

A decorative graphic consisting of a grid of dots in various shades of gray and red, arranged in a pattern that suggests a world map or a network of connections.

Trade Unions in Transformation

Shifting Powers in Russia's Employment Relations? Alternative Trade Unions Challenging Transnational Automotive Companies

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- Despite widespread opposition, independent workplace unions have utilized the structural power of the workers to gain bargaining recognition and negotiate contracts at foreign auto manufacturers and suppliers. In particular, the struggle at Volkswagen in Kaluga is highlighted.
- However, the workplace unions are challenged to sustain these gains. Their focus on the individual workplace, as well as the absence of employers' associations, prevents negotiations for sectoral or regional agreements, thereby impairing unions' organizational power.
- Trade Unions in Transformation is an FES project that identifies unions' power resources and capabilities that contribute to successful trade union action. This study features among two dozen case studies from around the world demonstrating how unions have transformed to get stronger.



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Abstract

Since 2000, the increasing number of transnational companies (TNC) in Russia's booming regions has given rise to the growth of an alternative union movement. Foreign automobile firms in particular are under fire for undermining workers' rights. In Kaluga region, located southwest of Moscow, plant organizations of the new independent union MPRA (Interregional Trade Union Worker's Association) successfully struggled to receive formal recognition as negotiating unions by utilizing the structural power of the workers. In this way, the MPRA achieved considerable gains on plant level in two TNCs in the automotive industry. However, its organizational prospects for lasting consolidation have been wrought with difficulties. The unions' successes are ostensibly the result of utilization of workers' structural power to bargain at the workplace, resulting mainly from the economic and local circumstances foreign firms face. Despite these gains, both plant unions suffered notable losses of membership in the period after they were achieved and have had difficulties in sustaining organizational power. The unions' focus solely on the individual workplace, as well as the absence of employers' associations, prevents negotiations for sectoral or regional agreements, further impairing union's organizational power. On an institutional level, those new unions' chances of overcoming ossified institutions of employment relations and a punitive state are minimal. Moreover, societal power in Russia is sorely underdeveloped; indicating that a substantial shift in power balance of established employment relations is not yet in sight.

Introduction – Context and Problem

Historically, the Russian economy has relied heavily on its natural resource sector, and this is likely to persist in the future in terms of economic and trade policy. Nevertheless, from the government's perspective automotive manufacturing is viewed as a key sector, offering the chance to diversify the domestic economy towards more modern and high tech sectors. Since the beginning of the new millennium the car industry has been significantly supported and subsidised by the State because of its high potential for innovation. This project has involved offering tailored infrastructure in a number of economically strong regions across the Federation, as well as flat taxes, benefitting both domestic as well as foreign firms with facilities in Russia. The latter in particular were forced to agree to strict local content agreements in return for these benefits, but were still able to quickly outpace traditional firms in terms of productivity. This has led to foreign car firms enjoying marketplace dominance in Russia since 2005 (Arutyonova/Orlova 2013; see also Traub-Merz 2015). The project's success thus far is reflected in the fact that between the mid-2000s and up until 2012 Russia had one of the fastest growing vehicle markets in the world by sales^{1,2} (Krkoska/Spencer 2008).

1. Although the automotive industry continually accounts to a rather low degree to the national GDP (2012: 3, 7 percent), which is mainly due to the dominance of the oil and gas industry.

2. However, car sales started to continually decline since 2013 and even collapsed in 2015 because of a generally worsening macroeconomic situation in Russia (PWC 2016).

For foreign carmakers the Kaluga region, directly bordering the Moscow area to the south west, has been particularly appealing. Even without the numerous incentives provided by the regional government, the geographical proximity to Moscow as well as to Western Europe, where many of the settling foreign automotive firms have their headquarters, accounts for the regions' attractiveness (GCC 2012). Volkswagen, one of the largest foreign car manufacturers in Russia, started operations there in 2007.

The facility in Kaluga was set up exclusively to serve Russian consumers' growing demand for foreign cars. The aforementioned local content agreements foreign automotive firms had to sign along with high import tariffs make parts procurement highly challenging. Therefore, Volkswagen started its production in Russia with semi knocked down (SKD) assembly, a system in which almost all parts of the final product are produced in another country before being exported to Russia for final assembly. By as early as 2009, the firm switched to completely knocked down (CKD) assembly, completed with certain parts produced in Russia, and VW has since pushed for full assembly in order to fulfill local content agreements. VW relies heavily on its most important foreign suppliers who set up factories in Kaluga at the same time, especially because the numerous Russian suppliers do not fulfill VW's specific quality standards and requirements for just-in-time production. This means that the supply chain is almost entirely located in Russia and, more specifically, Kaluga. Volkswagen also agreed to fulfill gov-

ernment requirements to produce fixed numbers of cars per annum, growing with each additional year of their market activity, putting the firm under additional pressure. Nonetheless, Volkswagen soon managed to reach very high market shares with their brands.

