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We say no to La Monroe closure! Local defiance to global restructuring in a transnational company

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Structured abstract

Purpose: The article examines the reaction of a local workforce to global restructuring in a transnational company, which entailed the closure of a manufacturing plant (La Monroe) in Northern Spain. The article explores the micro-political nature of the corporate decision to close the plant, the workforce reaction to relocation and the discourse legitimizing global restructuring. It also delves into the contra-hegemonic potential of labour as a main stakeholder in transnational companies.

Design/Methodology/Approach: The methodological approach is qualitative. The article presents a theoretically informed and analytical case study based on the literature on micro-politics and power relations in transnational companies. Fieldwork is based on semi-structured interviews carried out with relevant stakeholders and other external actors to the transnational company.

Findings: The findings substantiate the dynamic role of micro-politics within TNCs. The article presents and discusses evidence of the formation of a broad multi-level political network of resistance to a plant closure plan.

Research limitations/implications: More case study analysis would further support the findings in the paper and provide for a comparative approach.

Originality/Value: The article substantiates the dynamic role of micro-politics and power relations in the reification of social norms and discourses on production relocation. It offers an empirical appraisal of the micro-political approach to global restructuring in TNCs. The article also puts labour strategies at the forefront of the analysis in corporate relocation.

Keywords

Transnational companies, corporate restructuring, production relocation, politics and power relations, industrial relations, workers' resistance, public mobilization.

Article classification

Theoretically informed case study.

Introduction

Analysing the local embeddedness of transnational companies (TNCs)[1] is a worthwhile line of research when examining the growing detachment between labour and capital in the globalized economy. Corporate restructuring impacts production, employment and incomes in districts and regions (Radice, 2014). The enduring crisis of industrial relations in post-Fordist economies is closely related to this aspect of globalization (Thelen and Kume, 1999; Collings, 2008; Baccaro and Howell, 2011). Work and industrial relations are more and more determined by the ability of companies to decide where to locate (Almond et al., 2017). In this age of impatient capital, continuous corporate restructuring in TNCs fuels degrading employee relations (Martínez Lucio, 2014), posing a major challenge for employee representation (Tapia *et al.*, 2015) and heightening the need for new institutional responses to globalised work and employment relations (Marginson, 2016).

In some cases, production relocation and plant closure plans rupturing a TNC's local embeddedness lead to the formation of local networks of resistance. Workforces and local communities engage in these *ad hoc* alliances in an attempt to gain influence over TNCs and reverse corporate decisions. Such cases of reactive mobilization are the subject of much interest (Waddington, 1999), revealing opportunities and constraints for effective local responses to relocation in the absence of well-established 'institutions, instruments and initiatives allowing employees to pursue transnational strategies matching the globalised approaches of management' (Schömann *et al.*, 2012: 7).

This article has two principal objectives. First, we examine a successful case of local resistance to relocation. In early September 2013, the 221 employees of the American TNC Tenneco plant in Gijón, Northern Spain, were informed that their plant (*La Monroe*) was about to be closed. The workers immediately initiated collective action, using an unusual repertoire of protest and support mobilization. Regular labour mobilizations were combined with a heterogeneous range of tactical collective actions to gain the backing of various civil and public stakeholders, including – decisively – the European Commission. The workforce was able to build such a heterogeneous coalition

through intensive strategic learning and tactical flexibility. Eight months of mobilization culminated in the re-opening of the plant and the reinstatement of the dismissed workers. A comparatively small workforce was able to reverse the decision to cease operations and relocate. The case shows that the teleology of production relocation can thus be both contested and broken by mobilizing labour and gaining external support.

Second, we explore the micro-political nature of the corporate decision to close the plant, the workforce reaction to relocation and the discourse legitimizing global restructuring. Mainstream international business studies in TNCs have for the most part neglected 'the dynamic role of agency and micro-politics' (Geppert and Dörrenbächer, 2014: 227). The micro-foundations of organizational power relations have not been explored in depth in the academic field of international business which is dedicated to the study of internationally operating firms (Nohria and Ghoshal, 1997; Dunning, 2000; Forsgren *et al.*, 2005). Internal TNC power relations and politics have played no central role in the neo-institutionalist analysis of external societal influences, home and host country effects and corporate adaptability to local environments (Roberts and Dörrenbächer, 2014). The main emphasis here has been on the power exerted by TNCs over local and national institutional settings and the bargaining strategies of corporate managers when dealing with host country governments and nation states (Westney, 1993; Kostova *et al.*, 2008; Whitley, 2009).

