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Co-operative Workplace Relations in East Germany? A Study of Works Councils in the Textile Industry^{**}

This study has two aims: firstly to examine the general pattern of works councillor attitudes towards management in the East German textile industry; secondly to investigate the effectiveness of these works councils in representing workers' interests. A survey of works councillors in over fifty mostly privatised textile firms provided some initial indication that they have a cautious, co-operative attitude towards management and are surely not „extended arms of management“ as has been often declared in the literature. Moreover, a survey of the unionised workers in these firms revealed an overwhelming acceptance of their works councils and a conviction that the limited effectiveness of these institutions is mainly caused by the current economic constraints rather than by internal deficiencies of the new institutions.

Dieser Artikel verfolgt zwei Zielsetzungen: Es werden die Einstellungen von Betriebsräten zur Betriebsleitung und die Wirksamkeit ihrer Interessenvertretung in über 50 ostdeutschen Textilunternehmen untersucht. Die Fragebogenuntersuchung der Betriebsräte zeigt eine vorsichtige, grundsätzlich kooperative Einstellung zur Betriebsleitung und widerspricht dem in der Literatur häufig dargestellten Bild des ostdeutschen Betriebsrat als „wehrloses Anhängsel“ der Betriebsleitung. Die Befragung der gewerkschaftlich organisierten ArbeiterInnen in diesen Unternehmen unterstützt dieses Ergebnis und zeigt, daß der Betriebsrat mehrheitlich begrüßt und als neue institutionalisierte Interessenvertretung akzeptiert und auch aktiv unterstützt wird. Die eingeschränkten Erfolge der Betriebsräte in den letzten Jahren werden in erster Linie der schwierigen wirtschaftlichen Lage der Textilindustrie und nicht, wie vielfach vermutet, Unzulänglichkeiten der Institutionen selber zugeschrieben.

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1. Introduction

Works councils were forbidden during the socialist regime but have been widely established following the transfer of the (West) German industrial relations system into the East in 1990 (see Jander and Lutz 1991; Kirschner 1991).¹ The development of works councils in East Germany after Unification has been a popular topic of industrial relations research in the last five years (e.g. Dathe and Schreiber 1993; David 1992; Mickler and Walker 1992; Röske and Wassermann 1991; SOFI Göttingen [e.g. Bluhm, Kern and Land, Kirschner, Voßkamp and Wittke]; Berlin/Göttingen group [Kädtler, Kottwitz, Jander, Lutz, Rosenbaum, Weinert]; WISOC Chemnitz [e.g. Ermischer, Kreißig, Lungwitz, Preusche]). Although much interesting work has been done, there are perhaps two deficiencies. The first is at the methodological level. The published research is almost entirely based on expert interviews and/or case studies of specific companies. More representative, quantitative studies have yet to be undertaken. The second deficiency is on a contextual level. Although it has been frequently argued that employees are crucial actors at workplace level, there are still no broadly-based, quantitative studies of their attitudes, opinions or behaviour at this level.

This paper addresses these deficiencies in a study of workplace relations in the East German textile industry. Two main issues are discussed. Firstly, it examines the *pattern* of works councillor attitudes towards management through a questionnaire. Secondly and perhaps more importantly, it investigates the extent to which works councils are *effective* in representing workers interests. This will be discussed by analysing the perceptions of unionized workers towards their own works councils. The paper starts by reviewing the relevant literature on workplace relations in East Germany.

2. Co-operative Workplace Relations or Works Councils as „Extended Arms of Management“?

Research on East German workplace relations commonly distinguishes between the period before and the period after privatisation of the East German enterprises,² since privatisation is seen as having a radical impact on workplace relations (e.g. Dathe and Schreiber 1993: 6; Ermischer and Preusche 1992; Hürtgen 1992). With regard to the first period, one may distinguish two views. The first argues that the relationship between management and works council was typically essentially co-operative, whilst the second argues that it was one in which the works council was typically subservient.

¹ The West German Works Constitution Act (BetrVG 1972), the legal foundation of works councils, was introduced on June 1st 1990 before the political Unification (October 1990).

² The East German (state) industry was privatised through the Treuhandanstalt Berlin, the state privatisation agency, which started its work in 1991. The Treuhand took over the assets and liabilities (over 100 Mrd Deutsche Mark) of the East German industry (combines). In 1992 the Treuhand had responsibility for over 5.100 companies (Treuhand prospectus „Entschlossen Sanieren“ 1992: 17). In the end of 1994/beginning of 1995 the Treuhand had completed its work of privatising most of the firms and was dissolved.