This was only achievable because of the mass of workers the firm was able to recruit. An immense job boost accompanied the opening of the Volkswagen plant as well as several other TNC factories not limited to the automobile sector. Numerous workers were attracted to the promising jobs in foreign firms from bordering regions and even from Moscow, a city which has experienced unemployment rates below 2 per cent for the last ten years. Kaluga's official unemployment rate has also remained constantly low, ranging between 3 and 4 per cent³ (Knoema 2015). Unregistered unemployment is presumably considerably higher, though for many, the informal economy has become a desirable alternative to formal labour to make a decent living, especially for low-skilled workers (Gimpelson/Kapelyushnikov 2014).

Russian employment relations are divided. On the one hand, there are the traditional unions under the umbrella of the Federation of Independent Trade Unions of Russia (FNPR). Although the federation is the largest of its kind in Europe with approximately 21 million members, it has lost around 50 million members since its formation in 1991 (RBC 2016). The unions' main objective is to establish and maintain »social partnership« with management and the state, mostly being responsible for administering and distributing social benefits to the workforce under management's guidelines, acting and functioning mainly like their Soviet predecessors⁴ (Ashwin/Clarke 2001; Mandel 2004). The concept of class conflict is rather alien to these traditional unions and is openly rejected (Ashwin/Clarke 2001; Olimpieva 2012).

On the other hand, the growing frustrations of parts of the workforce who seek to defend their immediate interests in the workplace, such as wages, working conditions and safety, through conflict with management paved the way to the creation of a number of alternative union groups, even during the early transition period. These unions focused almost entirely on conflict and

agitation, openly challenging the traditional »dinosaur« unions (Greene/Robertson 2009) with selective but massive strike and protest action until the mid-1990s, especially in systemically important sectors, such as industry and transport. One of their most considerable achievements on institutional level was the official acknowledgment of two alternative federations in 1995, the Confederation of Labour of Russia (KTR) and the All-Russian Confederation of Labour (VKT). Both would eventually merge into KTR in 2010 and number some three million members by 2012 (Bizyukov/Grishko 2012). Gaining and maintaining stable associational power beyond the constant application of raw structural power through strike action has proved to be particularly difficult for these independent union organizations, partly due to an intensification of internal conflicts. Moreover, the continuing strong support the traditional FNPR unions enjoyed from the State, despite the erosion of their associational power, has been the main obstacle for alternative unions in strengthening their associational foundation. In essence, the latter failed to establish themselves as serious counterparts within the static system of industrial relations.

It took more than ten years generally marked by union inactivity; the inertia of traditional unions and their remaining members; mute alternative unions; and occasional individual protest action, until a new alternative union movement came to the fore (Chetvernina 2009; Greene/Robertson 2009; Olimpieva 2012). Those emerging trade unions, independent of the traditional system, have since shaken up employment relations. Small union groups at company level have arisen out of specific conflicts between workers and the employer, quickly taking the chance to address workers' rights and interests regarding wages, working time as well as health and safety at the workplace. As was the case in the 1990s, the latest »newcomer« unions have emerged in economic sectors that are characterized by significant structural bargaining power, especially in industry. What is new with this generation of unions is that they place particular focus on the foreign firms who have increased their operations in Russia since they first appeared around the millennium. With the ongoing liberalization and deregulation of the domestic economy, foreign firms have gained yet further significance since 2005. One of the new independent organizations, the Interregional Trade Union Worker's Association (MPRA), part of the KTR confederation, focuses on organizing workers in foreign car firms (Krzywdzinski 2011; Olimpieva 2012). The union first evolved out of mil-

3. Employment rates in Moscow and Kaluga went slightly up during the global financial crisis, but were nowhere near mass unemployment.

4. FNPR is the successor organization of the former Soviet Union All-Union Central Council of Trade Unions (Tsps.).

itant industrial action about better pay and conditions at the newly built Ford factory near St. Petersburg in 2005. Ford was the first foreign auto producer to begin manufacturing in Russia; the first to be comprehensively organized by the union; and remains the focus for most militant action. The example of unionization at Ford often functions as a role model to other worker organizations within the industry and beyond.

