the staff are in danger of being shunted while the staff as a whole is at risk of being divided over the subject. Finally, the management is at risk of losing the trust needed in order to have an open corporate culture.

4 Participation Opportunities, Limitations, and Potentials

Looking at the studied companies, working conditions and participation are not separate aspects nor is their relationship one-sided. Participation is, of course, a preliminary condition if working conditions are to be improved. On the other hand, it seems to be more of a case that standard working conditions can be substituted by participation. Holidays, salaries, working hours, and the like lose much of their importance if employees feel that they are involved in decision-making processes. Many companies in the field of microsystems technology are not able to finance monetary incentive schemes. This makes direct participation an ideal instrument to ensure motivation and to balance personal and business interests. In this context, meetings between workforces from individual enterprises or their representatives could help to further the development of businesses in the Dortmund region and to promote the discourse about participation opportunities and different types of participation. Participation schemes of other companies could be vital role models especially for those workforces whose companies are either planning or undergoing rapid growth. We found some examples for participation processes that were based on other companies schemes. On the other hand, businesses could also learn from the mistakes of others and identify the potential for conflict early on.

A lower degree of direct participation bears the danger that employees' interests are discussed without any regular and formal opportunities to take part in decision-making processes, i.e. without the chance to ensure a mutual exchange of demands, e.g. concerning the regulation of working hours. This could also lead to the complete separation of information exchange and decision-making processes, with the latter being in the hand of only few people within the company. In this case, the staff and especially the management may talk about an open corporate culture simply because issues are being discussed – which does not amount to much if individual interests are being ignored in the end. Employees' opinions, interests, and needs are only taken into consideration if they coincide with the management's ideas of what is to be considered useful (cf. Casey 2004). This is not true in case of a high degree of direct participation where mutual information exchange is (more) closely linked to decision-making processes. Not only do employees have the chance to express themselves, they also get the opportunity to put their own ideas into action, e.g. by shaping organisational working routines.

Different types of participation are not automatically linked to corresponding business types, as shown by this empirical case study. But, there are better prospects of advancing direct participation for the types 'newcomer' and 'invention company' than for the 'all-round company'. As mentioned above, direct participation is generally limited for the latter type and has to be substituted by other forms of co-determination. Work councils are not necessarily a natural choice, instead the question of how to solve the participation problem and how to

implement potential solutions remains unanswered for most businesses. Ironically, for 'all-round companies', participation is a management issue and the introduction of work councils or the like is highly dependent on the management's preferences. But even if the management is not opposed to the introduction of a work council, the number of employees in favour of having one may be too small to form a majority which in turn is likely to result in the introduction of a less extensive form of workers' representation.

In contrast to the good performance of regional networks on management level, there are only few – more or less formal – contact networks for employees. The number of joined-up employees is very small compared to the number of joined-up managements. This is intensified by the low probability of contact taking place between employees of different companies. Most employees are very loyal to their companies and managements, in turn, make an effort to keep loyalty up. Knowledge workers and primary staffs are considered to be key resources and need intensive – and therefore expensive – vocational adjustment. This means, that they are to be kept within the company as long as possible. This is of course not the case for secondary staffs with fixed-term contracts, as mentioned above. The latter may change jobs frequently but not necessarily (or hardly at all) within the same technological field. Even those employees whose companies are located at the same competence centre close to the University of Dortmund hardly ever come into contact with each other. Still, first approaches are being made to initiate inter-company exchange processes: some staffs attend joint meetings or events like first aid courses and some training schemes involve the exchange of employees (cf. Neuy/Stenzel 2005). Workers' representations also display a lack of exchange activities. Negotiations and agreements concerning work issues are hardly ever based on examples taken from adjoining companies or even companies in the same region. Models being used are usually – with few exceptions – brought up by managements. This is not surprising, considering that most managing personnel are involved in at least one network and are therefore likely to have some insight into other companies. Furthermore, unions within the region are neither interconnected among themselves nor are they trying to establish relationships with workers' representations – an observation that has also been made in other high-tech fields (cf. Beese/Dörre/Röttger 2004, 345).

This shows the as yet unused potential to initiate communication processes between workforces as well as workers' representations. Since business growth and development are closely linked to participation, managements as well as employees should take an interest in using this potential. Furthermore, these communication processes are the preliminary condition for a profound discussion about the advantages and disadvantages of the existing types of participation if any practical use is to come of it. This could also proof whether the individual businesses' communication and work cultures are indeed open. In addition, it would be possible to observe the staffs' and companies' abilities to deal with outside assessment. Sophisticated networks and co-determination within this technological field may still be a long way off but it certainly is not adequate to talk about a 'no-go zone' in terms of

participation. It would also be possible for unions, who are mainly involved in traditional forms of workers' representation, to benefit from the variety of existing participation types by broadening their scope of concern.[6] Several studies, including our own, show that German unions, in the context of high-tech fields, have not yet acquired the strategies needed to act in a service-oriented way and with respect to employees needs (cf. Städtler/Feseker/Lange 2004). Finally, the results of our study show that vital aspects of participation are being negotiated regardless of existing tariffs, which may hint at an erosion of the German industrial relations system (cf. Müller-Jentsch/Weitbrecht 2003).

[6] On the subject of union involvement in high-tech fields and the problem of union modernisation, cf. Boeckmann (2004), Beese/Dörre/Röttger (2004), Behrens/Fichter/Frege (2003).

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Table 1: Companies in the Dortmund region[7]

Company	**Employees 2004**	**Founded in**
Type 'All-round Company'	Approximately	
Elmos Semiconductor AG	600	1984
Boehringer Ingelheim microParts GmbH	270	1990
LIMO Mikrooptik GmbH	200	1992
GF Gesellschaft für Gerätebau mbH	180	1961
HL Planar GmbH	120	1988
ALPS Electric Europa GmbH	100	1988
ET Rump-Produktion & Service GmbH	65	1996
Type 'Invention Company'		
Raith GmbH	50	1980
Winter Gaswarnanlagen GmbH	35	1959
microsonic GmbH	28	1990
ET Rump GmbH	20	1981
Elliptec AG	20	2001
EO Elektronen-Optik-Service GmbH	17	1979
Protagen AG	17	1997
G.A.S. mbH	16	1997
Bartels GmbH	12	1996
Kammrath & Weiss GmbH	10	1995
Type 'Newcomer'		
NL-Nanosemiconductor GmbH	7	2002
Chimera Biotech GmbH	5	2000
SES GmbH	5	2003
Infacton GmbH	4	2004
IVAM Service GmbH	4	2000
MST-Factory GmbH	4	2000
Speed@al.company GmbH	3	2002
5Senses GmbH	3	2002
MMS Micro Machining Servive GmbH	2	2004
Sentronic GmbH	1	1995

[7] Data are based on internet investigations and information taken from the interviews.

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