

## **Rapporteur's Report**

### **Track 4: Institutions, Processes and Outcomes**

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#### **Introduction**

The 31 papers selected for presentation in this track's plenary session and 5 workshops span virtually the full gamut of systemic, institutional and strategic issues and debates that lie at the core of industrial relations scholarship and practice. The high proportion of very solid papers on systems and institutions attests both the enduring impact of realist epistemology and structuralist ontology in the field and the continued centrality of this 'way of seeing' to an appropriately contextualised understanding of the contemporary world of work. Few things are more guaranteed to return our gaze to the structural fundamentals of work and employment than a global economic crisis of the type that we now have before us. What these papers give us, I would argue, is a timely macro-level reading of the dynamic and trajectory of national and transnational industrial relations systems, policies and processes at what may well be the end point of the neo-liberal hegemony that has defined (defiled?) political discourse and public policy within and across nation states since the 1970s.

The large number of papers involved means that any attempt to provide a paper-by-paper summary would very likely extinguish instantly the stock of reader goodwill, so I must apologise in advance for having to strike a compromise between doing justice to every paper and adhering to the inevitable constraints of word length. What I propose to do, then, is to highlight those themes that seem to me to emerge most strongly from the collection and to focus on an illustrative sample of papers under each theme. On my reading, the three dominant themes are quite clear-cut and can be summarised as follows: (i) national systems and institutions in comparative and historical perspective; (ii) collective bargaining in transition; (iii) organisations, processes and standards at the global scale.

#### **National Systems and Institutions in Comparative and Historical Perspective**

Whatever its conceptual limitations, it is undeniable that the 'varieties of capitalism' model formulated by Hall and Soskice has had a major influence on comparative IR scholarship this decade. Students (mine included – until now!) have routinely been informed that IR systems in capitalist economies fall into one of two distinct types: the 'liberal market economy' (LME) type and the 'coordinated market economy' (CME) type. Several plenary papers seek to challenge or modify this convenient but ahistorical and overly-simplistic taxonomy. Applying a pluralist analytical framework emphasizing two key system dimensions,

namely efficiency and equity, and using factor-analysed multi-item times-series data for 30 OECD countries 1993-2005, **Kim et al** identify three distinct country groupings: (i) countries high on both equity and efficiency (e.g. Germany, the Scandinavian countries, Japan and other CME-like countries); (ii) countries high on efficiency but low on equity (e.g. LMEs such as the US, UK, Korea and Australia), and (iii) countries moderate on equity and low on efficiency (chiefly Mediterranean/Iberian countries such as France, Italy, Greece and Spain). This latter cluster, these authors suggest, warrants recognition as a distinct 'variety', with its existence demonstrating the constraints on national-scale macro policy choice arising from historical path dependency. At the same time, in good pluralist vein, Kim et al suggest that their results support the proposition that efficiency and equity are not entirely competing goals and that an over-emphasis on the former in many LMEs may be socially corrosive.

Using data on the historical development of employment law in the USA, Canada, the UK, Ireland, Australian and New Zealand, **Colvin and Darbshire** also challenge Hall and Soskice's proposal the Anglo-American LME model is a longstanding and undifferentiated phenomenon. In essence, they argue that the LME type is itself historically specific rather than an eternal verity. While there has been a clear shift away from multi-employer collective bargaining and the public ordering of work in these countries, the convergence towards the private ordering of work has been uneven, with Ireland still at the public ordering end, the US at the private ordering end, and with the most dramatic shift towards the latter occurring in Australasia. While the economic prognosis for the 'Celtic Tiger' is now quite grim, this assessment is corroborated by **Teague and Donaghey's** forensic but generally favourable analysis of the long-term impact of the post-1987 social partnership agreement model on Ireland's democratic polity. Here, too, there are grounds for questioning the LME/CME divide, since the analogy these authors draw is that that between the Irish experience of social partnership and that of partnership in those EU countries commonly seen as exemplars of CME.