The young generation of workers, who did not experience the turmoil of transition after the collapse of the Soviet Union and are mostly free of their parents' »inertia«, have formed a new self-consciousness as unionists. They seek higher wages and job security in transnational companies and are ready to push for collective bargaining agreements. As traditional unions have missed out on the chance of gaining entry to multinationals, alternative trade unions arising from the shop floor were long without competition. Changing conditions and circumstances for workers account for a possible shift in Russia's employment relations, triggering the rise and success of an alternative trade union movement which understands the need to capture the workers' newly evolving consciousness. This paper draws on empirical material, namely interviews, informal conversations and participating observations, collected at alternative unions affiliated with MPRA active in Kaluga – the period analysed concerns the struggle of the unions to secure the first collective bargaining agreements at two German firms, Volkswagen and the auto supplier Benteler, beginning in 2008 and ending in 2012 when agreements were formally reached.⁵

Goal-setting and Strategy

Shortly after Volkswagen set up a plant in Kaluga's industrial park, Grabtsevo, workers started to establish independent union groups at factory level both at Volkswagen and at Benteler, one of the former's most important suppliers, driven by dissatisfaction with low wages. According to a union member at Benteler, the workers were well aware that they were earning considerably less than workers in Germany or France, who essentially do the same work, besides the fact that wages were too low to secure a decent quality of living in Kaluga.

5. Throughout, given interview details refer to interviews conducted with different union members and workers employed at the analysed firms. To ensure the informants' anonymity, no further details referring to their positions, etc., are made.

With a constantly growing workforce at VW, the union gained members correspondingly. Soon the union formed official links with the regional trade union MPRA in order to receive legal recognition. Asked why the worker organizations at VW and Benteler decided to affiliate with MPRA and not the traditional FNPR union ASM, unionists claimed their orientation was significantly influenced by their colleagues at Ford in St. Petersburg and who founded a MPRA branch there a few years ahead. And further:

»We have observed that a true trade union like MPRA is only able to emerge when the plant is financed by Western capital.«⁶

Both MPRA groups' experiences with employment relations on plant level were quite similar. In the beginning, they were practically unimpeded by union groups from the traditional FNPR, which had not taken advantage of the opportunity to organise in the rising number transnational firms seeking to conquer Russian consumer markets. Eventually, both MPRA plant organizations would have to contend with a competing union group affiliated with ASM under the umbrella of FNPR which later came onto the scene, but numbered significantly fewer members at plant level than MPRA. The competing union groups were trying to gain recognition from the management – the traditional union offering support and collaboration, while the MPRA union group sought concrete discussions surrounding working conditions. As it transpired, both of these competing strategies were unsuccessful: management officials refused to communicate with any of the unions. Relations between the firms' management and MPRA union were tense and difficult from the very beginning.

»They [the management, S.H.] say, they simply shut down the factory and go back there [to Germany, S.H.]. But we ask – we don't even ask, »we ask« sounds like begging – we demand a pay raise up to 30,000 rubles [at Benteler, S.H.]«⁷

A few years of unsuccessful attempts to achieve formal recognition of MPRA as the negotiating union from the

6. «У нас как практика показывает, что реальный боевой? профсоюз, такой как МПРА можно построить только на предприятии с иностранным капиталом.»

7. «Они говорят, что им проще закрыть завод, уехать к себе туда. А просим – не просим даже, просим – это по-нищенскому – требуем мы повышение зарплат до 30,000.»

management went by, both at Volkswagen and at Benteler. Over those years, as the firms grew and their economic success increased, the discontent of workers likewise accelerated. Wages in both firms stagnated at a fairly low level: even in comparison to other employers in the region they were only slightly above average. The working conditions remained poor, with long hours often including night and week shifts with few recovery phases. On the one hand, the increasing frustration of workers resulted in high levels of staff fluctuation, the number of those who chose or were forced to leave becoming extremely high at VW. A turnover of a sixth of the plant's workers per annum is still not unusual, especially in light of the large workforce of agency workers ranging between 12 and 20 per cent. Workers who choose this »exit« option tend to quickly find new jobs in the informal economy. Management didn't attach particular importance to retaining workers for the firm – as one informant put it: »There is no room for human relations in a capitalist firm, only money counts«. On the other hand, the union groups that were eager to improve the workers' situation in the plants experienced growth in membership, simultaneously indicating a strong shift towards »voice«. Still, the long struggle with management for negotiations and dialogue proved unsuccessful after all. Since management at both plants refused to interact with MPRA as the main union, after more than three years it saw no alternative to calling for strikes and protest actions in order to more forcefully articulate the workers' demands. Henceforth, it became their primary aim to demand workers' rights through intensive protest action to force management of both Volkswagen and Benteler to bargain with MPRA.

»The people here [in Russia, S. H.] just don't get it. Everything depends on the people. One simple example: [...] I turn to a person on the street and say »Give me your wallet«. Maybe he gives it to me, maybe he doesn't. If I turn to that same person in a crowd of people and say »Give me your wallet«, he will give it. It is just like that with the employer. When I go to our general director and demand »Give us all a decent wage«, he will reply »My son, go away from here«. And he will dismiss me, and there is nothing I can do about it. But in an organized group of people [...] [he will give in, eventually, S. H.]»⁸

8. »Всё зависит / Да, у нас люди просто этого не понимают. Всё зависит от людей. Вот, простой пример: Иду я по улице. Ко мне подходит один человек. Нет, не так. Я подхожу к одному человеку, говорю: »Давай кошелек свой!« Он даст мне, не даст мне свой

