1. Introduction
Research on employment practices or human resource management in multinational companies frequently refers to the notion of ‘national business system’ to analyse the interaction between foreign multinational groups and given host countries. Based on the neo-institutionalist paradigm, the national business system approach assumes that distinctive institutional contexts in which MNC operate are key to explain organisational forms and employment relations. For instance, Whitley (1994) puts forward that the transfer of managerial structures and practices between countries and cultures by multinational firms depends on the institutional structures of host countries, and on the relative balance of power between firms and institutions in home and host countries (Whitley, 1994:277). This assumption goes in the same direction as the country-of-origin approach, which focuses on the study of employment relations in multinational companies (MNCs). This approach suggests that there is a country-of-origin effect, deriving from the home country of the parent corporation (Ferner 1997), but that this effect is mediated by host-country institutions, and in particular by the nature of labour market regulation (Whitley 1999). In such a perspective, globalization, the hegemonic dominance of financial markets and the standardization of corporate governance procedures generate transnational regulation, but no homogenization of employment relations. Even the most internationalized companies are influenced by national institutional contexts (Alballea F. and Mias A., 2010).

The NBS model offers an interesting framework to study the transfer of employment practices from one institutional context to another and to understand the effects of globalization on institutional contexts. However the literature has pointed out two important theoretical weaknesses of the model. The first one is related to institutional diversity. Although some institutional scholars (Amable 2000; Crouch, Schröder and Voelzkow, 2009; Lane and Wood, 2009; Morgan 2007, 2009) point to the relevance of this diversity, it has not been widely applied in the study on employment practices in MNCs. More specific, empirical studies have first of all focused on the country effects that is, on how home and host countries have affected the way employment practices are structured in MNCs subsidiaries. In other words, the NBS approach in empirical studies is based on the explicit or implicit assumption that there is in each country a coherent and homogenous nationally bounded system.

The second weakness concerns the role that actors (state, business and labor) play to mediate the home and host country effects. Although the NBS model describes how actors’ behaviour and their actions are determined by their institutional context, it does not take into account the power resource of the actors and their capacity to influence on their environment (Almond et al, 2005, Edwards et al., 2007; Morgan, 2007).
This paper challenges the NBS approach by reviewing on the one hand, the dynamic nature of institutional environment starting from the actors’ perspective and, on the other hand, its multi-dimensional levels. It proposes to highlight both criticisms by the study of the Belgian institutional context and of some cases of Belgian-based subsidiaries. Two interrelated questions will be raised here: what is the degree of institutional integration, distinction and cohesion of the Belgian business system? Is the notion of national business system relevant to analyze a small but complex country such as Belgium?

In the first part of this paper we will discuss the national business system approach, starting with Whitley’s work (2000) and pointing to two important criticisms that appear in the literature. Secondly, we will review new perspectives which allow taking into account both criticisms. Then, in a third part, we will study the socio-institutional context of the Belgian system identifying its key features. Moreover, we will present some cases of Belgian-based subsidiaries in order to illustrate how local and global actors interact in the decision-making and the implementation of human resource policies within the subsidiaries, and how regulation takes place in the transnational social space (Morgan, 2001). Finally, we will discuss the application of the NBS model to Belgium and we will try to argue that a more elaborated notion of NBS could lead to a better understanding of employment relations in MNCs operating in Belgium, based on literature on sub-national variation (Amable, 2000; Amable and Palombarini, 2009; Crouch, Schröder and Voelzkow, 2009), the literature on regional economies (Musyck, 1995; Moularet and Mehmood, 2010; Valler and Wood, 2010) and on actors-related approaches.


The idea of a business system as a form of capitalism or governance has been introduced many decades ago. With the increasing importance of international trade and the rise of multinational companies, the role of national systems or national institutional contexts came at the forefront as a reaction to the increasing focus on convergence. Many organizational scholars and researchers in the field of comparative industrial relations base their current studies on the idea of different modes of capitalism.

Whitley defines a national business system as ‘a distinctive pattern of economic organization that vary in their degree and mode of authoritative coordination of economic activities, and in the organization of, and interconnections between owners, managers, experts, and other employees’ (Whitley, 2000: 33). Three main assumptions are made regarding the NBS approach: (1) firms’ behavior is shaped by the economic rules of institutional contexts in which they are located and the interaction between the firms and these institutions (Morgan, 2007) (2) these contexts are a composition of different complementary institutions and form therefore a competitive advantage between firms, (3) these different institutions are not only nationally organised but also at the subnational level such as the level of the industrial district or the web of inter-firm relations (Whitley, 2000 and Morgan, 2007).