Building on the call for a more nuanced treatment of the LME/CME dyad, a raft of other papers examine how national IR institutions, social partnership arrangements and corporate behaviour play out on various dimensions within EU member countries. Comparing corporate restructuring behaviour by multinational firms in seven EU countries, **Pulignano** finds that while national factors play some part in shaping restructuring behaviour, differences in national labour market regulation and workforce adjustment mechanisms per se are also influential. This is particularly so as between 'market' and 'negotiated' regimes. Whereas decentralised labour market systems (e.g. Ireland) encourage restructuring based on numerical and financial flexibility (e.g. mass dismissals), centralised or negotiated

regimes (e.g. Sweden) encourage restructuring based on functional flexibility and retraining. Drawing on neo-institutional theory and longitudinal data, **Poutsma, Veersma and Ligthart** report that cross-national differences in institutional, regulatory and collective bargaining settings have a major influence the firm-specific incidence and importance of financial participation schemes (i.e. profit-sharing and employee share plans) in a sample of developed western countries (France, Germany, Germany, the Netherlands, the UK and Australia). Overall, they find that the incidence of such plans depends on whether financial participation is mandated (e.g. France), whether it is encouraged by social partnership arrangements (e.g. Germany), and whether it is discretionary, albeit with concessional taxation arrangements (e.g. UK and Australia). Most importantly, though, this study indicates that financial participation schemes are most pronounced in contexts where centralised bargaining is weak or declining. Such findings, of course, may be interpreted as lending qualified support to both the convergence and divergence theses.

Taking a quite different tack, **Lehendorff** suggests that the global crisis has impacted no less severely on the German employment model – until recently the exemplar of CME and social partnership – than in less-coordinated economies. This he attributes to the gradual disintegration of collective bargaining since reunification, to the German economy's growing exposure to volatile export markets, and to the financialisation of German corporations. Outcomes have included outsourcing, the rise of precarious employment and a growing low-wage sector. All in all, what Lehendorff's paper highlights is an inexorable reorientation of the German case from CME towards LME – further evidence perhaps of convergence in western IR systems; but certainly also clear indication of the historical specificity of all such taxonomies. The impermanence of national institutions is further attested by **Dahlkvist's** findings on the influence of the introduction of European Works Councils (EWCs) in Sweden. He shows that in important and perhaps unexpected ways the post-1994 advent of EWCs has partly subverted the monopoly that Swedish unions had previously enjoyed over employee representation and facilitated a move towards decentralisation. As in Germany, then, works councils have proven to be a double-edged sword for Swedish unions.

What is particularly noteworthy about this cluster of papers on national systems and institutions is the frequent use of historical method as a means of explaining why systems are as they are. To me, the exemplar of this approach is **Rupidara and McGraw's** account of the path-dependent and 'mismatched' nature of Indonesia's current IR system. Using the lens of institutional theory these authors highlight the seemingly unintended consequences flowing from the democratic state's abrupt withdrawal from the sphere of direct regulation. Against the backdrop of decades of authoritarian control of both labour and capital, this

retreat has left Indonesian workers more exposed to exploitation by rogue employers than less so. It has also left Indonesian unions fragmented and inadequately prepared for bargaining and coordinated industrial action. In sum, the Indonesian IR system is a mismatch of new pluralist institutions and old unitarist values carried over from the era of left-wing then right-wing military dictatorship. Although targeting a very different context, **Dickens'** assessment of the transition from bargaining-based standards to minimum statutory standards in the UK highlights a comparable historical and institutional paradox at the national scale. As she argues, the development of statutory individual rights under the Blair Labour government has not been accompanied by adequate consideration of how such rights and standards might be effectively enforced. In the context of a growing representation gap, the upshot, in effect, is that the UK workers are now more exposed to material loss and abuse of rights rather than less so.

Some of these national system studies make explicit their criteria for assessing system processes and outcomes; others do not. Either way, I would strongly recommend that these papers be read in conjunction with **Budd's** refreshingly forthright essay in support of a grounded and conceptually-aware approach to interpreting system processes and outcomes. Specifically, Budd urges us to dig beneath the institutional and procedural overlay to identify the underlying, dominant and enduring assumptions and value propositions, whether egoist, unitarist, pluralist or (potentially) critical. Paralleling the pluralist approach taken by Kim et al, Budd argues that system analysis and evaluation should focus first and foremost on three enduring objectives of the employment relationship: efficiency, equity and voice. In the face of the global crisis, Budd contends, now may well be the time for IR scholars and practitioners to substitute a neo-pluralist model of IR and HRM accentuating equity and voice in place of the seemingly discredited neo-liberal/unitarist model with its single-minded emphasis on efficiency.

### **Collective Bargaining in Transition**

Twelve of the Track 4 papers deal with the fate and future of collective bargaining in specific national contexts. Most, though not all, of these papers present evidence of the decline and fragmentation or multi-employer bargaining, with several invoking Traxler's thesis that trade liberalisation and exposure to international markets imposes contradictory pressures on national IR actors particularly regarding collective bargaining.