As this article concerns labour conflicts taking place at a German, yet intensely globalized, company, it would seem natural to assume that somehow worker representatives from Germany were intervening in these proceedings. Indeed, a works council representative from Germany was delegated to the VW facility in Kaluga over a long period of time. This person was supposedly responsible for facilitating communication between worker representatives and management, ultimately aimed towards the establishment of an institution on plant level similar to that of the approved German works council. Whilst management was said to be supportive of this initiative, the MPRA rejected the idea, refusing to call on German union representatives for guidance and preferring to deal with conflicts on their own. They were convinced that their struggle had to come from the bottom up, from the shop floor, and not be resolved top down by importing long-established union institutions, whether from the Russian or the German national scheme. One of the interviewed unionists jokingly argued that he heard about German employment relations, that when the trade union would ask for higher wages, people around them would say »Well, you need to work more«. He added:

»Here [in Russia, S. H.], when we start campaigning, inside we understand that the workforce, needs to demand and struggle more in order to get a higher wage,. People will say the same here: »Work more, and then you will get more money«. But we know, one won't get more money simply by working harder. If you follow that principle, the slaves in Ancient Rome would have been the richest people of the world.»⁹

Additionally, in his view, the struggle at the plant is a part of the »whole«, referring to politics in the whole society.

While the »German model« clearly did not function as a role model for the Kaluga-based unionists, one of their priorities was to learn from trade union activists at VW

кошелёк. Если подойду я толпой, двадцать человек, скажу »давай свой кошелек!« – он отдаст. Так же самое с работодателем. Если я прохожу к своему генеральному директору один и говорю »Дай мне зарплату, всем рабочим, хорошую«, он скажет »Иду, сынок, отсюда! И уволит меня, ничего я не сделаю. А толпой (организованной?)».

9. Ну, здесь, когда мы тоже какие-то акции предпринимает, внутри мы понимаем, что вот рабочие, надо, чтобы иметь высокую зарплату нужно больше требовать, бороться. Но окружающие нас тоже так то же самое говорят. »Больше работайте, тогда больше будет денег.« Но мы это понимаем, что от того что больше работать, денег больше не будет. Если следовали этому принципу, то рабы в Риме должны были быть самыми богатыми в мире людьми.

in other national contexts, particularly where unions are confronted with a similar hostile environment for pursuing workers' power as in Russia. Therefore, MPRA unionists regularly participated in joint seminars organized by IG Metall and other organizations concerned with trade union support and solidarity. These gatherings were crucial for intermediating and consensus building within the union groups. In one of the seminars, MPRA unionists were particularly impressed by the measures of protest action taken by their Brazilian colleagues at VW plants. Learning from their rather militant strategies opposing capital gave rise to the MPRA unionists in Kaluga's desire to attempt something similar in the Russian context. The constant reminder of the multiple and longstanding successes of the union branch active at Ford near St. Petersburg, whose leaders are also regular participants of the joint union seminars, triggered and framed the action.

Strong disappointment with the management's consistent refusal to talk to union representatives; the workers' growing discontent with their working conditions; and the showcases of conflict-oriented negotiation strategies at Ford in St. Petersburg and VW in Brazil led the union groups to ratchet up the conflict. Focusing on non-recognition by the management, the union began to demand workers' rights by organizing massive protest actions. This fundamental change was the result of the aforementioned learning process for the union groups on plant level (see: Lévesque/Murray 2010). In the words of a unionist at Benteler:

»I will now explain how this is approached. There is a scale. Roughly speaking. I like getting engaged in these sort of things. There is a scale. On the one side there is the claim. Roughly speaking, the demand is to raise our pay to, let's say, 40,000 rubles. To 1,000 Euro. That's the demand. On the other side we have what the tool to get the employer to give it to us: strike and his losses our company will incur because of the strike, when our firm, through refusal to negotiate, halts the production at Volkswagen and doesn't deliver the chassis [to the producer, S.H.]«¹⁰

10. Сейчас объясню как это происходит. Есть весы. Примерно. Я сейчас/Я люблю такими штучками заниматься. Есть весы. На одной стороне [висел] требование. Грубо говоря, повысить зарплату нам, грубо говоря, ну, по 40 000 рублей. До 1000 €. Вот они висят вот так. Это требование. На другой стороне висит то, что мы можем сделать работодателю, чтобы он это нам дал. Грубо говоря, забастовка. [...] Убытки у компании от забастовки, если наша компания по своей вине останавливает Фольксваген, не поставляет туда [подвеску].