Analysts in the first tradition see the enterprise as being characterized by a co-operative relationship, i.e. „co-management“ (Ermischer and Preusche 1993) or „partnership for progress/construction“ („Aufbaupartnerschaft“) (Röske and Wassermann 1991), and they offer three main reasons.

Firstly, the legacy of former socialisation and „collective“ experiences in socialist workplaces (e.g. life-long employment in the same firm, everyone knowing each other, and with no extreme social status differences between management and workers) is said to enhance co-operation.

Secondly, there is said to have been a particular inter-dependence between management and works councils: both parties had an equal status in the beginning, even that management was sometimes in a weaker situation since it had to earn/regain legitimacy from the workforce (i.e. unclarified power relations, i.e. „power vacuum“ [Machtvakuum]) (e.g. Kirschner 1992: 85). Consequently, it is claimed that management was dependent on the works council to get the support of the workforce for any restructuring. Moreover, both parties faced radical challenges from the internal and external environments. It is argued that this worked as a force for co-operative relations in order to have at least one stabilizing factor during the difficult survival process. According to Ermischer and Preusche (1995: 55) „the co-operation enhanced the plant level process of transformation and helped to compensate for the lack of experience of both management and the works council with the strange economic and legal system“. One should also note that the common „enemy“, the Treuhand (the state privatisation agency) arguably induced „emergency associations“ (Notgemeinschaften).

Thirdly, there was the particularly unifying aim of (a) preparing the enterprise for the market economy (e.g. Dathe and Schreiber 1993: 9), and (b) of dismantling the political structures, i.e. „de-ideologisation“ of the work structure and organisation (e.g. getting rid of the „red socks“). Some even argue that there has been a third unifying aim, the development of more employee involvement (Ermischer and Preusche 1992: 2).

In sum, these authors conclude that co-management generally emerged in their case study companies because of the specific internal situations after the „Wende“ (turnaround). Ermischer and Preusche's empirical investigation (interviews in 34 companies of mostly the metal industry in Saxony from 1991 onwards) bases its conclusion on the finding that in the majority of cases the management and works council saw their relationship as a positive, co-operative relationship with the aim of achieving consensus (1993: 185).

It is a weakness of these studies that we are not told which interview questions were asked, nor are important terms like „co-operation“ clearly defined. For example, the perception of „shared goals“ does not necessarily lead to an effective codetermination, i.e. co-operation. It is also possible that if a works council shares the same goals as management, it does not see the need to become pro-active.

This view is supported by the other school of thought on these issues who propose that co-operative works councils in East Germany are „extended arms of management“

rather than „independent“ and effective worker institutions. Some of their arguments will be reviewed: Jander and Lutz (1991: 411) of the Berlin/Göttingen group found in their surveys³ that cases of pro-active works councils were the exception rather than the rule, and they speculate that these were likely to have been concentrated around Leipzig and Dresden (the home of the civil movement). They also found that even in the beginning, when works councils formally attended management meetings, they did not participate greatly in the decision making, but basically agreed to decisions which sounded economically rational. For example, there was no works council in their sample which had developed alternatives to management's reconstruction concept. In general, works councillors were found to be very open to economic arguments because of their belief that economic irrationality led the former system into ruin. Economic rationality and especially technological progress were often seen as panaceas (also Dathe and Schreiber 1993: 42; David 1992: 132-134). Mickler et al.'s case study of VW gives an impressive account of the works council's agreement to the introduction of lean production without any restrictions (1992: 16). Moreover, according to Jander and Lutz (ibid.) East German works councils generally did not (and still do not) mobilize against staff reductions, because they are accepted as unavoidable, and avoid any politicisation of labour relations, since this is seen as a core reason for the old mis-management. Consequently, as Kädtler and Kottwitz (1994: 27) argue, the „works council as a partner/arm of management“ is often believed by works councillors themselves to be the ideal type (see Kotthoff's typology below). Accordingly, as the authors conclude, the relationship between management and works council is not seen by the councillors as the expression of any fundamental conflict of interest but as a „functional complementary relationship“. Similarly, their study found that works councils, having realized that their scope for action is very limited, were persuaded that co-operation is the best posture. The authors mention that „it is not the announcement of a third or fourth redundancy round which causes a 'hardening of the fronts' but instead the times when management violates the rights of the works council or is guilty of negligence“ (p.28). Thus, only when informal norms were violated, did the works council become „aggressive“.⁴

Jander and Lutz also remark that the early attendance of the works council at board meetings in some firms could easily be seen more as a management strategy to get the workers to accept organisational changes than as an indicator of co-management. In addition, Kädtler (1992: 8-10) cannot find any evidence to suggest that

³ Expert interviews and documentary work in 40 companies in Saxony and Thüringen during the unification period (1989/90) and six intensive longitudinal case studies (mainly from interviews with works councils) in these regions, plus equivalent investigations around Berlin (22 companies) till 1992/3 (see Jander and Lutz 1991; Kädtler and Kottwitz 1994) make up their empirical underpinning. Most companies were of the metal, chemical or electronics industry.