The most prominent research into power relations within TNCs has been concentrated on headquarters-subsidiary control relationships, subsidiary innovation, entrepreneurship and mandate change (Birkinshaw, 1996; Ferner *et al.*, 2004; Quintanilla *et al.*, 2008). By contrast, the micro-politics of global restructuring have remained largely ignored. Emerging critical approaches, however, have attempted to shed some light on how corporate relocation decisions are taken, implemented and contested by the many internal stakeholders belonging to a TNC's micro-political system (Edwards and Bélanger, 2009). These studies attempt to capture the processual nature of the struggles over redistributing existing power resources and challenging established power structures and patterns of domination within the TNC (Morgan and Kristensen, 2006; Roberts and Dörrenbächer, 2014; 2015). Drawing on more stakeholder-centric sociological perspectives of organizational power, they offer an alternative perspective to the dominant rationalistic views of global restructuring in TNCs (Becker-Ritterspach and Dörrenbächer, 2011; Blazejewski and Becker-

Ritterspach, 2011; Geppert *et al.*, 2015). Our article presents evidence of the formation of a broad multi-level micro-political network of resistance to a plant closure plan. We substantiate the dynamic role of power relations and politics in the reification of certain social norms and discourses on production relocation. Our article accordingly offers an empirical appraisal and a refinement of the micro-political approach to global restructuring in TNCs.

The article is structured as follows. Section 2 reviews the power relations and politics approach to global restructuring and production relocation. This perspective emphasizes micro-political dynamics and processes, referring to aspects of social agency within TNCs which can preserve but also weaken established power relations, authority and formal hierarchies. Local workforces and communities have been often neglected in the mainstream studies on discourse creation and social norms reification in TNCs. Recent literature shows, however, that they also have a stake in the relational aspects of organizational power and thus should be incorporated into a more comprehensive research design. Section 3 presents the research methods and describes the fieldwork. Section 4 describes and analyses the case at hand: a rare successful worker mobilization which prevented the closure of a production plant. Concluding the article, the final section debates how the rules of micro-political games such as the coercive benchmarking of production sites and relocation threats become compelling social practices within TNCs and why certain players may under specific circumstances choose to resist them.

Corporate discourses and social norms on production relocation. A power relations and politics perspective

Mainstream TNC literature has focused on the structures behind global restructuring, but not on the processes involved. Efficiency-seeking, rational adaptation to market conditions and isomorphic reproduction of environmental conditions have been listed as some of the main causes of corporate stability and change. By contrast, new socio-political research on TNCs has introduced ideas about the TNC as a 'transnational social space' (Morgan and Kristensen, 2006) and a 'contested terrain' (Edwards and Bélanger, 2009). This socio-political approach insists on the disputed nature of discourses and social norms in TNCs which are the temporary outcome of power relations and politics, negotiations and arrangements of different stakeholders and

interests groups shaping unique organizational forms and practices. TNCs are made up of a 'set of relations between a range of actors with their own powers and interests' (Morgan, 2001: 9) and they 'have a very different institutional history that fits better the conditions of equivocality, ambiguity and complexity' than rational economic optimization (Kostova *et al.*, 2008: 997). Decision-making processes are thus the incidental and temporary outcome of political struggles, bargaining and negotiations extending across multiple institutional domains, such as varieties of capitalism or national business systems, and global fields of organizational competition (Ferner *et al.*, 2012).

These political studies of the TNC reveal the biased reasoning of those perspectives suggesting the existence of predefined paths of corporate change. Global sourcing, coercive benchmarking of manufacturing sites and production relocation are frequently presented as the inescapable results of economic globalization (Roberts and Dörrenbacher, 2014). The dominant discourse on production relocation is based on a specific rationality which aligns all political actors in the TNC with the objective of creating value for the shareholders. Shareholder value 'has provided the justification for the dissemination of new policies and practices favouring shareholders over other constituents of the firm' (Van den Zwan, 2014: 100). The financialization of corporate discourse has transformed corporate governance routines in depth, de-territorializing decision-making, concentrating power in transnational headquarters, reinforcing disciplinary hierarchies, marginalising alternative forms of value distribution and preventing the representation of local interests in corporate decision-making (Aglietta, 2000; Williams, 2000; Streeck, 2011).

The reification of social norms on global restructuring and production relocation is fed by a plethora of corporate discourses with a powerful disciplinary impact. In a genuinely Foucaultian sense, these are built on an implicit financialisation rationality which confers symbolic rectitude on certain objectives and corporate practices while others such as local resistance to headquarters mandates, norms and expectations are discarded as inefficient and non-rational. The idea of trade unions and local worker representatives politically contesting corporate discourses and social norms on production relocation provides fertile ground for international employee relations research (Helfen and Fichter, 2013). Disputing and resisting global restructuring can be

studied in the various political games between capital and labour found in TNCs (Edwards and Bélanger, 2005; Martinez Lucio, 2010; Letto-Gillies, 2017).

Our perspective draws attention to the role of diverse players, interests and local identities taking part in micro-political games of contestation, alliance formation and negotiation in TNCs. The focus is not only on the political struggles between traditional key players in international business (headquarters and subsidiary managers, shareholders and regulators) but also on employee involvement in organizational decision-making, either through subversive strategies based on aggressive bargaining, collective action and high resistance or through co-optation, collaboration and support of organizational change (Rodríguez Ruíz, 2015). Local workforces, employee representatives and trade unions have usually been neglected in the mainstream studies on discourse creation and social norms reification in TNCs (Vaara and Tienari, 2008; 2011). But, particularly in certain institutional or sectoral contexts, these are the ones who can build a decisive 'capacity to negotiate and resist the transfer and implementation of organizational practices and strategies developed elsewhere' (Geppert and Dörrenbächer, 2014: 236).