The interconnectedness of the MPRA union organizations at VW and Benteler was crucial for the success of the new strategy. The geographic proximity of producer and supplier located in the same industrial park aided those worker organizations ready for protest action in Kaluga. It was not only the similarities of the working conditions the workers faced that brought them together, but also an acknowledgement of the interdependency of both firms within the local-economic value chain and the anti-union stance in both workplaces. It was both union groups' main goal to reach formal recognition in order to strive for legal collective bargaining agreements to finally meet the workers' essential demands. Union membership increased as soon as the union leadership in the plants openly declared its new strategy. The sudden rise in new members and workers' consent to the strategy of open conflict gave the unions' change of orientation on collective bargaining a strong backing.

The first series of open protest action against Benteler and thereafter Volkswagen as foreign firms remained an exclusively local conflict. This means that although there were signs of a value chain organizing the effects and successes did not spill over to other suppliers, nor was the process directly promoted by MPRA officials on the inter-regional level, in spite of the fact that the new strategy aligned with MPRA's understanding of itself as a conflict-oriented interregional union. According to the interviews conducted with unionists in the Kaluga region, MPRA as an association of plant unions did not play any active role in this game-changing dispute between labour and capital in these two firms, meaning it did not take part in any of the consensus building and decision-making on plant level. That is because the plant groups mostly act on their own accord if they decide not to ask for support by the union association. This autonomy enabled the plant organizations to remain very flexible within the direct local conflict. They were able to react spontaneously when confronted with changes in the process without having to negotiate with other (hierarchical) parties, hence avoiding bureaucratic hurdles.

Shifting Power – Results and Successes

Benteler employed significantly fewer workers than VW at the time – 380 compared to 6,000. For the union group active at the supplier, it was therefore more

straightforward to educate a smaller workforce in the union's new strategy on plant level and to unify the workers for planned protest action. In the spring of 2012, they were able to instantly mobilize significant numbers of workers and embarked on an unlimited strike. Management responded furiously due to the accompanying massive fallout of production amounting to around 8 million euros for a three-day-strike, but initially refused to give in to the union's demand for collective bargaining.

The strike was accompanied by an open demonstration of mutual solidarity between the firms' workforces. The stoppage that workers had initiated at Benteler was supported by union colleagues and workers employed at Volkswagen, who occasionally demonstrated this support through temporary participation in strikes as well as offering to picket the producer itself. In some cases, they even helped disrupt deliveries of supplies carried out by strike-breakers deployed by Benteler management. As was to be expected, the work stoppage had an immediate impact on Volkswagen's production. Without the required parts and no substitute supplier, management was forced to cut back on production. The firm was simultaneously hit from two sides, namely the forced slow-down in production due to the strike action at the supplying firm, and the pressure the union organization at their own plant put on management to formally recognise them as a negotiating partner, threatening unlimited strikes as well. Over the course of the conflict, not only did Volkswagen's dependency on that very supplier become all too obvious, but the management's vulnerable position was ever more exposed in the wake of protest action at such close geographical proximity and the demonstration of strong solidarity between the factories. VW executives feared that their own workers, now full of self-confidence, could also call a strike at any time.

Due to the intervention and arbitration of interregional MPRA union leaders and regional government officials, the strike at Benteler ended four days later. The outcome comprised the long-desired official recognition of MPRA as the negotiating union and a commitment to collective bargaining negotiations. In return, the union was obliged to end the work stoppage immediately. The settlement between Benteler and the union had symbolic power as a precedent, affording VW management little hope if a similar conflict were

to emerge at their plant. It seemed logical to give in to the workers' demand for negotiations instead of provoking an unlimited work stoppage, which the emboldened workers argued they were ready to initiate. The actual surrender of management *before* the union at VW was able to declare a strike indicated the level to which management's concern had grown concerning the heavy cost of a work stoppage. For VW management the risk was high that the tendency to strike would be supported by large parts of the workforce. They had reason to fear the union would mobilize its members at the producers' plant through strategic protest action to compel the management to negotiate with the union.

»Last year [2012, S.H.] they [the management, S.H.] came to the understanding. We [the union, S.H.] were frightening to them for a long time, frightening, just like that. [...] We came and they were frightened. They said ›Oh, we will give everything to you‹. Yet this spring they hesitated in deciding whether they would really let [a conflict, S.H.] escalate to a strike or whether they wouldn't. Despite the fact, we were practically this close to an actual strike last year. But they are very afraid of strikes.«¹¹

This new stalemate situation suggests that the unions in both firms had effectively managed to frame their new conflict-oriented strategy in recognition of the mutual production dependencies within the local value chain¹².