⁴ The author of the present article observed the same in a chemical company which she visited in Bitterfeld in 1993. It experienced mass redundancies without any interference from the works council or workforce, but when management once violated a specific legal (information) right of the works council, the works council organized an immediate walkout.

there were conflicts in the early period (Winter 1989) in those enterprises, which had quite extensive rights for their works councils, over the introduction of the more restrictive German works councils law. He goes so far as to argue that even if the broader participation rights had been kept, the outcome of „co-management“ would have been the same, largely due to the particular economic and political context.

There is more agreement among analysts as the quality of workplace relations *after privatisation*. The workforce, works council and management no longer jointly face the Treuhand in safeguarding the interests of the enterprise. It is argued that the classic division of interests between capital and labour therefore becomes more explicit (Ermischer and Preusche 1995: 59; Lungwitz and Preusche 1994). Workplace relations become characterized on the one side by management strengthening its position (e.g. legitimized by new owners or by a management buy-out), and frequently reinforcing „taylorist“ control and disciplinary methods (e.g. Bluhm 1992; Lippold et al. 1992; Voskamp and Wittke 1991). On the other side the deteriorating economic situation is regarded as to reduce the task of works councils to that of administrating redundancies instead of „co-managing“ the on-going reorganisation. For example, Mickler et al.'s case study (e.g. 1992) of the new Volkswagen car factory in Saxony showed that the informal „survival pacts“ which existed in 1990 were starting to fall apart by 1992: management wanted more productivity and the workforce wanted to keep their traditional piece rates and customs. Thus, Mickler et al. write that it is „not the democratisation of workplace relations, but company's survival, massive redundancies and the securing of a minimum social standard [which] determines the daily work of the councils“ (1993: 21). Finally, it is argued that privatisation often leads to the employment of West German or foreign managers who are likely to challenge the established East German community (see Aderhold et al. 1994).

In sum, the literature on workplace relations in East German enterprises before privatisation can be categorized into two broad camps, a positive/optimistic one (e.g. WISOC) who propose co-operative (and effective) works councils, and a negative/pessimistic one (e.g. Berlin/Göttingen). Obviously, these two groups are „ideal types“. Both sides however agree that there has been a shift and deterioration in works council-management relations over the years.

The characterisation by some researchers of early workplace relations as co-operative would be enhanced by a precise definition of concepts such as „co-operation“ or „co-management“. Was it „real“ co-operation, say between two equally strong partners,⁵ or a more one-sided acquiescence on the part of the works council? Furthermore, the argument that „co-operation“ has declined since privatisation does not say what it has been substituted by. Does „non-co-operation“ mean a conflictual relationship or does it mean that the works council becomes (or continues to be) an extended arm of management, thus administering management functions, as

⁵ Co-operation is often defined differently, e.g. that people willingly co-operate because of mutual gains (see Axelrod 1990).

Mahnkopf (1991: 280) or Jander and Lutz (1991) argue? Obviously, it is difficult at this stage to make clear judgements about this development, so that statements inevitably remain vague, e.g. Ermischer and Preusche's (1995: 60) conclusion that their case studies in 1994 show „more conflictual relations without the loss of co-operation“. In addition, the discussion on „co-management or conflict“ seems to be burdened with the problem that the authors seem to have different understandings of what they mean by these terms, and that the concepts themselves are difficult to operationalize.

3. Effective Works Councils?

Related to the question of co-operation is whether works councils manage to represent workers' interests *effectively* or not. However, there is little West German research evaluating the quality of workplace relations and, in particular, examining the interrelation between the two actors in terms of effective interest representation. The only major study which focuses on the quality of interest representation is Kotthoff's longitudinal case study analysis of 64 companies (1981; 1994),⁶ which created a useful typology of works councils and distinguished between: (i) deficient forms of interest representation: „the ignored works council“; „the isolated works council“; „the works council as an extended arm of management“; and (ii) effective forms of (autonomous) interest representation: „the respected, co-operative works council“; „the respected, steadfast works council“; and „the works council as a co-operative hostile power“. There is no corresponding East German research on this issue, which is partly explained by the fact that it is especially hard to measure the effectiveness of interest representation during times of transformation. The most common approach in the current East German literature is to outline some problems which works councils are currently facing and to assert (rather than to analyse) that these problems hinder the proper functioning of works councils. There are at least five problems mentioned in the literature (more by the Berlin/Göttingen group, e.g. Kädtler and Kottwitz (1993; 1994), than by WISOC) and it is difficult to disentangle them: (i) the intensified classical dilemma facing works councils of balancing the interests of the company and the workforce in the devastating economic situation of East Germany (e.g. Kottwitz 1991: 417); (ii) the unsuitability of the West German industrial relations system in the East German context (one frequently given reason for which is the absence of prosperous companies which are said to be a precondition for the successful functioning of the German industrial relations system) (e.g. Gut et al. 1993; Kädtler and Kottwitz 1994: 19, 1992: 3; Mahnkopf 1992); (iii) problems due to the newness of the institution, for example the fact that works councils lack tacit skills which are seen as necessary for the effective articulation and representation of interests (e.g. Jander and Lutz 1993; Mahnkopf 1991: 275); (iv) the problematic union-works council relationship (rising „plant-egoism“ of works councils vs. collective interests of