TNCs are able to play workforces in different locations off against each other through the diffusion of social norms and practices on coercive benchmarking and exploitation of difference. The responses by employees and their representatives have ranged from formal institutional action to new strategies of network-based cooperation which have been normally limited to action supported by the interest of labour actors involved at a given juncture of resistance and contestation. These forms of organizational response are however incomplete in themselves to allow local workforces to elaborate a persuasive counter-narrative to that of shareholder value and global sourcing and to exploit existing gaps in the over-exposition of TNCs to international market competition and impatient finance (Levesque and Murray, 2002; Lillie and Martínez Lucio, 2012). It is argued that union renewal strategies require employees and their representatives to develop information exchange, mobilization and interaction between different stakeholders and interests, particularly at transnational level through intensified worker-side cross-border cooperation. Although these strategies do not prevent coercive benchmarking and wage-based competition in general, they can help to partially reshape power relations within TNCs and to develop new power resources for employee representatives (Greer and Hauptmeier, 2008; Pulignano, 2009).

Labour interest representation is thus engaged in the search of more systematic and structured processes of transnational scope but also, and decisively, of new forms of networking and coordination with the community and other social groups. External solidarity plays a substantial role in union renewal and in the revaluation of the power resources available to local workforces in the de-centralized and fragmented bargaining regimes produced by economic globalization (Frege, Heery and Turner, 2004; Simms, Holgate and Heery, 2012; Holgate, 2015).

Local labour responses to management-initiated corporate change and production relocation have important implications for the outcomes of restructuring but also for the reconceptualization of industrial relations. The emergence of new actors substantially enlarge 'the primary focus of [*dunlopian*] analysis which were collective actors, trade unions and their management counterparts and their interaction through the process of collective bargaining' (Heery and Frege, 2006: 601). Drawing on a heterogeneous array of tactics and power resources, local workforces and trade unions can build interest coalitions to influence, withstand or bargain the effects of global restructuring. Local workforces may be able to mobilize the political support of external stakeholders in politically contesting headquarters decisions (Edwards and Bélanger, 2005).

The 'community turn' (Holgate, 2015: 460) at the local level implies trade union engagement in coalition-building tactics beyond their traditional constituencies and also an opportunity to engage with different coalition partners that otherwise might remain outside of the reach of labour organizations (Osterman, 2006; see also Martínez Lucio, 2017, on the implications of the Spanish system of workplace elections for labour organizing at the local scale). Community unionism implies 'organizing workers on the basis of common identity or interest rather than the workplace' (Tattersall, 2010: 20). Although findings show varied approaches to working with community groups from *ad hoc* instrumentalism to more stable coalition building based on mutual interests and reciprocity, the exploration of these new tactics provide employee representatives and trade unions with enhanced legitimacy as a result of positive association and increased mobilization of public support for specific campaigns. Organizing local resistance to centrally imposed corporate policies allows employees, communities and local governments to join the micro-political games played between a company's headquarters and its subsidiaries around budget allocation, coercive benchmarking and

mandate change decisions (Kristensen and Zeitlin, 2005; Geppert and Williams, 2006; Geppert *et al.*, 2015).

Research methods

The article presents a single case study design. As indicated by Lervik (2011: 231-232), this research layout is particularly 'useful for exploring new phenomena and for (...) illustrating and developing theory', as is our purpose. Single case studies in TNCs are also especially suited to examining relations between multiple interdependent players, stakeholder constellations, strategic corridors and micro-political game-playing. Single case studies offer a series of advantages for analysing power relations and politics and the production of social practices, norms and discourses in TNCs. They are, according to Ferner *et al.* (2012: 182), 'better suited than [other research strategies] to developing nuanced operationalizations and unpicking the complexities of power' in TNCs. On the one hand, they allow flexible adjustments of research methods and the combination of various sources of information when facing the challenge of simultaneous explorative and explanatory objectives. On the other hand, they are particularly suitable for re-aligning sociological analysis with the study of current social realities, in line with a renewed public sociology approach.

Our data derives from a combination of desk analysis, semi-structured individual and group interviews and non-participant observation, covering the period from October 2013 to March 2016. A total of 18 face-to-face interviews including 5 group interviews with employees, works councillors, trade unionists, employees and political representatives at local, national and European level were conducted, recorded and transcribed, each lasting approximately 1:30 hours. The total number of interviewees who allowed their names and quotations to be used was 30.

Interviews included all 10 local works council members, some of whom were also trade union officials at branch and regional level. Four federations were represented: FI-USO (Unión Sindical Obrera) and MCA-UGT (Unión General de Trabajadores), each with three delegates, CCOO-Industria (Comisiones Obreras) and CSI-Metal (Corriente Sindical de Izquierda), each with two delegates. A total of 6 unionised and non-unionised Tenneco employees from different departments and production areas were also interviewed either individually or as a group. The data also includes the analysis of 8 documented interviews with *La Monroe* employees available at the AFOHSA Oral

Sources Archive. On the whole, a total of 24 *La Monroe* employees were interviewed or had other follow-up information available.

