



**National Business System:
Reflecting on the degree of
institutional integration, distinction
and cohesion of the Belgian
system**

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Introduction

- **Main objective** : To revisit the NBS approach with regard to the specificities of the Belgian institutional context
 - **Two weaknesses** will be emphasized related on:
 - the dynamic nature of the institutional environment from an « actors perspective »
 - the multiple levels of institutional context
- ... to study **the transfer**, from one BS to another, **of employment practices and employment relations** within MNC's.

Introduction

- Two interrelated questions:
 - *What is the degree of institutional integration, distinction and cohesion of the Belgian business system?*
 - *Is the notion of NBS relevant to analyze a small but complex country such as Belgium?*

Outline

- National Business System:
 - The origin
 - Two main criticisms
 - Applying to Belgium
 - What are the institutional levels to should be consider?
 - The power resources of the actors
 - Discussion and conclusion

NBS: The origin

- **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)

NBS: The origin

- The model is based on three assumptions:
 - (1) **Firms' behaviour** and the **interaction** between the firms and institutions (Morgan, 2007)
 - (2) **Complementary institutions** and **competitive advantage** between firms (Whitley, 2000)
 - (3) Nationally organised institutions but also **sub national levels** such as **industrial districts** or the **web of inter-firm relations** (Whitley, 2000 and Morgan, 2007)

NBS: Two main criticisms

- Two important criticisms related on :
 1. Institutional diversity (Amable 2000; Crouch, Schröder and Voelzkow, 2009; Lane and Wood, 2009; Morgan 2007, 2009)
 - Theoretically : NBS as being too homogeneous and coherent systems at the national level
 - Empirically : Multiple institutional layers as initially referred to by Whitley are not or rarely taken into consideration

Applying to Belgium: Which institutional levels to consider?

- The structure of the Belgian economy: key features:
 - Different types of economical context according to the **three regional entities** (Brussels, Flanders, Wallonia)
 - Several **webs of inter-firm relation** within the Belgian landscape

Applying to Belgium: Which institutional levels to consider?

- The Belgian collective bargaining system: key features
 - **Highly nationally centralized** (inter-professional negotiations)
 - **State's discretion**: the role of the Federal state in the interprofessional negotiations

Applying to Belgium: Which institutional levels to consider?

- Employment and vocational training
 - Different levels of policy regulation: **national**, **regional**, and the level of the three **linguistic communities**

NBS: Two main criticisms

2. The power resource of the actors (Almond et al, 2005, Edwards et al., 2007; Morgan, 2007)

- Strong **institutional deterministic perspective**

«The role and the action of the actors result from variation in the conventions and rules of the game established by dominant institutions. » (Whitley, 2000: p).

- **Lack of conceptualization**

NBS: The origin

- Lack of conceptualization

“The transfer [...] depends on the **institutional structures** [...], [...] the relative **balance of power** between firms and institutions [...].” (Whitley, 1994:277)

“The more **cohesive** is the host business system and its associated institutions, the less likely is that system to change just as a result of internationalization.” (Whitley, 2000:135)

Applying to Belgium: The power resources of the actors

- 18 MNCs in the Chemical sector :

How do local and global actors intervene in the decision-making and the implementation of HR policies ?

- Local adjustment under multiple constraints (Dion, 2007)
- Two variables of adjustments: External flexibility and collective bargaining
- External flexibility: « HR management is constraint by legal rules and organisational standards, as well as by the actions of actors influencing internal modes of management. » (Dion, 2007)

Applying to Belgium: The power resources of the actors

- Three cases of MNCs (Capron, 2011):

How actors interact, driven by their objectives and how regulation takes place?

- In a same institutional context, very different strategies of the players
- Diverse relationships between the subsidiary and the parent company
- Solution through collective conflicts resolution procedure except with Brink's

Applying to Belgium: The power resources of the actors

AB Inbev
→ *Judicial interference in collective labour disputes*

Carrefour
→ *Cost reduction strategy: sliding towards a joint commission with less expensive wages*

Brink's
→ *Refusal to enforce social and labour law*

Discussion and conclusion

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- The **firms** at the centre of the analysis and an interesting framework for the **interaction** with the institutional context
- The model considers the **institutions** that take part in the **regulation**

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- Lack of conceptualization with regard to the way **interactions** proceed
- System are too **homogeneous : sub-institutional** level should be taken into account

Discussion and conclusion

- Five analytical insights or hypothesis in the light of some key institutional features and Belgian-based subsidiary cases
 - *Some national states consist of regional governments that have an exclusive responsibility for particular policy domains (Dekocker & al.,2011)*
 - *Institutions can be organised at the level of industrial district or web of inter-firm relation (Dekocker & al.,2011)*
 - *Business and work systems result from social interactions and compromises between actors (Morgan,2007)*
 - *Actors benefit differently from institutional arrangements which can be challenged through social upheaval or mode of social regulation (Thelen, 2003;2005)*
 - *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 (Morgan, 2007; Kristensen & Morgan, 2007; Cantwell, Dunning, and Lundan, 2010)*

Discussion and conclusion

- Theoretical and empirical arguments in favour of an elaborated notion of the NBS approach.

- Belgium is characterized by
 - a multi-layers institutional dimension
 - a strongly regulated work system but which offers opportunities for interest groups to challenge it

“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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Thanks for your attention !