⁶ In various industries in Baden-Württemberg in 1974/5, and 15 years later he looked at the same case studies again to measure possible changes in workplace relations.

the unions) (e.g. Lippold et al. 1992; Mahnkopf 1991: 282, 1993: 17); and (v) the supposedly low image of the works council among the workforce, i.e. workers perceive works councils as ineffective (e.g. Jander et al. 1992).

Kädtler and Kottwitz (1993: 4) go so far as to suggest that these deficiencies in workplace relations have implications for the functioning of the whole industrial relations system. According to Jander and Lutz (1993) there is the paradox that although the West German industrial relations system was transferred without any adjustments to the particular East German situation, East Germany could very well end up not practising the same industrial relations as the West, especially because of the ineffective works councils (see also Jacoby 1994). For these researchers therefore the likely scenario is of a few companies with „good“ workplace relations surrounded by a majority of companies with poor co-determination practices (see also Mahnkopf 1991).

However, listing possible reasons why works councils might not be effective is not an entirely satisfactory exercise. The authors do not provide persuasive evidence as to why these problems render works councils ineffective, nor do they analyse whether these supposed problems are short-term (due to the novelty of the institutions) or long-term (due to the structural unsuitability of western regulations in the East). Furthermore, it has also not been tested how far these problems, rather than, for example, unco-operative management, account for any works council ineffectiveness. There are also problems with the arguments as such. To give just one example: arguing that the West German system is not suitable for the specific East German situation does not provide a convincing explanation why this should evoke a dysfunctioning of the works council. Without wanting to go into the debate as to how far the situation in the East today is comparable with that of West Germany after 1945 (see Jacoby 1994), it seems a dubious assertion that the West German industrial relations system only „works“ in prosperous economic situations. The system seems to have managed various recessions during the last few decades in West Germany.

As said before most of the studies are based solely on interviews with councillors (and sometimes with management). Very few came from more comprehensive case studies and none includes workers' attitudes and behaviour towards the new institutions. This study attempts to contribute to the analysis of the quality of workplace relations in East German firms in two ways. Co-operative workplace relations will be investigated by focusing on one side, works councillors' attitudes towards management, only. Moreover, the study examines the „customers“ of works councils, the workforce, and analyse their perceptions of the works council's effectiveness.

4. Method

The study comprised two surveys, one of works councillors and one of unionized workers in selected textile companies in East Germany. The purpose was to apply a quantitative method to the investigation of the workplace relations from a

works councillors' and workers' point of view in a larger sample of workplaces (compared to the research reviewed).⁷

The textile industry was and still is (similar to other manufacturing industries) severely affected by Unification and the subsequent exposure to the world market which led to a dramatic reduction in employment⁸ (e.g. Küchle and Volkmann 1993). It was mainly selected because the textile industry is a sector which has not been looked at in the research of transformation and is largely neglected in the general industrial relations studies in Germany.

The two surveys⁹ were carried out in 1994 in textile firms across the bargaining region of the South East branch of the German textile union, GTB (Gewerkschaft für Textil und Bekleidung). The union branch covers the largest part of East Germany and includes the traditional textile cities in Saxony. At the time of the study (Summer 1994) this union area comprised 385 textile and clothing firms with 28,070 employees, of which 14,425 were union members. This results in a union density of 48.2% (GTB Information 1994).

The works councillor questionnaire was distributed to works councils of that district and was returned by 53 works councils.¹⁰ The questionnaire consisted of two parts, one dealing with background information of the extent of transformation which occurred in the firm, the other dealing with a set of Likert-scale attitudinal questions on the workplace climate. These were adopted from Dastmalchian et al. (1991), Angle and Perry (1986) and Allen and Stephenson (1983).