Interviews were also carried out with high-level trade union officials from the two main confederations at regional level, UGT and CCOO, as well as with politicians and public administration officers at local, national and European level. These included a member of the European Parliament and a high-ranking European Commission officer. The number of interviewees in this second group of non-employees who allowed their names and quotations to be used was 6. A number of additional semi-structured interviews were also conducted with journalists and media freelancers, other political representatives and corporate managers at national and European level but were not documented due to confidentiality requirements. All interview quotations in the text are translated from Spanish.

The data also contains an exhaustive analysis of secondary sources, particularly press releases, statements, internal reports and company documents. The authors were also non-participant observers in several works councils meetings, workers assemblies and mobilizations. The selection of a varied array of data sources has allowed for triangulation of evidence, including facts and causal claims. In combination, they have afforded a rounded and complementary collection of qualitative data that informed the case study.

Empirical evidence. A local workforce takes on a global player

Worker resistance and public mobilization at La Monroe

On 5 September 2013, local management at the Tenneco production plant (*La Monroe*) in Gijón, Northern Spain, presented the works council the corporate decision to relocate production, entailing the closure of the plant and the dismissal of its 221 employees. The reasons given for relocating production to other factories in Spain and Eastern Europe were economic: the plant's reduced profitability and impaired competitiveness.

The corporate decision to relocate production came as a complete surprise to workers and their representatives in the local works council, as the plant had recently received recognition for product quality and technological know-how. It had never reported losses on operating activities and, after a period of temporary restrictions (agreements

on working time reduction with corresponding wage cuts) between 2007 and 2010, the plant had been working at full capacity since early 2013.

> "According to the management, our plant was an example for all European sites. All of a sudden, they decide to expand our manufacturing capacity and we produced a large amount of stock-piled products ... Everything was really weird … Two weeks before the closure announcement we [the works council] held a meeting with the local management. They told us that, as always, we were over-suspicious, that we were pursuing ghosts. Yet, just a few days later, the plant was shut down."
>
> Interview quotation. Local works council member, d.20/10/2013.
>
> "This all came as a complete surprise … they were cheating the workforce until the very last moment … What we've got here is a serious honesty problem on the management's part."
>
> Interview quotation. Local works council member, d.11/11/2013.

Tenneco had decided to relocate its Western European operations to Eastern Europe, shifting shock absorber production to Poland (Gliwice) and Russia (Togliatti), where a new production facility had been planned and would soon become operational. The closure of *La Monroe* plant in Gijón was in fact just a minor element of an overall plan restructuring Tenneco's entire European shock absorber manufacturing division (Project ICARUS), to be implemented immediately. Drawn up by international consulting firm Ernst & Young, Project ICARUS entailed the relocation of labour-intensive manufacturing facilities with a view to lowering labour costs and achieving substantial tax reductions. It was bound to put Tenneco sites and national authorities in Western and Eastern Europe under great pressure. As a result of ICARUS, 221 employees in *La Monroe* and a similar number in another plant in Belgium (Sint-Truiden) were to be laid off. However, the only production facility to be closed in Western Europe in the first implementation phase of ICARUS was *La Monroe*.

> "Why do they close Gijón and not another plant? Here, investment has already paid off. The plant is amortized. Closing us down doesn't entail much money. Only layoff severance packages. Tenneco has made investments elsewhere and they still have to break even … It is not because we are small in comparison."
>
> Interview quotation. Local works council member, d.20/10/2013.

> "They close *La Monroe* because we don't have a godfather. There is no single manager in Tenneco Europe from Gijón, someone who has sponsored us as I know they do with other plants … No one held up for us when the decision was taken."
>
> Interview quotation. Local works council member, d.04/11/2013.

La Monroe was actually a brownfield plant. It was founded in 1967 by two local families who soon formed an alliance with the British component manufacturer Armstrong to produce shock absorbers for the automotive industry. BMC, the assembler of the well-known Mini, was one of the main customers of the small local company. In 1976, Armstrong acquired full ownership of the plant and started to expand production. In 1989, Tenneco Inc., an American TNC which was already one of the world's largest designers, manufacturers and marketers of clean air, ride performance and automotive system products, acquired several Armstrong plants in Europe, including Gijón. Establishing its Monroe brand of shock absorbers and exhausts, it boosted its position as one of the automotive industry's main component suppliers in Europe.

Relocation threats cropped up several times in the following years, in particular following the inauguration of a larger and more modern greenfield plant just 300 kilometres to the east, in the Basque town of Ermua. However, *La Monroe* was able to survive due to its higher OEM product quality and its innovative and cost-reducing manufacturing solutions. Its accumulated engineering know-how was one of the main assets of the old brownfield plant.

> "Just a few months ago, in June, during the meeting of the European works council, we were showcased as an example for other plants in Europe. We were the model to be followed, they said. And not only for what we did but also for how we did it … almost without investments. The European management insisted that we were … an outstanding plant."
>
> Interview quotation. Local works council member, d.04/11/2013.
>
> "If a company is making losses it is completely reasonable to reduce employment or to shut down a plant … But when you talk about the day-to-day functioning of a plant like ours, which has been surviving with very low investment and yet performing well, because we have the best quality records in Europe … This is simply not acceptable."
>
> Interview quotation. Tenneco-Gijón employee, d.02/13/12/2013.