Scholars investigating the employment relations within MNCs and using the NBS idea focus on how practices are transferred from one institutional context to another. For example they study the extent to which training policies are transferred from a parent company to its subsidiary, considering that both are embedded in specific national business system. According to the NBS theory, firms’ activities are strongly determined by national economic, political and social institutions. Therefore, when considering the effects of globalisation on patterns of economic and work organization and control, the statement is made that ‘the more cohesive is the host business system and his associated institutions, the less likely is that system to change just as a result of internationalization’ (Whitley, 2000:135). In other words, the theory allows for the three main theoretical effects in the literature namely, the country-of-origin; convergence through ‘efficient practices’; and the dominant effect, and it admits that changes can happen but the extent to which they do so, is mediated by local institutions (‘host country’ effect). For example, Whitley conceives that some transformations can occur in structures and procedures at the level of firms, like some changes in labour-management practices, but he argues that firms are unlikely
to change fundamental characteristics relative to control and strategy, due to globalisation. This argument is based on the *path-dependency theory* that supports the idea that changes in business system and in firms’ fundamental characteristics imply considerable institutional restructuring and a repositioning of major social interests which has ‘sunk’ cost for the society (Morgan 2007: 133). Furthermore, he developed the notion *institutional complementarities*, arguing for a mutual interdependence between business system characteristics and institutional features. This process of mutual reinforcement produces a sort of self-selection among firms and institutions, and it guaranties the cohesion of business systems.

In the process of changes due to globalisation, we should note that NBS approach did emphasize the role of the actors (firms, States and interest groups). Facing international competition and integration, it is considered that firms and interest groups seek to influence and control the emerging national norms governing the constitution of economic actors and the ways that performances are evaluated and rewarded. The fact that the actors struggle for their interests constitutes another argument supporting the idea that processes of change cannot occur radically.

**A first criticism** regarding the use of the NBS approach relates to the approach considering these national contexts as being too homogenous and coherent and so a lack of attention to institutional variety. Through this the different institutional layers as initially referred to by Whitley are not, or rarely, taken into consideration. This result in two hypotheses based on the countries in which the multinationals are operational. On the one hand, we have the hypothesis that the ‘home country’ affects employment practices within MNCs; on the other hand, the ‘host country’ is seen to mediate this effect (Ferner, Almond, Clark, Colling, Edwards, Holden and Muller-Camen, 2004; Almond and Ferner, 2006; Quintanilla, Susaeta and Sanchez-Mangas, 2008; Marginson Edwards, Edwards, Ferner and Tregaskis, 2010). However, some institutional scholars studied the existence of institutional diversity such as sectors or regional levels in which different types of governance or regulation exist within a given national context (Lane and Wood 2009; Morgan 2009). This need to elaborate on the NBS approach is further shown by empirical studies. More specifically, case study research conducted by Muller-Camen (1995) on US MNCs in Germany show different results regarding the way training is structured. In some cases, a local institution, the Chamber of Commerce and Industry, helped the MNC’s subsidiary to develop training. While some interviewees referred to the lack of support of the headquarters for vocational training because of doubts concerning the value of it, for some subsidiaries regional institutions facilitate the organization for training (Muller-Camen, 1995; Almond, Edwards, Colling, Ferner, Gunnigle, Muller, Quintanilla and Wächter, 2005). Another example refers to US MNCs in the UK. It was found that the decision-making for training differs as a consequence of specific regional labor market requirements (Almond et al., 2005; Ferner et al., 2005).

**A second important criticism** that can be addressed towards the earliest model developed by Whitley (2000) is the strong deterministic perspective related to actors’ nature and behaviour. According to Whitley, ‘the role and the action of the actors result from variation in the conventions and rules of the game established by dominant institutions’¹ (Whitley, 2000). In other words, firms and other actors are determined by their institutional environment. This is confirmed through Whitley’s notion of *institutional complementarities* which considers that a sort of self-selection operates between firms and the key characteristics of national business systems. It suggests therefore that over time, ‘relationships [between firms and their institutional context] which do not fit and do not have the complementarity effect, gradually fade away because they cannot compete against firms which are gaining this extra advantage

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¹ According to Whitley, dominant institutions are those governing critical resources, namely capital and labour.
through complementarity’ (Morgan, 2007). With regard to this notion of *institutional complementarities*, we can argue that the original NBS approach fails to consider firms as dynamic actors that pursue their goals within and across institutional settings. Although Whitley admits that the actors could also interact with their institutional context, develop mutual support or even struggle for their own interests, this process of interaction has not yet been fully conceptualized. For that reason, when the NBS theory seeks to explain the transfers of employment practices from one business system to another and to describe the nature of employment relations within foreign subsidiaries of MNCs, it could focus on home and host country institutions as ‘the result of calculations about how to balance these sets of influences’ (Almond et al., 2005). Whitley confirm this theoretical vagueness when saying that ‘the transfer of managerial structures and practices between countries and cultures by multinational firms depends on the institutional structures of host countries, and on the relative balance of power between firms and institutions in home and host countries’ (Whitley, 1994: 277). Consequently, when studying issues on transfer of employment practices using the NBS framework, it is more a matter of empirical evidence.