The redirection of union strategy towards open conflict initially proved to be successful as it was supported by a significant rise in membership; a concomitant solidarity of workers at both plants; and the strategic importance of the dependencies within the local value chain. It had taken four years of prolonged industrial conflict at Volkswagen Kaluga plant until the workers' strike at Benteler and the support they experienced by VW col-

11. »В этот раз они, конечно, просто решили, вот последний раз они решили, мы их очень долго пугали, пугали. [...] Мы пришли, напугали. Они ›Ой, всё, всё мы отдадим.« А этой весной они всё-таки решили, а действительно ли они пойдут на забастовку или не пойдут. И мы уже практический вплотную подошли к забастовке этот раз. Но они очень боятся забастовки.«

12. While at first glance it appears surprising for a union agitating in a large globalized firm, that this articulation did not incorporate any links to global interrelations, least transnational allies, the limitation of the process to the local level is consistent as many of the value chains' stations are set here with the sole focus on the domestic car market functioning as a constant reminder.

leagues gave the final twist for *both* firms to ultimately accede to the union demands¹³.

The formal acceptance of MPRA plant groups as the negotiating union paved the way for the first round of collective bargaining in both plants. The labour representation experienced a further boost during the negotiation processes as it was backed by a further increase in membership.

The negotiation processes resulted in joint agreements between each firm's management and union group with duration periods of one year at Benteler and two years at Volkswagen respectively. The main measures contained in both agreements were a pay raise; the implementation of a transparent wage scale system; management commitment to significantly reduce the use of agency labour at the plant, or to forgo agency labour altogether, as was the case at Benteler; as well as some adjustments to working time formalities. The MPRA's recognition as the dominant union also has the effect that management cannot negotiate any binding agreements with competing unions at the plant unless their membership rate eclipses that of MPRA.

The union groups at both plants were initially very successful in their strategy, having forced management to pursue collective bargaining agreements despite their hostility towards trade unions. However, members were divided, some considering the wage demands to be too low, whereas – according to interviews – some found them potentially too high for the management to take the workers' representatives seriously as a bargaining partner. After an agreement was reached, the gains from negotiations received a mixed reception from the workers. First of all, controversy emerged about the adequacy of the negotiated higher wage and the demand for a transparent wage scale. There was also some dissatisfaction with the newly-implemented wage scale, because under its framework the ultimate wage limit for workers would only rise after a few years of plant affiliation, similar to the previous structure. The apparent low wage differences between each of the wage groups were also subject to critique.

13. The union organization of ASM (FNPR), although already established at the VW plant during this time, was not involved in the process of conflict the MPRA union organization took forward. While the traditional union did not side with management during this time either, it kept entirely mute, however.

As a result, the union membership in both plants went into considerable decline immediately after the collective bargaining agreements were settled, densities falling from approximately 36 to 23 per cent and 60 to 30 per cent at VW¹⁴ and Benteler respectively. This was not only due to those members dissatisfied with the terms of the agreement. The losses can partially be accounted for by those workers who believed their »duty« was done and their membership was no longer required. Both union groups were well aware of their »faults« as organizations in the aftermath of the negotiations. The active union members' evaluation of the situation was that their organizations are still at a learning stage and that they struggle to stabilize resources. They identified that representing the often conflicting interests of members and keeping workforce informed about the state of negotiations with management at the same time are crucial tasks for obtaining lasting associational power. Intensive communication efforts through a variety of channels, ranging from plant newspapers to social media such as VKontakte¹⁵, have since been put into practice in order to keep their members' trust and gaining credence in the workforce as a whole, treating the transparency of all union activities as of paramount importance.

Ultimately, the management at both plants tried to regain power advantages in their favour after the conflicts and the collective bargaining agreements were settled. Sources claim that VW management tried to restore its upper hand against the trade union by promoting the founding of a new, third union at the plant so as to be able to refuse negotiations with MPRA. This New Innovative Union's (NIP) leadership consists exclusively of white collar workers, and membership is supposedly very low, so the MPRA plant group continues to be the strongest organization on behalf of the workers. Regardless, the foundation of this yellow union serves as a threat, representing management's capability to learn and adapt to pursue its own interests. The founding of the third union ultimately led the MPRA group to initiate negotiations with the ASM organization at the plant, resulting in the provision that an alliance would be formed if necessary in certain conflicts to demonstrate a stronger voice in negotiations. Leaders of MPRA say that the FNPR branch at VW is even quite militant compared to

14. Regarding VW these numbers only refer to the workers in production and assembly.

15. VKontakte is a popular Russian social network similar to the prevalent Facebook.

the trade union's usual activity on a wider level, which makes cooperation consistent with its own understanding of union activity.

During the conflict of 2012, VW was the target of several acts of sabotage at the Kaluga industrial park, ranging from the removal of cars' VIN¹⁶, which prevents the sale of vandalized vehicles, to destroying radio systems and spraying obscenities on the cars. VW management suspected the union to be responsible for those acts of deliberate destruction and initiated a legal case. However, the union denied any involvement, was eventually released by court, and the saboteurs were never found. As for Benteler, according to informants, management tried to have the union's strike declared illegal at court but ultimately failed. For the union organizations these favourable case resolutions were considered to be non-retractable confirmations of their legitimacy and as significant achievements in a country known for a poor legal system in which human rights violations are a common occurrence.