What happened after March 2013 dramatically changed the picture. Although the actual date of the corporate decision to implement ICARUS is unclear, the story started for the *La Monroe* workforce when the local director was replaced by the head of the Ermua plant, who subsequently took managerial control of both factories. The plant closure announcement prompted the workforce to react. Shell-shocked, the workers organized and started to mobilize.

> "How did we take it? How were we supposed to take it? We took it bad. Even in the works council, where we already thought that something fishy was going on … But people cracked. They were crying. Grown men, workmates you'd known for years … they completely broke down … they were crippled."
>
> Interview quotation. Local works council member, d.04/29/11/2013.
>
> "He [a Tenneco employee and CSI trade union official] started to cheer us up and to say it was no time to despair ... The first thing I thought was that the guy had gone crazy. How could he say that there was still time to do something? Management had already told us that we'd been closed down. What were we going to do, when we've all already been fired? ... But we got organized and started to mobilize immediately. We went out of the factory and blocked the road."
>
> Interview quotation. Local works council member, d.09/26/10/2015.

The local works council, composed of four different trade unions (the traditional USO, UGT and CCOO and the more radical and grassroots-oriented CSI) rejected the intervention of trade union federations and other external interests, thereby maintaining exclusive control of the fight.

> "We see it every time trade union federations meddle. They are only interested in negotiating redundancy packages … to obtain as much money as possible. But we don't want that. We want to keep our jobs … There will be time to beat one's breast … There will be time enough for that if this doesn't go well."
>
> Interview quotation. Local works council member, d.11/11/2013.
>
> "Trade union federations are very strong, very influential. They did not understand that we did not want them in. They were ready to negotiate, of course. I remember a day when they told us that we were thoughtless, that we were behaving irresponsibly … that we were wasting people's time … I didn't see it like that. We didn't want to

do things their way. They were not to get in here and, of course, they were not to negotiate for us. We didn't know much about negotiating, we didn't know much about strategies but we were learning little by little."

Interview quotation. Local works council member, d.08/22/06/2015.

The workers occupied the factory and organized 24-hour watches to prevent management from dismantling the plant. The local and regional administration soon sympathized with the workers, who kept violence under control and started to call for political and civilian support. The case was also depicted as unfair by the local and regional media. A global TNC was crushing a bunch of workers for no economic reason. As the plant was not loss-making, what was the rationale behind the corporate decision to relocate?

"I think that public mobilization and political support are a consequence of us doing things well … organizing well and communicating well. When people see something wrong happen, they react, especially if you are able to explain it … People think that these things cannot be allowed to happen … What we have here is that one day you're the best plant in the whole company and the next you're shut down. This is neither understandable nor acceptable."

Interview quotation. Local works council member, d.06/03/2014.

"We haven't caused any damage. It would be really annoying for me if someone did something that spoiled the whole thing … our careful strategy … because you have to proceed with care, you have to keep people under control … No one has done this before, the way we are doing it now. Barricades, burning tires, riots and fights with the police, everybody can do that. But many tires have been burnt without achieving anything … We changed their way. We started to prove different things, we moved on to knock on other doors."

Interview quotation. Local works council member, d.11/11/2013.

The regional administration did its best to reverse the closure decision. The plant had received almost €3 million in public subsidies for modernization and R&D from the Spanish Ministry of Industry and the regional government between 2007 and 2011. A lawsuit was filed by the local works council with the legal support of the trade unions to have Tenneco repay the state aid in case it proceeded with the closure.

The workers rejected the negotiation of redundancy packages. They also demanded an external viability report, an information and consultation right stipulated in the Directive on European Works Councils. The management of Tenneco Europe did their best to avoid having the report compiled, but were finally forced to cover the cost. In late November 2013 an audit by the international consulting firm Secafi-Alpha was published, dismissing all technical and economic arguments for closing down *La Monroe*. The report attested the plant's full viability and suggested minor job cuts and investments for modernizing the premises and machinery.

> "It was crystal clear to us from the very beginning … We all agreed … We said that we didn't want to enter any kind of negotiations … Because they were closing the plant with no reason at all."
>
> Interview quotation. Local works council member, d.20/10/2013.

> "The company has taken a wrong decision … If we are able to prove to them that we are worth much more than what some European managers say we are, then the Board of Directors in Chicago can reconsider the decision and may be able to change it … We need the expert report for that … The plant has to be audited but by someone external to the company … This is a right that we have as members of the European Works Council."
>
> Interview quotation. Local works council member, d.04/11/2013.

Behind this very effective utilization of the legal resources available to the European Tenneco EWC was a local MEP who became involved in the case right from the start in early September and whose personal contacts in Strasbourg and Brussels proved to be exceedingly effective in presenting the workers' case in Brussels. He not only proposed a European solution to the conflict but also eased the way for the workers through his own social capital and personal contacts within the European Commission.