Considering both previous criticisms, we can therefore conclude that in its original form, the national business approach does not take into account the institutional variety within one national context and does not theorize sufficiently the power resources of the actors and their interaction with their institutional context. This lack of the conceptual framework constitutes a challenge for the theory.

3. **Elaborating on the NBS approach: multiple institutional layers and the role of actors**

The previous section focused on the NBS approach and on two important criticisms that can be made when considering the transfer of employment practices through one business system to another. These criticisms are based on 1) the assumption that NBS are strong homogenous and coherent systems and 2) its deterministic perspective relative to the role of actors in institutional changes. However, it does not mean that the NBS is not useful for the topic under investigation but that there is a need of some further elaborations. In this part, we propose to reconsider the two criticisms mentioned in the previous section, in the lights of new perspectives developed in the literature. On the one hand, regional governments and web of inter-firm relations will take into account the need for subinstitutional variety; and on the other hand, more actors-centered perspectives focusing on the role and the power resource of actors.

**Subinstitutional variety** The point of departure within the National Business System (NBS) approach is the existence of different forms of economic coordination and control. The latter are explained in terms of specific features of institutional environments structuring companies’ strategies (Morgan, 2007). In other words, these distinctive characteristics cause economic organizations not to converge (Whitley, 2000). The most important level within this approach is the country level. Four reasons justify this: (1) the state is responsible for public order, (2) the state sets up rules regarding private ownership and the financial system, (3) the state organizes different interest groups and (4) the state is responsible for skill development (Whitley, 2000). However, Whitley points to the existence of sub-national business systems such as cartels, business groups and inter-firm relations as relevant forms of coordination and control. The first interpretation of sub institutional variance is based on the notion that national states consist of regional governments that have an exclusive responsibility for particular policy domains. In the literature, a sub-national government is defined as a set of regularized practices within a given geographical territory which is inherent to a particular political construction (Lane and Wood, 2009; Trigilia, 1991; Reid and Musyck, 2000). One of the most illustrative examples is a federal state in which different regions have responsibility regarding different topics such as tax concessions, education
programmes and research and development policy. In this case regional agencies are considered to be representative organizations of these regions and will ensure the implementation of the regional policies (Musyck, 1995). In accordance with the literature and the limited empirical studies mentioning regional institutions, it is expected that, among institutions, the regional ones which facilitate the most for companies, will have MNCs subsidiaries with decentralized policies. The second interpretation of sub institutional variance relates to the region as a web of inter-firm relations, in the regional economic literature often labeled as the industrial district. The industrial district originally has been defined as a relatively closed cluster of small- and medium-sized enterprises, able to respond to a changing demand in a flexible way. Its main distinctive feature is the combination of cooperation and competition. More specifically, firms within these inter-firm relations are vertically integrated or cooperate, because they deliver similar goods or products. However, in order to limit opportunistic behavior, a minimum level of trust and cooperation is needed (Exposito-Langa; Molina-Morales and Capo-Vicedo, 2010; Sengenberger and Pyke, 1992; Zeitlin, 1989; 2008). In this respect, a web of inter-firm relations differs from other sets of competitors, because the cooperation is institutionalized; this means that both formal and informal institutions are prevalent in order to control the competition (Del Ottati, 2002; Farrell and Knight, 2003; You and Wilkinson, 1994). These institutions, sometimes referred to as regional development agencies have been considered as the outcome of a historical specific development within a particular environment and considered as institutions offering additional or alternative incentives (most of time soft policy instruments) to formal governments in order to promote economic development (Musyck 1995; Halkier and Danson, 1999). This can result in a specific local form of regulation and governance.

**Actors-centred approaches.** From a theoretical perspective, the *micro-political approach* developed in the 1970’s and 1980’s, offers conceptual frameworks explaining the role and the actions of the actors within organisations. For example, the strategic analysis developed by Crozier and Friedberg came at the forefront as a reaction to the dominant contingency approach. It proposed a more dynamic framework based on the statement that the structure of the organisation is not taken-for-granted but is the result of social interactions which can change through the strategies of the actors (Dion, 2007:76). However, whereas this approach tends to focus more on the power resource of the actors inside the organisation, it tends to play down the institutional context in which the actors interact. Indeed, the theory is based on the argument that ‘actors behaviour is less guided by clear and conscious objectives or by environmental constraints than by the opportunities they have or the interrelations in which they are positioned’ (Amblard et al., 1996: 26-29 in Dion, 2007: 73, from our translation).

