EMPLOYMENT RELATIONS (ER): TOWARDS AN INTERNATIONALLY COMPARATIVE FRAMEWORK OF ANALYSIS
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Introduction
Internationally comparative approaches to ER?
Theories can help to make sense of facts & also be practical! Which theories might we deploy?
*Qui sait les débats sur les variétés du capitalisme?*
Varieties of Capitalism (VoC): a promising framework?
A non-Marxist theory from political economy
What are VoC’s strengths & weaknesses?

Varieties of Capitalism (VoC) approach
Employers coordinate with other stakeholders in 5 areas:
- Industrial/employment relations (ER)
- Vocational training & education
- Corporate governance
- Inter-enterprise relations
- Relations with employees (including human rights at work; safety and health at work; treatment of injured workers)
To develop, produce & distribute output profitably, enterprises must coordinate with many stakeholders e.g. investors, managers, employees, unions, the state, suppliers, buyers.

Enterprises can resolve coordination problems in different ways:
– Internally within the enterprise (hierarchies)
– Externally (market or non-market institutions)

Why use VoC for internationally comparative ER research?

**ER-related issues** are in the VoC model (e.g. collective bargaining, unions & employers associations, skills, relations with employees at workplaces)

VoC approach puts ER in a broader political-economy context

VoC brings employers into the analysis
VoC: 2 ‘ideal-typical’ forms of capitalism

Liberal market economies (LMEs) – employers rely upon market forms of coordination, e.g. enterprise-level determination to set pay & develop skills.

Coordinated market economies (CMEs) – employers coordinate their activities through non-market coordination, e.g. multi-employer collective bargaining.

Institutional complementarity

Economies have complementary institutions: the basis of competitiveness / lead to good economic outcomes.

Institutional complementarity overcomes tendency to treat ER institutions in isolation.

An important departure from comparative ER studies which try to link single features (e.g. collective bargaining, union structures) with economic performance.
Example of a VoC approach

After Hall & Soskice (2001: 19)

Does globalisation kill diversity in ER systems?

Convergence towards an LME model?
National systems ‘are being transformed in a common [LME-type] direction’ (Baccaro & Howell, 2011: 522)

But ‘liberalizing pressures . . . are being channelled in different ways’ (Thelen, 2014: xx)

Various national modes of coordination produce differences in ER practices & outcomes across countries; the pattern is not simple!
Market Coordination

LMEs (e.g. US, UK, Canada, Australia)
- Mainly market-based coordination
- Workplace bargaining: typical arena for determining pay & conditions
- Managerial prerogatives emphasized
- Unions increasingly marginalised

CMEs (e.g. Germany, Denmark, Japan, S. Korea)
- Certain features of CMEs eroding
- Japan, S. Korea – growth of non-standard employment is challenging ‘lifetime employment’ models
- Germany – service sector employers discontinued industry bargaining in favour of enterprise-based determination
- National ER systems of other CMEs remain relatively stable, e.g. Denmark

Non-market coordination

CMEs: Non-market coordination/regulation remain important
- Strong cooperation among employers in Denmark
- High levels of collective bargaining coverage in German manufacturing: pay and skill formation

LMEs: Less non-market coordination, but non-market coordination/regulation remains in
- Australia’s ‘award system’ with ‘safety nets’ for pay & conditions
- Minimum pay, including UK’s ‘national living wage’
- Anti-discrimination laws & policies; safety & health at work; the treatment of injured workers in various countries, including Canada
Limitations of VoC approach

Its been influential. Many VoC critiques!

1. Not enough variety; many countries don’t fully fit e.g. France, Italy, Portugal, Spain, China, India, South Africa, Quebec? etc.....
2. Static & Determinist (path-dependency)
3. Ignores international factors (e.g. MNEs, WTO, ILO, IFAs)
4. Ignores differences within varieties, e.g. among CMEs (e.g. Canada v. USA; Germany v. Japan)

Differences within varieties e.g. London; a pillar of LMEs
Differences within varieties e.g. Newcastle — a different context from London!

Compared with Café-Society, Melbourne, Australia both are LMEs!
Beaucoup differences between UK, Australia, the USA & Canada, especially Montreal, Quebec!
There’s increasing within-country diversity, then....