> "We can't get through to company headquarters in Chicago by ourselves. There is always a wall we run into … we can't go beyond the national level … And the European Works Council is not the right place to deal with this … We need to get through to the Board of Directors and skip these local managers that cut no ice in the company … This is why it is so important that [name of the representative in the European Parliament] and the European Union came to our aid."
>
> Interview quotation. Local works council member, d.04/11/2013.

> "I think that the European Commission has not cared for us out of compassion or generosity. They have cared because of what we represent. We are a symbol of something that is going on. And we have got the European Union to denounce it … It has been a matter of survival for us … But the workforce, we don't know much about what has happened there."
>
> Interview quotation. Tenneco-Gijón employee, d.02/13/12/2013.

The conflict exploded at local level, with workers receiving impressive support from the local community when some 10,000 people attended a demonstration against the closure of *La Monroe* on 16 October 2013. Local and regional political parties also expressed their solidarity. The attitude of trade unions was more ambivalent. Trade union federations were unable to coordinate and gather institutional resources to put pressure on local management. Attempts to mobilise support from national and European trade union structures were both diffident and unenergetic, thus showing the difficulties of effective labour action at transnational level. While trade unions gave legal support to the workers in their demands, they also strove to gain prominence, suggesting negotiations over a redundancy package and stopping resistance to the closure. The workforce resisted the attempts of local management to divide them through offering generous early retirement and redundancy packages to older employees. Starting in November 2013, the workforce achieved several court rulings against the closure, and in March 2014 Tenneco was forced to reinstate the dismissed workers. The court rulings prevented the TNC to transfer the machinery and equipment of the plant to other locations and to make use of accumulated stock. The court dispositions, which were finally not appealed by the local management, declared the layoff illegal due to failure to comply with the mandatory consultation period and ordered the company to reinstate the employees and pay full back wages.[2]

> "We have the support … of the people after the demonstration. This was not effective for other things but it cheered us up in a very difficult moment … There was a large crowd of people in the streets … They were not there to ask for any political move, such the end of the Labour Reform. They were there only to support two hundred workers who were going to be fired … I had never seen that before in Gijón."
>
> Interview quotation. Local works council member, d.08/22/06/2015.

> "The management … they have been extremely clumsy. Their negotiation tactic didn't work. I don't know who has been their lawyer, what counseling they received … They didn't wait for the external report [of the European Works Council], they tried to delay consultation with the workforce … it was all outrageous. Also, the collective redundancy plan they presented is a real botched-up job."
>
> Interview quotation. Trade union official. UGT, d.03/15/01/2014.

Despite the legal victories, it was political pressure by the European Commission on Tenneco management that ultimately changed the teleology of organizational change. In late 2013, a decisive public player stepped into the conflict. The Vice-President of the European Commission and DG ENTR Commissioner received a workforce delegation in Brussels and took a personal stake in the process. After a meeting with Tenneco European management in which he was informed that relocation was unavoidable, a press release heavily criticizing the plant closure was issued by the European Commission (Comisión Europea, 2013). The Commission Vice-President contacted the company's corporate headquarter in Illinois (US) and started personal negotiations with the president of Tenneco himself.

> "The European Commission first gets in touch with the European managers of Tenneco and then with the Board of Directors in the U.S … As the process went on and the workforce obtained legal victories, the company's President realized that something was going wrong. I think that he felt misinformed by the European management and decided to take a personal stake in the conflict … At this point, they were sick-and-tired of Tenneco-Gijon … They wanted to get rid of the plant but the closure had become too complicated."
>
> Interview quotation. EU officer, d.01/10/09/2014.
>
> "How did the European Union manage to persuade Tenneco? What were their actual interests in the case? The European Commission Vice-President personally told us that the European Union wants to prevent relocation of profitable companies when we met him in Strasbourg. But I don't think this is easy … Even less with a company such as Tenneco … He, [name of Tenneco's president], dinners with Obama … To be honest, I don't see him being intimidated by the European Union or anybody."
>
> Interview quotation. Local works council member, d.08/22/06/2015.

In March 2014 the Crimea crisis broke out. The trade conflict escalated between the EU and the US on the one hand, and Russia on the other, and Tenneco decided not to proceed with the opening of the Togliatti plant. Whether this was relevant or not for the introduction of changes in the implementation of ICARUS is contested among respondents.

> "The *La Monroe* workers … They break the mould and say: no, we're not going to negotiate. We don't want the plant to close. It seems either nonsense or a bluff. Perhaps they didn't believe in it at all in the beginning … But they fought for it … to get something that the rest of us thought completely unimaginable. It is also true … that some external circumstances came to their aid. One of them was the Crimea crisis because the Gijón plant was being closed to open another one in Russia. But they won that lottery prize because they have already bought all the lottery tickets. The issue with Russia happened several months after the workers had refused to negotiate and conflict in *La Monroe* had started."
>
> Interview quotation. External expert. Historian, d.01/14/09/15.
>
> "Sincerely, I don't think that the Crimea crisis played any substantial role here. The commercial problems with Russia were not relevant for the corporate decision to reopen the plant. The legal victories in court by the workforce were much more decisive, for instance."
>
> Interview quotation. EU officer, d.01/10/09/2014.