The *new interdisciplinary approach of institutionalism* in the study of comparative capitalism does not isolate the actors from their institutional context and proposes a framework that emphasizes their. It suggests to revisit some fundamental concepts on which the NBS approach is based and to focus on the ways actors are involved in the process of negotiation and change in institutions within and across national boundaries. Starting from a critical analysis of four key concepts, _path-dependency, institutional complementarities, institutional hierarchy_, and _institutional conversion_, some authors have proposed an alternative viewpoint setting social actors at the centre of the analysis (Morgan 2007). For example, Thelen (2003, 2005 in Morgan, 2007) has revisited the notion of _path-dependency_ by considering that paths of economic organisation and control result from a compromise between different actors but that some groups can be disadvantaged compared to other. This unbalanced situation can be the mainspring of challenge between the ‘winners’ and the ‘losers’ and take the form of a direct confrontation (revolutions, social upheaval) or through modes of social regulation (industrial relation institutions, ownership systems, etc.). The notion of _institutional complementarities_ developed by Whitley (2000) has also been re-examined by the new interdisciplinary approach. Based on a criticism of the logic of economic efficiency laying behind, it concludes that this logic is very reductive and locks the actors in a kind of ‘isomorphism’. According to Morgan, it fails to take into account of power, politics, habit and
routine. Starting from the more actor-centred perspective developed by Thelen (see above), Morgan (2007) has therefore suggested to understand economic efficiency from the angle of the multiple actors, competing for different interests, and who benefits differently from institutional arrangement. Consequently, firms will adapt their strategies according to their goal. On the one hand, they may look to create opportunity in their own country or on the other hand, they may decide to move in a country whose specific institutional context gives more opportunities to achieve their objectives. Along the same line, there is a stream of literature assuming that actors such as MNCs should not be considered as passive agents but as institutional entrepreneurs who use the institutions in accordance with their value-creating activities. This sees the MNCs as active agents who are able to adapt the institutional contexts in which they are operational (Kristensen and Morgan 2007; Cantwell, Dunning and Lundan 2010). A similar approach has been used to study the actors at the subsidiary level such as local management and trade unions. These actors are considered as having significant resources and capabilities (Pulignano 2006; Bouquet and Birkinshaw 2008). Empirical evidence refers to the power of the subsidiary itself based on the resources available and the position in the value chain (Ferner et al, 2004) or unions bargaining power in local subsidiaries (Quintanilla et al 2008).

4. Applying the elaborated NBS approach to the case of Belgium

The final section will show the relevance of the elaborated NBS approach for the case of Belgium. In so doing, it will give a description of the key features of the Belgian system and integrate how the elaborated NBS approach fits to the study of the Belgian system. Three main features will be described one after the other: the structure of the Belgian economy, the Belgian collective bargaining system and Belgian Human resources: employee training and participation.

In addition, we propose to present some cases of Belgian-based subsidiaries to show how both, local and the global actors intervene in the decision-making and the implementation of human resource policies within the subsidiaries and so challenging the Belgian collective bargaining system.

4.1. The structure of the Belgian economy

Describing the Belgian business structure requires presenting three significant changes in recent decades. Firstly, there is the move of the centre of industry from Wallonia to Flanders. More specifically, the coal mining and heavy industry, which had enabled Belgium to become the most industrialized country in Europe after Great Britain, lost their dominant status in the second half of the 20th century. However, a new landscape soon emerged in Wallonia. Alongside an active service sector that represents 74% of the regional gross added value and 77% of regional employment, Wallonia is today famous for the highly technical character of its products. Wallonia’s entrepreneurs have accumulated impressive know-how by concentrating on high growth niches in sectors like the science, aerospace, biotechnology, microelectronics, new materials and information technology. Technology sectors accounted for 8.6% of salaried employment in 2006 and recently, employment has been increasing rapidly in high-tech manufacturing industries, chiefly in the pharmaceutical and life science industries.

Secondly, as is the case with other EU countries, Belgium transitioned from agriculture to industry and today to a society where services represent the dominant activity. Currently, almost 60% of the workforce (equivalent to almost 72% of the firms) of the country as a whole is employed in the services sector and just under 25% (equivalent to almost 28% of the firms) is employed in industry which accounts for almost 25% of added value. The biggest service is the financial sector, where Brussels has a long tradition of banking, a respected stock exchange that is part of the Euronext system, and a variety of insurance, leasing and investment fund firms including the major financial services groups Fortis and KBC. The health sector has also become an important vehicle of growth and employment in the Brussels region, representing more than 3,000 companies and around 70,000 jobs. On the manufacturing side the
motor industry deserves being mentioned to a major Volkswagen plant, the headquarters of Toyota Motor Europe, the sales, marketing, and logistics offices of Daimler and operations of Ford of Europe and its subsidiary Volvo. Another important industry is the (petro-) chemical industry (e.g. Total, ExxonMobil, BASF, Bayer), located in Antwerp.