The union membership questionnaire was conducted in the above surveyed 53 textile firms in 1994 and comprised altogether 73 questions on various issues of the transformation of the workplaces. The questionnaire was distributed through the union machinery and works councils to union members. 440 completed questionnaires were returned, which gives a response rate of approximately 40%. All questions were answered on 5-point Likert scales. A selection of the items which deal with workers' perception of the works council and workers' willingness to actively support the works council is presented in the table of the results section. Workers' willingness to become active is used as an additional, more indirect measure of people's views of the instrumentality of works councils. A certain amount of trust in the institutions' effectiveness is assumed to be necessary for people to engage in works councils'

⁷ It would have been too difficult to approach management in these companies, as access was secured through the union.

⁸ Between 1990 and 1993 the textile industry experienced a fall in output of 72% (Statistisches Bundesamt). Of the 320.000 textile employees in 1989 only 27.000 remained in 1994 (a fall of 90%) (GTB Information).

⁹ Copies are available from the author.

¹⁰ The return rate is not known, since it was beyond the author's control to monitor the number of firms which received the questionnaire. In the most unlikely case that all unionized works councils in the district (148) had received a questionnaire, the rate would be 35,8%. The questionnaire was to be filled out by one full-time councillor, not necessarily the chief councillor. The questionnaire consists of 29 questions altogether.

activities. The items were taken from Deshpande and Fiorito (1989), Fiorito (1988), and Hartley et al. (1991) and were adapted to the specific context of works councils. Virtually no respondent filled out the company's name, which prevented a correlation of workers' and works councillors' questionnaires of the same company.

5. Results

5.1 Background Company Information of the Works Councillor Survey

Four topics were discussed, organisational changes (ownership, management, staff reductions, technology), workforce characteristics (male/female ratio), union membership (density), and incidents of industrial conflict. Most firms had been privatised (only 7 were still owned by the Treuhand) and belonged to West German or foreign companies or via MBO to management. Changes in management had occurred in most sites, yet there was a mixed picture regarding old/new managers. 22 (out of 53) firms had either kept all or most former managers and 30 firms kept no or only very few former managers. At the supervisory level nothing really had changed, with 41 firms having kept the former supervisors. T-tests¹¹ revealed no significant differences between private and state ownership with regard to changes at supervisory level and changes in management. Thus, privately owned firms had not necessarily more „new“ supervisors and managers than Treuhand firms.

With regard to staff reductions, most firms had reduced their staff by at least 50%,¹² which was not uncommon in other industries (e.g. Nolte and Sitte 1995). With regard to the medium-term prospects of their firms, the respondents were split: 22 were sceptical and 20 were more optimistic. Privately owned firms were more optimistic than Treuhand firms, and firms with new management felt more secure than those with former managers staying.¹³ A majority of firms had invested in new machinery and restructured the production process. Most works councillors perceived the work pace on the shopfloor to have increased enormously from 1989. With regard to the workforce, in only three firms was the female rate less than 50% of the total workforce, and in 16 it was higher than 90%. This confirms the female dominance in the textile workforce. Union density was still high: in 11 firms it was over 80% and in 20 between 30 and 79% (which is roughly in line with the union density of the district: 48,2%). T-tests revealed that the density was stronger in firms with former managers and in more unsecure firms, but not necessarily stronger in Treuhand firms compared to private ones. There were only three incidences of industrial unrest so far, which supports the idea of the textile industry as a non-militant sector, and the larger the female share in the workforce the lower was the likelihood of industrial unrest. Finally, with regard to the responding works councillors, over half have had been in position since 1990/91.

¹¹ T-tests are available from the author.

¹² In 1989 half of the firms employed between 200 and 1000 employees, in 1994 most of them employed less than 100 employees.

¹³ This was confirmed by t-tests.

16 had been active members of the former socialist union branch (BGL = „Betriebsgewerkschaftsleitung“), and 34 had not. Thus, Martens' (1992) suggestion that old unionists are in a majority in East German works councils could not be supported here. Furthermore, although this was not explicitly controlled for, one can assume that all respondents were union members (since the GTB only distributed questionnaires to unionised works councils¹⁴).

5.2 Workplace Climate from the Viewpoint of the Works Councillors

The idea was to apply a set of previously tested questions here in order to examine the quality of workplace relations (i.e. workplace climate) from the works councillors' viewpoint. It is obvious that this cannot provide a complete picture of the workplace situation. In addition, this small-scale survey is not able to establish various types of works councils such as Kotthoff's detailed categorisation. However, it might be a first approach to investigate the two opposite hypotheses of the literature, works council as „co-manager“ or as a powerless „extended arm of management“ in a relatively large sample of one industrial sector. The first eight items of table 1 define the quality of the management–works council relations, whereas the remaining questions explore broader related topics.