On 15 April 2014, Tenneco announced that the plant would be re-opened for a transitional period of two years at a reduced size. The local works council negotiated the conditions for reopening the plant on the basis of the viability report issued by Secafi-Alpha. An agreement between the parties was reached in early June 2014, establishing early retirement and voluntary redundancy schemes for older workers, avoiding redundancies and setting 28 July 2014 as the date for reopening the plant. Operations in Gijón were restarted with 117 employees. When the Vice-President of Tenneco and Chief Operating Officer visited the plant in early July he expressed his surprise that Gijón was a seaside city with important port facilities which could help in the global distribution of local production.

A new management team was appointed in August 2014 to run the plant for the transitional period until a new investor was found. In March 2016, after almost two

years, Tenneco finally rid itself of the rebellious workers by selling the plant to the German investment fund Quantum Capital Partners A.G. (QCP), via its subsidiary Vauste Spain S.L. The new owner has undertaken to develop a five-year production plan shifting specialization from shock absorbers to injection-moulded parts for the automotive industry.

> "We have more and less optimistic people here … Some people say, at least we're still working … But I say that we can't approach things like that. Not after what we have been through. We have to start giving benefits and quick. If Tenneco attempted to close us down when the plant was profit-making, just imagine what could happen now. But I'm very tired. The conflict has exhausted me … I had to spend a lot of energy to persuade people to move on. And it's been many months now".
>
> Interview quotation. Local works council member, d.08/22/06/2015.
>
> "What does the future hold in store? … I don't know. I don't have it clear in my mind. I don't to generalize but most investment funds behave the same way. As soon as they arrive, they present their industrial plan and everything is perfectly envisioned to gain political authorities' acceptance … But the first year passes, then the second … they start to consider what they would like to keep … and what they want to carve up and sell … They report losses … And we won't have the court rulings to restrain them. And the people we know in the European Union who helped us will no longer be there for us."
>
> Interview quotation. Local works council member, d.09/26/10/2015.

Micro-political game-playing: contestation, alliance formation and negotiation

The *La Monroe* workforce was able to act simultaneously at different social, political and legal levels in a very effective way. The intensive and successful mobilization of labour, civil and public power resources transverses a number of micro-political games, in which diverse interests, players and temporary alliances become intertwined. We can identify five micro-political games decisive for the final outcome:

The first micro-political game developed along the traditional lines of interest struggle and confrontation between capital and labour and took place in and around the place of work - the plant and its premises. The replacement of local management in March 2013

opened up a new scenario. The Tenneco plant in Gijón played no role in the managerial struggles at European level over the implementation of ICARUS and the allocation of rewards (i.e. gains in production capacity) and penalties (i.e. closures and/or loss of production capacity and lay-offs). The local management had no real say in the closure. In early September 2013, when the corporate decision was communicated to the workforce, *La Monroe* employees faced two options: to surrender and delegate the negotiation of a redundancy package to the trade unions, or to oppose the closure, organize themselves and start fighting for their jobs. They opted for the latter, occupied the factory and started to weave a network of contacts with a range of civil and public stakeholders and interests.

The second micro-political game involved the local community. From early September 2013 onwards, the media zoomed in on the conflict, adopting a stance in clear favour of the workforce. The workers gained broad support from the population, political parties at local and regional level and civil organizations and NGOs. The alliance, symbolically glued together through demonstrations, festivities and information campaigns, was highly effective in boosting workers' morale and tenacity during the struggle.

The third micro-political game involved the judiciary and the information and consultation rights available to the Tenneco EWC. The successive court rulings in favour of the workers, first preventing the removal of machinery by management and finally dictating the reinstatement of dismissed employees, were important assets for mobilizing additional political power resources. The local management committed several formal errors in the closure process. While the EWC was unable to stop the implementation of Project ICARUS, it played a decisive role in forcing European management to have an alternative report on the plant's viability compiled.

The fourth micro-political game was actually a heterogeneous mixture of local, national and European alliances with public authorities and trade unions. The local and national political levels turned out to be ineffective. Public authorities at these levels did not even gain access to local management. Trade unions were, for their part, unable to present the case at national and European levels. No energetic initiative was taken by the European Trade Union Confederation (ETUC). The workforce had to develop its own strategy to put management under political pressure. It gained access to the European Commission in the person of its Vice-President and DG ENTR Commissioner

through the informal and selfless support of several local public representatives in Brussels and Strasbourg.

The fifth and final micro-political game started in late 2013 and did not entail employee participation. The European Commission itself initiated negotiations with management. As European management refused to discuss the closure, the Vice-President of the European Commission took a personal stake in the conflict and put pressure on corporate management in Illinois (US) to reconsider the relocation plan. The geopolitical context did its part, although labour, trade union and public sources differ with regard to its impact. In spring 2014, Tenneco headquarters decided to amend ICARUS and not to proceed with the opening of the Russian plant (Togliatti). In mid-April, the reopening of Gijón was announced.