A third key feature of the Belgian economy is the dominant type of companies that operate in Belgium. More specifically, the Belgian business world consists of a number of large companies and a very high number of SMEs. Some Belgian companies employ many thousands of people worldwide such as the Stella Artois Brewery in Leuven which is part of Inbev, the largest brewery group in the world. The majority of Belgian SMEs are family businesses, but this does not prevent them from being important players on the international market. Belgian SMEs are often particularly good niche companies, which are often market leaders in their own sectors.

Integrating these features of the Belgian economy with the focus on institutional diversity and local actors, results in describing the prevalence of several webs of inter-firm relations within the Belgian landscape. One of the best known examples of the previous years is Flanders Language Valley which was set up during the nineties in the region of Ieper. Illustrative is the combination of SME (domestic as well as foreign owned), investments, supporting institutions and a common interest between these companies within a specific historical context. More specific, first of all the region of Ieper has been associated with several years of government aid as well as aid from the European Community. In addition there was an intense concentration of SME which were geographically located nearby the French border. At the centre of this network, a strong pilot firm of speech technology had vested. In the initial period of the network, investments were made not only by the surrounding SMEs but also by the regional development agency (GOM-West-Vlaanderen). This resulted after the beginning years in Flanders Language Valley of which the central features can be summarized as follows: physical and technological proximity of language and speech expertise, venture capital, the foundation of supporting services (for example foreseeing buildings, training and education) and creating dynamics between the companies belonging to the valley. In line with these initiatives, two structural measures were launched, the FV fund and the FLV foundation respectively aiming at attracting financial resources and creating additional services. This last initiative is of particular importance because it was a collaboration between the private founders of the pilot firm and the formal institutions (city of Ieper, Flemish government, GOM, West-Flanders Intercommunity). This last initiative resulted in many employment measures (collaboration with higher education institute in Kortrijk which resulted in a course on computer linguistics, setting up an Artificial Intelligence department in the university of Kortrijk) in order to solve the shortage of IT skilled employees. What this case shows is that not only different institutional layers contributed to the way employment, and more specific in this case IT skills were organized. In addition, it also illustrates that the creation of these supporting institutions arose in close collaboration with the companies and so they have to be considered as agents aiming to align the present institutions with their own interests, in the case the need for employees with IT skills.

A similar case can be found in the Walloon region. As mentioned above, the role of industry within this region disappeared and a new landscape emerged. More specific, with the rise of the biotech in Europe, Wallonia as a region decided to focus on this particular sector and developed supporting policies accordingly. Three agencies regarding the sector were installed DGTRE (Directorate General of Technology, Research and Energy), AWEX (Export and Foreign Investment Agency) and SRIW (Société Générale d’Investissements de Wallonie). They dealt respectively with for example monitoring rapid changes in the biotech sector and so financing pioneers in special domains, supporting international expansion by facilitating international joint ventures and foreseeing long term investment in the region by creating financial instruments such as loans or warrants (Biotech report, 2008). In addition to these policies supporting the existing sector, the Marshall plan also foresaw in supportive measures to create new webs of inter-firm relations. The ‘Competitiveness Hubs policy’, can be considered as the most
illustative one, aimed at organizing companies or one sector in one cluster and so facilitating the group of firms in becoming the worldwide leader in a particular niche, favoring and attracting the needed human resources and setting up an intense partnership between industrial actors and academics. As in the Flanders Language Valley case, the supportive government policies were not the only factors contributing to the biotech clusters in the Walloon region. There was also the prevalence of some leading firms such as Glaxosmithkline and UCB and SME who played a key role in the innovative capacity of the region together with the universities. More specifically, what universities developed in their R&D centers was implemented or ‘put into practice’ by the local companies. In addition, spin-off were installed which contributed to the competitive position of the companies. Sopartec for example was created in close collaboration with the University of Louvain la neuve which according to the evaluation report ( Biotech report, 2008), supported the growth of the present companies. So the combination of supporting policies, local agencies and companies cooperating with these agencies and therefore showing their interests, also resulted in supporting the existence of clusters in the Walloon region such as the biotech cluster.

4.2. The Belgian collective bargaining system
Collective bargaining in Belgium is highly structured with a central level at the top covering the whole of the economy, a branch-level beneath, covering specific sectors, and company level negotiations at the lower layer. In each case the lower level can only agree to improve what has already been negotiated at the level above.

At macro or inter-professional level the negotiations can result in two different types of agreement. On the one hand, the negotiations, which take place within the National Labour Council (CNT/NAR) result in inter-professional collective agreements, which are extended to all branches of the relevant activity and throughout the country. However, the application of these inter-professional collective agreements often requires a more detailed agreement at a lower level. On the other hand, negotiations also take place every two years outside the official bipartite organization and they result in national cross-sector agreements, which cover all companies in the private sector and coordinate the scheduled pay raises for the next two years. These agreements constitute political and moral, rather than legally binding, commitments. Because framework agreements are decided on this level, the national cross-sector level is considered very influential.