Also consider:

The rise in non-standard work

Dual patterns of employer coordination

Outsourcing & organisational fragmentation
**The rise in non-standard work**

Growth in ‘non-standard’ atypical forms of employment in many countries, LMEs & CMEs

Non-standard employment: insecure & fewer protections, e.g. growth of casualisation; e.g. ‘zero-hours’ contracts in UK!

Exacerbated by weakening of collective representation & regulation
  
  – Unions & collective bargaining increasingly concentrated in public sector, heavy industry, transport & in large enterprises in LMEs (e.g. US, UK) & CMEs (e.g. Japan, Germany)

Unions adopting innovative strategies to reach non-standard workers, e.g. Australia, USA, UK, Canada etc.

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**Dual patterns of employer coordination**

Growing differences in the coordination strategies adopted by various types of employers, including those in the same VoC category/country (Montreal cf. US mid-west!)

‘Dualist’ ER systems -- differences between industries

  • Preference for non-market coordination of skills development & pay determination among manufacturing, public-sector employers

  • Preference for market coordination among employers in the private-services sectors (e.g. in both Germany, Australia)

National systems are important for shaping ER outcomes, but so are industry characteristics & employers’ strategies
Growth in outsourcing & offshoring of business activities among LMEs, CMEs & emerging economies

- **S. Korea**: enterprises using non-standard labour in response to the commercial pressures from 'lead enterprises' higher up the supply chain
- **US**: enterprises offshoring parts of their activities to suppliers/countries with lower pay
- **Denmark**: EU Posted Workers Directive has enabled enterprises to hire workers through subcontractors in Eastern Europe with lower pay rates
- **China**: state-owned enterprises downsizing, laying-off directly employed workers, engaging employment agencies using low-paid workers

As well as considering national & industry factors, more factors can also influence national ER systems:

- Multinational enterprises’ (MNEs) strategies
- Global supply chains
- International institutions
- Global labour activism
- International framework agreements (IFAs) & private regulation
There are many Varieties of Capitalism e.g. in terms of cows. Apologies if this attempted humour offends!

**Australian Capitalism:**
You have 2 cows. Life seems good. You close the office and go to the beach to celebrate!

**New Zealand Capitalism:**
You have 2 cows. The one on the left looks very attractive!

**Wall Street Capitalism:**
You have 2 cows. You sell one, and force the other to produce the milk of four cows. You are surprised when the cow drops dead!

**United Kingdom (UK) Capitalism:**
You have 2 cows. Both are mad!
French Capitalism:
You have 2 cows. You go on strike because you want three cows!

Italian Capitalism:
You have 2 cows, but you don’t know where they are. You break for a good lunch!

Swiss Capitalism:
You have 5000 cows, none of which belong to you. You charge others for storing them!

Real Capitalism:
You don’t have any cows. The bank will not lend you money to buy cows, because you don’t have any cows to put up as collateral!

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<th>Liberal market economies</th>
<th>Coordinated market economies</th>
<th>Mediterranean developed economies?</th>
<th>Asian emerging economies</th>
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<td>US</td>
<td>Germany</td>
<td>Italy</td>
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12 Countries: Talented Contributors!

UK, Jeremy Waddington

USA, Harry C. Katz & Alexander J. S. Colvin

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Introduction & Conclusions, the editors

Conclusions

VoC a useful start for comparing ER systems & analysing national contexts

But the range of national economies is more diverse than the 2 VoC approaches

Build on such models to examine the complex political, economic & social factors that influence work & how it is regulated in a changing international economy

There are other factors that also shape ER outcomes e.g.

• Industry-specific & provincial/regional features
• Enterprise-specific features
• MNEs influences & global supply chains
• International institutions and actors
• Scope for strategic choice
A more fine-grained, contextual approach to comparative ER

We do not (yet) have universal employment relations (ER) theories. The forms of ER differ between countries. This is what makes our field so interesting & exciting. There is always more to learn about to the varieties of national institutions & conditions fully to understand ER processes & problems around the world. That is why we continue to research & discuss our findings at such seminars! We also try to publish our findings....