Three quarters of the respondents agreed on most issues, and there were virtually no missing answers. The first eight items were put into factor analysis and revealed two factors. The first factor (items 1.-4.) is concerned with the *practice* of management–works council relations, whereas the second factor (items 6.-8.) describes councillors' more *general* views on management.¹⁵

Table 1: Absolute level of items of works council-management relations (N= sample size)

¹⁴ Which means that at least the chief councillor is a union member.

¹⁵ Kaiser-Meyer-Olkin measure = 0,6685; cumulated pct of variance = 65,6; factor 1 (items 1.,2.,3.,4.): eigenvalue = 1,36214 (pct of variance = 17,0); alpha = 0,677 (standardized alpha = 0,679); factor 2 (items 6.,7.,8.): eigenvalue = 2,70014 (pct of variance = 33,8); alpha = 0,598 (standardized alpha = 0,598).

With regard to the first factor, the workplace relationship was typically perceived as harmonious, the councillors were willing to do their part, and problems were often solved informally. On the other hand, councillors felt insufficiently involved in strategic planning and insufficiently informed. These might be seen as „standard“ complaints of councillors and one might conclude that in overall the positive perception of the general relationship succeeds.

There were significant correlations¹⁶ between whether the general relationship was perceived as positive and the number of former directors employed in this company ($r = .29^*$) and whether the councillor was a former BGL official ($r = .27^*$): Works councillors in a company with no former directors were more likely to perceive the relationship as „good“ as in companies with former directors, and works councillors who were not former BGL officials were more likely to perceive the relationship as good than works councillors who were former BGL officials. This was also confirmed by t-tests. Thus, contrary to some suggestions in the literature (e.g. Ermischer and Preusche 1992) it may be that the old networks between directors and

¹⁶ Significance level: * = $p \leq 0,05$, ** = $p \leq 0,01$

union officials are more obstructive than helpful in creating co-operative workplace relations in the privatised firms.

Furthermore, the general perception of the workplace relations is correlated with the following questions: the more works councils were involved in strategic planning ($r = .35^*$) or feel sufficiently informed ($r = -.38^{**}$), the more they perceived a positive relationship with management and the less likely they described management as strengthening its power. Moreover, companies which had not experienced industrial conflicts were more likely to have this harmonious relationship ($r = .35^*$). Furthermore, t-tests found that the more insecure the future of the firm, the more the works council saw the need for harmonious relationships (in the best interest of the workforce). This is a very interesting finding. At first sight one might interpret good relationships with management as coming out of a weak bargaining position of the works council. However, it seems more likely that it means that difficult times bind the two sides together.

Finally, t-tests revealed that companies with former managers were more likely to have informal negotiations. This might indicate a legacy of former socialist workplace relations in firms with predominantly former managerial staff, as has been suggested in previous studies (e.g. Ermischer and Preusche 1993). Obviously it is difficult to evaluate at this stage whether this is a temporary or a permanent phenomenon.

With regard to the second factor („general views of management“) the overall result is less positive. Management was perceived untrustful and as trying to strengthen its power (t-tests revealed that this is more perceived in financially „secure“ than in „insecure“ firms). In addition, the councillors acknowledged the conflicting interests of employers and unions. If management was perceived to be seeking to strengthen its power, works councils were also more likely to perceive union–employer relations as antagonistic ($r = .31^*$). However, t-tests did not reveal a significant difference between private and state ownership with regard to perceptions of different interests.

In sum, it seems that although the works councillors were convinced of the desirability of harmonious relations, and were willing to do its part, they realised that management was sometimes less willing to co-operate, and they perceived a difference of interests of both sides.

Regarding the second part of the questionnaire, works councils were described primarily as connecting links between management and workforce, thus not as a pure interest representation, and consequently the well-being of the company was seen as of prime importance. This is also a typical phenomenon in West German studies (e.g. Kotthoff 1994) and in line with the legislative objectives (Betriebsverfassungsgesetz). The data also adds support to the argument in the literature that „plant-level

egoism"¹⁷ predominates East German works councils (e.g. Lippold et al. 1992; Mahnkopf 1991: 282; 1993: 17).

Furthermore, management was seen as pursuing a trustworthy relationship with the workforce, which correlated with the general perception of good workplace relations ($r = .68^{**}$) and with works councils being described as a connecting link between management and workforce ($r = .32^{*}$). Interestingly, the higher the share of females in the workforce, the more management was perceived as fostering a trustful relation with the workforce ($r = .50^{**}$), and the works councils as a connecting link ($r = .31^{*}$). However there was no significant difference between private and state owned firms with regard to management's relationship to the workforce.