At the sector level collective agreements are concluded within the joint committees or the joint subcommittees by all the employer and trade union organizations of each given sector. Because negotiations on this level implement the framework of the national cross-sector level, it is argued that the sector (where it exists) is the most important bargaining level from a practical point of view. At company level a collective agreement can be concluded by one or more organizations representing employees (union delegates) and by the employer. The company collective agreement is binding for the employer and all the workers, irrespective of whether they are members of a signatory workers’ organization.

The Belgian system of collective bargaining has three distinctive features besides the centrally organized system of collective bargaining. First of all, there is a historically important organization of the society along ‘pillars’, known as ‘pillarisation. The countries’ political parties emerged from strong social divisions. Differences in religion, state, regions and class divisions have been important in this regard.

The political factions that were born out of these rifts were connected to highly developed and segmented sociopolitical networks: pillars of organizations (schools, health insurance, etc.) taking care of the members as well as their families almost from cradle to grave.

Secondly there is the division between the French-speaking and Flemish or Dutch-speaking communities, which affects all aspects of Belgian society. Employment law is still decided on a national level but the division between the communities has an impact on the relationships between the trade unions.
Another result is that all the bodies and organizations connected with industrial relations have both a French and a Flemish name and abbreviations next to the organization along pillars. The three trade unions (roughly, the Christian-democrat ACV-CSC, the left-wing ABVV-FGTB and the liberal ACLVB-CGSLB) reflect this historic pillarisation, and are clearly divided along these lines. The same division based on the regions is applicable for the employers' organization (VBO-FEB and UNIZO-UCM).

A final characteristic of the Belgian system of collective bargaining is the role taken up by the state. The state potentially plays a major role in collective bargaining. It monitors wage systems, and a 1996 law (Competitiveness Law) allows it to link, or limit, pay increases to the forecast pay trends in Belgiums' main competitors, Germany, France and the Netherlands, in order to maintain the countries' competitiveness. The national-level negotiations between the social partners take place in the context of an official technical report which sets out this forecast and the government has the power to intervene if the social partners attempt to exceed the limit.

The way the process of collective bargaining is described above, illustrates the need to add sub institutional variety into the study of employment practices in MNCs'subsidiaries in Belgium. More specific, similar to Whitley's NBS approach, the national level is considered as the most important level within the industrial relations system in Belgium. Although sub national levels of collective bargaining can only implement the minimum what is nationally foreseen, sectoral and differences on the firm level can occur. This means that for example related to pay or working time; agreements with more beneficial initiatives can be implemented at these levels.

4.3. Belgian Human Resources: Employee training and Participation

Two distinctive features regarding employment are considered in addition to or in interaction with the arrangements made at the national level: the involvement of employees and their security. The later refers to what is indicated by the need for an increasing employability of employees based on (vocational) training and the shift from job security towards employment security.

The regions together with the communities are responsible for the organization of vocational training and other policy domains such as economic policy, regional aspects of credit policy or external trade. Vocational training is hereby understood as the activities and courses within a particular occupation aiming at preparing employees for future careers. More specifically, in Belgium, adult education was regionalised during the institutional reform of the State. The regions were given economical competences and the communities received competencies linked to the language of the citizen (such as education, culture, etc). In The French-speaking part of the country, adult education was finally transferred to the Walloon region. As a consequence, vocational training as a tool of the employment policy depends on the three regions (Brussels, Flanders and Wallonia) while initial education depends on the three linguistic communities (Dutch, French and German-speaking).

The regions (the Brussels-capital region, the Flemish region and the Walloon region) and the linguistic Communities (The Dutch-speaking Community, the French-speaking Community and the German-speaking Community) are in charge of most initiatives relating to continuous vocational training. This results in four organizations responsible for vocational training in Belgium.

1. the Regional Vocational Training and Employment Office (Office communautaire et régional de la formation professionnelle et de l'emploi, FOREM) in the Walloon region
2. the Flemish Public Employment Service (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding, VDAB) in the Flemish region
4. And the German-Speaking Community Employment Office (Arbeitsamt der Deutschsprachige Gemeinschaft, ADG) for the German-Speaking Community.
Although the focus on these regional governments allows taking into account the institutional diversity perspective, an important remark should be made. Related to the regions, there are many agencies that are responsible for implementing the regional policy. Reid and Musyck (2000) point to the notion of institutional friction which prevents the implementation of a coherent policy. More specific, Belgian as a federal country not only consists of three regions and communities but it is also subdivided into ‘communes/provinces’ and ‘intercommunales’, referring two lower tiers of government. In practices these levels have no formal responsibility regarding employment policy however the position of actors within these levels can contribute to diversity. An example given by Reid and Musyck (2000) refers to the dynamic governor of Luxembourg, who in close cooperation with the local intercommunale was able to attract higher levels of inward investments during the eighties compared to others and so setting up policies stimulating local development.