Conclusion

The article examines the reaction of a local workforce to global restructuring. It presents and discusses a theoretically informed and analytical case study of successful local worker resistance against a production relocation decision by the US TNC Tenneco Inc., which entailed the closure of a manufacturing plant (*La Monroe*) with 221 employees in Northern Spain. Much existent research into the impact of global restructuring has focused on the wider economic, political and social outcomes. Substantial attention has also been given to the institutional embeddedness of TNCs. However, these studies rarely acknowledge the role of power relations and politics within TNCs and how global restructuring is decided upon, implemented and contested inside organizations. Our findings substantiate the dynamic role of micro-politics within TNCs. We present empirical evidence of the formation of a broad multi-level political network of resistance to a plant closure plan.

The *La Monroe* case is an out-of-the-blue case of local contestation amending a corporate decision on production relocation. The workforce was able to prevent the closure of the plant through collective action, political contestation and soft pressure on the company by EU institutions. The case illustrates several general issues concerning the analysis of TNCs. First, it confirms the utility of case studies as a way of tackling the complexity of TNCs and international employee relations. Quantitative research models are unable to reveal the subtle agency processes behind corporate decision-

making. Second, it supports the power relations and politics approach to analysing TNCs. Our article allows a more fine-tuned analysis of the micro-political games that shape the social order of a transnational organization, specifically in the interplay between global restructuring and international employee relations.

TNCs have learnt to act as global managers in global contexts, moving assets and resources from developed and often saturated markets to fast-growing emerging markets. Their strategic capacity is increasing as regulators tone down their governing and supervisory powers. Labour seems unable to develop effective transnational collective action structures. The EU as a potential substitute for the fading national regulatory capacities is unable to constitute itself as a powerful and integrated political institution.

Relocation decisions follow a by no means rational and efficiency-seeking logic. They start as an intra-headquarter debate on strategic action under the constant pressure to act and present something to shareholders and corporate control markets. In the case at hand, a consulting firm was brought in to underpin the new strategy with pseudo-rational arguments. The degree of regional headquarters involvement depends on the organization and power structures within the corporation, but there is a general trend towards concentrating power and decision-making in corporate headquarters without taking regional or local interests into account. Alternative production facilities are built, technology and know-how transferred and local managers replaced. In the affected plants a discourse of crisis, competitiveness problems, the need to cut costs, etc. prepares the ground for plant closures. Transfer-pricing and intra-group benchmarking leave the plants in an unfavourable competitive position. Public subsidies for new facilities in new locations are further relocation incentives. Finally, local players are shocked by a short-term closure announcement.

In the case at hand, the workforce and local stakeholders never questioned the dominant shareholder value discourse and efficiency logic. Instead they questioned the break with this rationality on the part of corporate management. The workforce's motivation and resistance and the strong local stakeholder support stemmed from a deep feeling of injustice and incomprehension of a management decision which went against the social norms on profit and shareholder value creation.

The evidence presented here supports, on the one hand, the unequal power relations and limited resources available to organised labour in TNCs but also, on the other hand, the

possibilities for employee response when adopting a multi-level approach to collective action and resistance. Labour organizations are currently industrially and politically weak and have lost much of their capacity to challenge domination at the local point of production. International networking and institutional trade union support and coordination at transnational level were irrelevant for the case at hand. There was very limited cooperation with employees and trade unions in other European manufacturing plants, although some of them were directly impacted by restructuring plans (i.e. Sint-Truiden, Belgium). On the contrary, the very successful employees' tactic was built upon the dynamics of the local context and the insistence of the workforce to explore opportunities beyond the workplace. The community organising approach allowed *La Monroe* workers to seize decisive support for their mobilization campaign. They presented the decision to close down the plant as unfair but, more decisively even, they were able to tap into moral and economic concerns held by wider society, particularly in a period of deep recession and widespread unemployment in Spain.

The *La Monroe* case thus opens several research pathways for the future. In general, our knowledge of micro-political game-playing in TNCs has to be expanded through theory-based comparative case studies. A further aspect is the still relevant institutional context. The general trend towards neoliberal reform of industrial relations is outbalancing the power relations and leaving corporate management without any opposition from political or union forces. The revitalisation and internationalisation of employee representation are urgently needed in times where individualised workers and local communities are left without power resources to fight corporate decisions.

Notes

* We say no to *La Monroe* closure! became the main rallying cry of the workers in assemblies and demonstrations (in Spanish original, *¡La Monroe no se Cierra!*). It was also printed on demonstration banners, stickers, t-shirts and other protest apparel.

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Anonymised references and cross-references to be added

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[1]However most of the literature refers to the term multinational corporation (MNC), we prefer to use the more descriptive and conceptually meaningful term of transnational corporation (TNCs). As defined by UNCTAD, TNCs are incorporated or unincorporated entreprises comprising parent enterprises and their foreign affiliates that manage or control production or service facilities in different locations situated in more than one country. This definition emphasizes the notion of control of coordinated product and service offerings at local level. The term TNC is particularly suited to capture the political nature of organizational power which is built upon a structured network of social transactions among interest groups

[2]Although in original language (Spanish), a full copy of the court's ruling is available at: http://www.poderjudicial.es/stfls/SALA%20DE%20PRENSA/NOTAS%20DE%20PRENSA/TSJ%20Asturias%20%20Social.pdf