Finally, the workforce was perceived as supporting the works council, especially in firms employing few former directors. Thus, the councillors argued that workplace relations are generally better in firms with new management than with the old directors. Yet, the workforce is said to support the works council more in firms with new management. One could follow that the works council saw privatisation and new management as favourable conditions, whereas the workforce might have more them-and-us feelings towards the new management (and therefore supports their interest representation stronger).

5.3 Union Members' Perceptions of Works Councils

The sample of the unionised workforce¹⁸ contained 70% females, 25% present or past works council members, 8% union officials, 17% who declared themselves as formerly active union members, and 75% blue collar workers. The sample slightly underrepresents women textile workers and overrepresents works council members and union officials. The author has no information on the representativeness of the age distribution for textile companies in this area.¹⁹ Table 2 presents the items of workers' perceptions of the instrumentality (effectiveness) of works councils and of workers' willingness to actively support works councils.

The overall importance of works councils was widely acknowledged. The comparison between the BGL (former socialist union branch at shopfloor level) and the works council received more divided answers, but still more than a half preferred the works council. With regard to members' perception of works council effectiveness in dealing with specific workplace issues, the results were nearly equally split in positive and negative perceptions, but with slightly more emphasis on the negative side. However, one should note that people were not being asked here their overall views on being represented by their works council. There were no significant

¹⁷ Priority are company concerns rather than industry-wide concerns which characterize union policies.

¹⁸ Since access was secured through the union and works councils the sample was restricted to union members only.

¹⁹ 12% are under 30 years, 37% are between 30-40 years, 25% between 41-50 years and 20% are more than 50 years old.

differences regarding gender or age. Blue collar workers were slightly more negative about works councils' effectiveness than white collars.²⁰

Table 2: Level of items of instrumentality of works council and level of items of willingness to participate in works council activities (N= sample size)

Furthermore, union members blamed the economic situation rather than management's strategies for works council's limited effectiveness. There was also a strong agreement on the need for active support of the works council. Moreover, the data revealed a strong declared willingness to participate in time-limited, „organised“ activities (i.e. activities organised by the works council) such as attending the works council assemblies, but less willingness to become active in more time consuming, „self-initiated“ activities (i.e. activities where people deliberately take the initiative to become active). T-tests revealed no significant demographic differences.

²⁰ T-tests are available from the author.

6. Discussion

The findings of the *works councillor questionnaire* contribute to two propositions of the literature reviewed. Firstly, they cannot support the widespread claim of researchers that workplace relations were more antagonistic or that the works council was pushed to the sidelines after privatisation. Clearly, this data is a „snap shot“, not longitudinal and thus does not provide information on possible changes before and after privatisation. Furthermore, the small sample and the limited number of questions do not allow a final judgement on the quality of works council-management relations. However, the data gives a first indication that the current relationship in these firms, which are mostly privatised, was generally harmonious. Thus, the data adds support to the argument of „co-management“ by the WISOC group (e.g. Ermischer and Preusche 1992). Moreover, it challenges the argument that co-management is at risk in firms after privatisation (e.g. Ermischer and Preusche 1995: 59), and that privatisation is likely to cause a polarisation between the two sides (e.g. Kern and Land 1991). In contrast, the data revealed that co-operation was more likely where there were „new“ managers and „new“ works councillors. A rather straightforward interpretation for this perhaps surprising finding is that the old relations between directors and worker representatives were highly distrustful and conflictual and privatisation enabled „fresh blood“ to make a new start. This assumes that both sides perceive co-operative relations as worthwhile (the councillors acknowledged this).

Secondly, the findings oppose the fears of some researchers (especially the Berlin/Göttingen group) that works councils are powerless „extended arms of management“. Although the councillors in this sample are obviously not „conflictual, class conscious works councils“ and strongly antagonistic (see Kotthoff's typology above), they are very aware of the different interests of capital and labour and also of the power balance within the firm and do not necessarily trust management. Thus, they surely do not represent Kotthoff's „deficient“ types of works councils (isolated, ignored, extended arm of management), but more his „effective“ types, in particular the „respected, co-operative“ works council. In other words, the data supports more the hypothesis of co-operative relationships than that of a one-sided acquiescence on the part of the works councils. However, the survey certainly does not allow any final conclusion regarding the practical effectiveness of the works councils' interest representation, and therefore the categorisation can be only speculative. The real effectiveness of these councils is better to be explored by methods such as non-participative observation or interviews with the workforce or by the workforce questionnaires. However, the finding that the works councils felt strongly supported by the workforce might be a first indicator of the works councils' functioning and indeed its effectiveness.