4.4. The power resource of the actors: some illustration of Belgium based-subsidiaries

In this part, we propose to present some cases of Belgian-based subsidiaries that illustrate how both, local and global actors intervene in the decision-making and the implementation of human resource policies within the subsidiaries. These studies will emphasize the way the actors interact, driven by their objectives and how regulation takes place in the “transnational social space” (Morgan, 2001). The first case focuses on the chemical sector. Dion (2007) has investigated the autonomy of the HR managers in 18 subsidiaries of MNCs. Setting the HR manager as the central actor between the local and global space, she focused on what she called “local adjustment under multiple constraints” that is, situation in which “local managers’ decision-making and action depend in priority on the decisions and the actions of other kind of actors. She chose two variables of adjustment that reflect the degree of autonomy of the HR managers, through organisational and institutional dimensions: on the one hand, the “external flexibility” including temporary agency work (in cases of extra-work or replacement of permanent workers), fixed-term contract, outsourcing or subcontracting; and, on the other hand, collective bargaining. We present here the external flexibility adjustment.

Her study on external flexibility shows that the HR managers’ action is constraint by legal rules and organisational standards, as well as by the actions of actors influencing internal modes of management. First, considering legal rules and organisational standards, we can say that there exists a strong regulation system on the temporary agency work in Belgium, as shown by an important number of legal rules and standards resulting from collective agreement. These are relative to the use of temporary contract; the limit of the duration; and the definition of the employment relation (Dion 2007: 138; Delbar and Leonard, 2002: 44). Regarding more specifically the fixed-term contract, the Belgian law defines the use of it, as well as the relative cost in case of breach of contract before the end of the term (Dion, 2007: 157).

Secondly, as regards to the actions of actors, we can also observe that the decision of the local HR management can be influenced by the parent company or by workers’ representatives. For example, in the use of temporary work for the replacement of permanent workers, it is shown that the parent company can influence directly the choice of the temporary Agency, as being part of a global strategy. Indeed, negotiations can occur at a higher level, directly between the parent company and the suppliers of temporary workers (acting themselves as a global player) in order to realise bigger economies of scale (Dion 2007: 146). Moreover, the decision has to be in line with the budget line established at the corporate. Considering temporary work in case of extra-work, we have seen above that a very formal procedure has been established and so the management has to inform and obtain the approval of the workers representatives concerning the number of workers and the duration (Delbar and Leonard, 2002:...
19). Therefore in this case, the local HR manager’s decision is thus constraint by trade unions in its implementation.

Finally, it appears, for a lot of companies, that the decision of outsourcing of administrative and operational task, does not come from the local HR manager but is taken at the corporate level, and is based on profitability and performance criteria (Dion 2007: 171).

The next three cases of MNCs namely, AB Inbev, Carrefour and Brink’s, are characterized by important social conflicts took place in 2010 and in the beginning of 2011 in Belgium. It is interesting to examine these conflicts with regard to the strategies developed by the actors, facing a restructuring plan, relocation or a closure decided by the parents company.

Considering the AB Inbev case, we can emphasize the judicial interference in collective labour disputes (Capron, 2011:6). Repeatedly, the management of AB Inbev had resort to the courts to break picket lines. The procedure often includes a high financial penalty, with the aim to put pressure on the strikers. In spite of very formal procedures that prevail in the resolution and prevention of social conflicts, industrial actions like strikes and lockouts are not subject to any regulation (Van den broeck, 2010). Clearly, this situation offers an opportunity to employers to turn to other sources of law, such as the right to protection of private property, the right to maintain economic activity and even the right to work for the non-strikers. We should note however that facing the tenacity of the workers in protest, the management came back to the formal procedure of conflict resolutions. Finally, this was successful as the management has postponed his decision relative to the restructuring plan involving the cut of 263 jobs, even if it has not been given up. Furthermore, efforts have been made by the management to inform workers’ representatives concerning the plan and have asked trade unions to formulate a counterproposal.

The Carrefour case has emphasized another type of strategy in order to reduce wage cost (Capron, 2011). Facing a strong deficit due to a lack of a clear commercial policy and the low profitability of most of its supermarkets, the management decided to proceed to closures and sales. At the same times, they tried to reduce wage cost by the sliding towards a joint commission with less expensive wages. Finally, after several strikes and rounds of negotiation between the employers and the trade unions, the conflict in Carrefour has been resolved. The management partially implement the restructuring plan (most of the supermarkets have been buyout by Mestdagh group), the job losses has been limited (many workers went on early-retirement) and saving plan has been spread.