The feeling after these legal successes was somewhat dampened by the Russian State demonstrating power on its own behalf shortly after the conflicts of 2012. Some of the unions' active members were taken to the infamous Centre »E«, a department of state assigned to fight against terror and extremism (see Tumanov 2012). It took the persons involved by surprise when they were questioned by officers at the Centre's Kaluga branch (see also: Karavayev/Lomakin 2015). They were eventually released, but did not know what the initial purpose or outcome of the investigation was. Sources claim that these actions by the government are meant as a threat for unionists, an attempt to harass and intimidate them into quiescence on labour issues. Furthermore, through questioning key figures the government allegedly strives to find out whether alternative unions are affiliated to or being financed by institutions from foreign countries or governments. In conversation, union members brushed off the incidents, mostly claiming the bizarre events did not affect the union work, instead they made them even stronger. Still, the questioning by the Center »E« suggests an ongoing hostility of the state towards (alternative) trade union action to the extent of purposeful attempts to intimidate active workers.

16. VIN stands for Vehicle Identification Number. Each car is legally required to be marked by a VIN following the global standard of an ISO norm.

Perspectives – Success Factors and Lessons Learned

The workers and their union organizations were fairly successful in demonstrating their power in the production process by threatening management with strikes and announcing protests. At Benteler, management gave in after a few expensive strike days, while at Volkswagen management conceded before it came to actual protest actions for a number of reasons. By ceding to the union's demands and awarding concessions, further heavy costs were avoided (see Hinz/Morris 2016).

But what is behind these successes? One of the most critical factors that enabled the plant organizations to succeed with their strategy shift in approaching the conflict with management was their awareness and focus on utilizing workers' *structural power*. Firstly, workers employed in the automotive industry enjoy distinctly strong marketplace bargaining power: the firms are in constant need for young and fit workers to reach their high set goals of serving the consumer markets. However, the management does not put notable effort in developing a reasonable and long-term human resources management, most evident in the high turnover rate among workers, with many leaving voluntarily.¹⁷ Workers suitable for strenuous jobs in the automobile sector are in increasingly short supply. They »churn« frequently, having good chances of finding alternative jobs in the formal and informal economy, especially in such a booming region as Kaluga and within feasible distance from Moscow (Falkner 2012; see also: GCC 2012; Hancké 2011). Therefore, workers who are prepared to struggle for better wages and working conditions still have other possible options to make a living in case of dismissal, although union members enjoy better legal protection, often preventing this happening in the first place. Unionists complained in interviews that the downside of this high turnover comes in the difficulty of organizing agency workers, particularly because they make up for a significant proportion of the overall workforce. Secondly, workers and unions made exemplary use of their ability to disrupt production processes i.e. workplace bargaining power. They were not only

17. These workers often leave the plant only after a short time due to infringements of strict rules or in response to disciplinary measures short of dismissal by a management, which is declared to be particularly draconian by numerous sources. However, labour turnover has remained very high overall in Russia (Gimpelson/Lippoldt 1997; Lehman/Wadsworth 2000; Morris 2011).

able to do so because the automobile industry is one of Russia's most significant economic sectors economies, but also because Volkswagen's just-in-time-production is highly susceptible to disruption by workers whose actions can cause immediate delays in assembly and sales. Additionally, the company must rely solely on its Russian facilities for serving its domestic market. These economic and local circumstances prevent the company from shifting capacities to alternative facilities or suppliers on short notice. Workers and management are aware that local content requirements mean production must take place in Russia, making any company threats of relocating assembly meaningless. In terms of structural power resources, this situation gives workers and unions a wider range of tools for articulating their demands and exercising protest.

The plant organizations additionally gained considerable associational power, most notably a sharp rise of members, in the first instance after articulating their shift in strategy towards conflict orientation and in the second during collective bargaining negotiations. Although significant membership losses came immediately after the agreements were signed, the union groups quickly began pushing for more transparent information policies and comprehensive consensus building, such as through member surveys. Achievements in the field of collective bargaining, as well as the membership gradually stabilising, prepared the ground for the unions to establish themselves as sustainable organisations and consolidate their associational power. However, underpinning this power is difficult for various reasons, most importantly because the local organizations on plant level are only loosely connected to the regional offices which serve as a junction point for a number of plant organizations with similar interests in representing workers. Alternative unions often find themselves at the early stages of organizational learning processes, and are as such quite vulnerable as organizations, tending to apply strong structural power as a substitute for their weaker associational power.

In a wider context, the union groups' tenuous position is further strained by their lack of institutional power. They have not made any considerable attempts to strengthen their institutional power despite bringing workers into a collective bargaining agreement and formally affiliating to the umbrella organization KTR. Parts of the interregional union, most notably the organiza-

tions active at VW and Benteler, openly refuse to strive for institutional embedding. Sources inside the plant organizations instead persist with their strategy of focusing on the local, arguing they are keen to rather stay flexible as organizations than gaining institutional power, fearing that the initial benefits of the latter could be foiled by loss of associational power. Similar to their 1990s counterparts, these new unions face extraordinary challenges but at the same time seem unable to work towards transforming their outstanding protest successes into lasting organizational and institutional power resources.