With regard to the *membership questionnaire* the three major findings are firstly the overall acceptance of the works council as a necessary institution, and a clear preference for the new interest institution. This also confirms the preliminary

suggestion in the works council questionnaire, that works councils saw themselves being accepted by their workforce.

The second major result refers to the divided views on the works council's actual work. One needs to address how this finding relates to the hypothesis in the literature that workers are highly disillusioned over the effectiveness of works councils (with respect to the redundancies, co-management etc.). Workers were realistic about the limited resources of works councils in these economic circumstances. This might be disappointing, yet it did not lead people to reject the institution as such. In short, although the findings do not suggest highly effective and powerful institutions, workers conclude that this is related more to the external conditions than to the design of the institution as such. One should add that this result might be biased by the fact that only union members were asked. However, this survey was also distributed to non-union members in the largest firm of our sample and the results for this firm did not reveal any significant differences between non-union members and members in this respect (see Frege 1996a, chp. 9). In sum, the data adds support to the more positive studies about workers' attitudes towards the works council, such as Heering and Schroeder (1992) who found that 76% of their sample had a positive attitude towards their works council (the precise question is however not published); and challenges pessimistic studies such as Jander et al. (1992). Moreover, the large-scale survey, DGB Trendbarometer (IFEP 1994) which surveys a representative sample of the German working population (employed and unemployed) every other year (since 1992 in the East and West), on their attitudes towards interest institutions, shows that a majority of East German employees value the works councils' work in 1994 slightly more than in 1992, although they were still more critical than in the West: in 1994 32% of East Germans valued the work (46% West Germans), 30% marked it negatively (25%). In particular, our data is more positive than the DGB results for the GTB (West and East): These were in 1992 considerably below the DGB German average with only 6% approving the works council's work (no separate data for 1994). However 59% did not answer and the sample consisted of only 83 persons, which questions the data's reliability.²¹

Finally, the third result refers to members' strong willingness to participate in certain works council activities and their conviction that workers' support is a necessary condition for works councils' effectiveness. This underlines workers' acceptance of the new institution and a conviction of its basic instrumentality. Besides, the data supports an established western theory that members are far easier to mobilize for selective collective actions than for continuous voluntary commitments. A similar distinction has also been found in the questions on union participation (see Frege 1996b) and also in West German studies. For example, Wiedenhofer (1979: 44) found 20% willing members to stand for works council election, the Sozialreport (1993: 30) found 23% willing to become active for „worker

²¹ Separate data of the West and East German members of the GTB is not available.

interests“, and Krieger et al. (1989: 165) found 36% of their union sample (representative for West Germany).

7. Conclusion

Neither survey can provide the in-depth analysis of workplace relations that intensive case studies can provide. On the other hand it is rare to see relatively large samples of works councils and unionized workers being examined together, and this in an industrial sector which is normally neglected in such an area of research.

In a nutshell the works councillor data presented co-operative attitudes towards management, in particular in firms with „new“ managers and „new“ councillors. However, the councillors were cautious in trusting management and critical about management's willingness to co-operate. They also did not perceive themselves as extended arms of management. Overall, it seems safe to say that co-operation might well be founded on the new transferred industrial relations institutions rather than being a legacy of the socialist times.

Moreover, works councillors did not seem to neglect their representative tasks, as has been proposed in various studies (e.g. Jander and Lutz 1991; Kädtler and Kottwitz 1994). This is supported by the worker survey. The data reveals that, although successes were critically evaluated, workers were aware of the desperate economic situation limiting works council's possibilities. Thus the limited effectiveness of works councils did not prejudice people's acceptance, legitimisation and support of the new institutions (contrary to Jander et al. 1992). The works councils were widely accepted as a necessary and important interest institution at workplace level.

In sum, both data sets support Kotthoff's category of an effective, respected and co-operative works council (which was also the major category in his West German study). This finding might stir up first doubts about the conclusion of some literature (e.g. Mense-Petermann 1996) that qualitatively different workplace relations becoming established in the East Germany (compared to the West). In addition, the data also indicates a successful „institutionalisation“ of the works council. Thus, not only were the works councils formally installed but also the „substantive“ or „normative“ establishment was successful in terms of the acceptance, legitimisation and support of the actors, i.e. workers, involved. This result stands in strong contrast to that of studies which emphasize the lack of workers' support for works councils and which postulate that the works councils have not yet been successfully institutionalised (e.g. Jander and Lutz 1993; Mahnkopf 1991: 280 pp; Lippold et al. 1992: 92; Spangenberg 1993: 20). Finally, this data provides a first indication that the current problems of the East German works councils are far more likely to be caused by structural factors (i.e. recession, restructuring of the industry) than by internal factors (i.e. institutional deficiencies, lacking support of workforce) or indeed management strategies.

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