The third case is the most extreme one. It shows the limits of the social concertation when a MNC refuse to enforce social and labour laws of the host country. When the loss-making Belgian branch of money transport company Brink’s presented a strong restructuring plan, any social dialogue was refused by the American parent company, putting itself in an awkward position towards the Belgian law. Even local managers had no room for manoeuvre. In order to reduce wage cost, the plan suggested a change of employment status for white collars, a decision that has been rejected by the workers. Facing the downright refusal, Brink’s declares bankruptcy. Public authorities have tried to mediate the conflict and to establish a dialogue but it turned out unsuccessful. At present, all the workers have lost their job but Brink’s has still to tackle with judicial conflicts in Belgium.
5. Discussion and conclusion

In this paper, we propose to review the notion of NBS for the study of employment practices in Belgian-based subsidiaries, through two interrelated questions: what is the degree of institutional integration, distinction and cohesion of the Belgian business system? Is the notion of national business system relevant to analyze a small but complex country such as Belgium?

First, we refer to two important criticisms in the literature towards the NBS approach and its implicit or explicit hypothesis that is, (1) the strong homogeneity and cohesion of institutional context which neglects the subinstitutional variety and (2) the strong institutional determinism that tends playing down the role and the power resource of the actors. Second, we portray some key characteristics of the Belgian institutional context and we present some cases of Belgian-based subsidiaries in order to confront some analytical thoughts, developed in the previous part, to empirical elements. In this last part, we propose then to recall five theoretical insights—two related to subinstitutional diversity and the three others emphasizing the role and the power resource of the actors (firms, local governance, trade unions and workers’ representatives, etc.)—and to discuss them in the light of some key characteristics of the Belgian institutional context and some Belgian-based subsidiary cases.

1. Some national states consist of regional governments that have an exclusive responsibility for particular policy domains
The way vocational training is organized in Belgium emphasizes the need to consider subinstitutional variety. More specific, regional governments have exclusive responsibility regarding the organization of it which results in separate regional institutional organizations taking care of the organization of training. The need to focus on this variation was also shown by the multi-level system of collective bargaining. Although the national level remains the central level of bargaining, collective agreements can also be closed on the sector level or on the level of the firm.

2. Institutions can be organised at the level of industrial district or web of inter-firm relation
The Flanders Valley and Biotech cluster illustrate that companies can be part of web of inter-firm relations, which can be considered as a separate governance of form of regulation.

3. Business and work systems result from social interactions and compromises between actors
We have seen that the Belgian work system is regulated through a formal process of social concertation, as well as through a system of collective bargaining that includes employers’ federations, trade unions and workers’ representatives. Working time, pay and vocational training systems, etc. are matters of negotiation between social partners. The current post-fordist compromise, established by the 1996 Law, deals with the competitiveness of the Belgian economy, high employment rates and the preservation of the purchasing power. Concerning public policies on labour, training and employment, we have seen that things can be decided and implemented at different institutional levels (federal, regional, sub-regional or local) and are generally developed in concertation with the social partners.

4. Actors benefit differently from institutional arrangements which can be challenged through social upheaval or mode of social regulation
Institutional arrangements result from compromises between the diverse actors but compromises will also depend from the relative balance of power between the social, political and economic actors. This balance can be modified according to the economic conjecture, the result of the political elections, etc. and tip in favour of one group compared to the other.
Furthermore, these arrangements can also be challenged through social upheaval or modes of social regulation. We have seen that decisions from the parent company of AB Inbev, Carrefour and Brink’s had evolved in violent social conflicts and strikes. Although at the beginning AB Inbev and Carrefour management refuse any social dialogue, they finally accepted to be part of social concertation and the social conflicts had been resolved according to the formal procedure of collective conflict resolution. The Brink’s case, however, shows the limit of the host country effect when a MNC refuse to enforce social and labour law. The latter situation could be assimilated to a social upheaval coming from the parent company’s initiative.

5. **Actors are not passive agents but are institutional entrepreneurs endowed with resources and capabilities.** *They will adapt their strategies according to their goal and look to create opportunity.*

The Belgian-subsidiary cases have showed the diversity in the actors’ strategies according to their goals. Actors use institutional opportunities (external flexibility, other sources of law, etc.) in order to achieve their strategies.

In conclusion, this paper illustrated, theoretically as well as empirically, the relevance of an elaborated notion of the NBS approach. Indeed, we can say that Belgium is characterized by a multi-layers institutional dimension, as well as a strongly regulated work system but which offers opportunities for interest groups to challenge it. Therefore, we argue that the perspectives that take into account institutional variety and the power resource of the actors should be considered to study employment practices in MNCs subsidiaries in Belgium.
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