»In order to articulate the preconditions of our work to the government, the condition in the plant must be improved first. If we don't accomplish improvements in the plant, it is not worth trying to address the government. A plant is a little state as such.«

(MPRA union activist)

The low level of institutional protection bears some risks which could undermine the union's chances to evolve under these hostile circumstances. Collective bargaining agreements, where reached, are limited to plant level: comprehensive bargaining negotiations with at least a sectoral-regional perspective do not exist. The most notable reason for this is the focus on improving the diverse basic working conditions within the factories in the industry. Binding agreements beyond the plant seem far away for those activists whose fundamental struggle revolves around the basic recognition of a workers' union by the management. Furthermore, the institutional avenues of activity for MPRA are limited because employers have no intentions to organize themselves. Neither the transnational companies (TNC) nor any other employer within the automotive sector in general belong to employers' associations. To achieve sectoral collective agreements under these circumstances is practically impossible, even though MPRA would not oppose a collective bargaining partner on sectoral or regional level. The absence of employers' associations reveals more about trade union power than of employers, indicative of the fact that the latter see no need to associate in order to gain bargaining power opposing trade unions and do not perceive unions as a serious adversary in the first place (Artus 2013). It is crucial that unions gain this recognition because the transformation of associational power to forms of institutional embedding would legitimize their achievements on plant level and could

pave the way to negotiations for collective agreements on branch, regional or even national level. This would mean unions would not only be backed by the exercise of primary power but also by institutional agreements resulting from struggles in the hostile arena beyond the single-plant workplace.

The Russian State is also responsible for the restrained limited institutional power, as the government has no interest in change within the employment relations system which could give alternative, conflict-oriented unions opportunity to gain power in society. The fear is great that the unions' ambitions are to interfere in policy-making and even gain the capability to provoke wider forms of social unrest, as was the case during transition in the 1990s. The government has since been eager to artificially keep up the traditional unions' appearance as seemingly influential actors in employment relations, despite trends concerning their associational power revealing the opposite. A reform of the Russian labour code was an important step taken in this direction in 2001 to fundamentally restrict smaller unions' rights and capacity to agitate (Olimpieva 2012; see also Greene/Robertson 2009).

A substantial increase of institutional power could even promote alternative unions' societal power as it would demonstrate their strength and endurance in challenging not only foreign firms but also the entire system of employment relations. But as a rather small trade union association agitating mostly in transnational automotive companies in certain regional areas, acting within a highly obscure and fragmented overall system of employment relations, MPRA's scope to reach out to large parts of society or even just to the broader working class is very limited as a matter of course. Still, the local alternative union groups like the ones at VW and Benteler received great support from the wider people during industrial action, according to sources in Kaluga. One of the most notable reasons for this is that many people find it intolerable to accept the exploitation of workers as a result of the rapid influx of global firms and were further influenced by the circulated knowledge about draconian management style, strict rules and heavy

work regime, rather different to the laissez-faire style of domestic firms. The frequent and often intense protest action in large global firms does not go unnoticed in larger parts of Russia's society and contributes to a certain public image of (alternative) trade unions. Yet more comprehensive research on the possible effects the alternative union movement erupting in parts of the economy could have on the consciousness of the working classes is still needed¹⁸.

Bottom-up processes in transnational corporations as shown here can help in challenging the path dependency of post-communist unions, despite common employer and state hostility (Meardi 2007). The exceptionally strong structural power that workers are aware of and which they successfully utilize is not only a given because of the significance of the automotive industry for Russia, but also because of the aforementioned rigid local content requirements for foreign firms and the existence ample alternative job opportunities for workers. The Russian case presented here indicates that a weaker associational and institutional power could be partly substituted by structural bargaining power for now. Hence, the union's most critical factor for success – their strong exercise of structural power – is simultaneously their most critical factor for failure, as their strong reliance on this raw form of power makes them vulnerable as an organization and reluctant to embed institutional power resources. This becomes most evident in the current melee of long-standing Western sanctions and a final significant downturn in the automobile industry in 2015, where jobs were cut and production reversed. More comprehensive examination is required to understand the union's capabilities to perform the difficult tasks going accompanying this downturn; the possible withdrawal of state incentives; unpredictable managements and the uncertain future of the sector in Russia.

18. Regarding the established system of employment relations, it is quite clear however, that traditional trade unions are less and less viewed as important actors in the work sphere, irrespective of their function. The enormous and ongoing losses of members do not only account for the erosion of associational power of the unions belonging to FNPR, but are simultaneously an obvious indicator for low levels of societal support.



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