The papers by **Chaison**, **Haipeter** and **Andersen** examine the rise of two-tier bargaining in the USA, Germany and Denmark/Sweden, respectively. **Chaison** demonstrates the exquisite strategic dilemma for US unions posed by two-tier wage settlements. These

agreements have become increasingly common over the last two decades, allow employers to take on new hires at wage rates 20%-30% below that of existing workers in the same jobs, clearly violate the ideal of the standard rate for the job, and represent a clear fracture line in worker solidarity. Nevertheless, they have been accepted as the lesser of two evils by US unions facing global competition, plant closures and across-the-board pay cuts. While concessional settlements of this type may serve to keep unions in the game, as Chaison contends, they also pose both a serious impediment to union renewal and a fundamental challenge to union legitimacy. **Haipeter** offers a rather more sanguine take on a comparable development in the German context – the shift to ‘deviant collective bargaining agreements’ in the German metalworking industry. Here, if anything, the challenge to unionism has been greater still since many such agreements have been triggered by ‘wildcat’ deals between workers and management at company level, typically involving company works councils. However, such agreements have also provided the union with a bridgehead for organising and works council cooption. Going further, **Andersen’s** analysis of the shift to coordinated decentralised bargaining in the Danish and Swedish manufacturing sectors shows how, in the context of strong pre-existing centralisation of interests, it is possible for actors at sectoral or national level to maintain a balance between efficiency and equity; between centralised and decentralised bargaining. Either way, the impact of decentralisation on union presence and agency depends very much on antecedents and context. A strategic threat in one context emerges as an organising opportunity in another.

Three papers focus explicitly on the changing attitudes of employers and employer associations towards collective bargaining. Perceptions of shared interest, particularly a collective desire to keep labour costs out of the competitive arena, have always been fundamental to employer common cause in IR sphere. But does this mean that employer combination and interest in bargaining collectively is less likely, or more so, where the potential members have a diversity of structural interests – say large firms vs small firms? According to **Helten and Behrens** the German experience suggests that membership ‘interest heterogeneity’ may actually more conducive to employer collective action, although membership composition per se appears to have little influence on success in collective bargaining. Using survey data, **Foster, Rasmussen, Laird and Murrie** show that despite a return to statutory promotion of collective bargaining in 2000, multi-employer agreement making continues to fall, the ‘representation gap’ continues to widen and most New Zealand employers remain wedded to individual bargaining. But this also points to a glaring gap in the extant institutional literature, for while studies examining the impact of decentralisation on union density, strategy and agency, as **Sheldon, Paoletti and Nacamulli** note, despite the fact that employer associations have often lead the change against collective bargaining,

hardly any attention has been paid to the impact of decentralisation on employer associations themselves. Their examination of the responses of employer associations to decentralisation in Australia and Italy shows that, *ceteris paribus*, decentralisation encourages associations to reorientate from industrial advocacy to a business services model. At the same time – and perhaps mirroring the choices facing unions - they find that labour market and product market pressures are the primary determinants of the strategic choice between industrial and servicing models.

Western scholars have an unenviable habit of assuming that trends evident in developed economies, and the causes underlying them, also necessarily apply in other parts of the globe. As **Sale's** study indicates, unionism and collective bargaining is in decline in the Philippines, partly because legally-mandated bargaining applies only to single-enterprise bargaining, but also because the system of voluntary and compulsory arbitration actually serves as a disincentive to collective negotiation.

However, as other papers make crystal clear, in some parts of the developing world, there are clear signs that collective bargaining and independent trade unionism are on the rise. In his paper on trends in collective bargaining in South Africa, **Maree** explains why South Africa diverges from the western trend, for here there has been centralisation of bargaining and growth in union density. According to Maree, this is attributable, firstly, to the emergence of large national Black unions after international pressure forced the apartheid state to legalise Black unions in 1979, and, secondly, to the new post-apartheid republic's Labour Relations Act of 1995, which privileged centralised national-level bargaining and extended collective bargaining rights to the entire public sector as well as domestic and farm workers. However, Maree also notes one point of commonality with the developed world: the pursuit of greater flexibility by employers; a trend underpinned here, as elsewhere, by trade liberalisation and production methods geared to flexible specialisation.

Albeit from a different starting point, and for very different reasons, the trend in South Korea has also been from enterprise bargaining towards industry-level collective bargaining. As **Joohee Lee** explains this 'exceptional case of centralization demonstrates the power and dynamism of Korean trade union movements'. As he also notes, it attests the role of the democratic but interventionist state in the wake of the 1997 Asian financial crisis in pursuing centralisation as part of a new tripartite partnership involving the partial incorporation of organised labour in a national economic compact. At the same time, given the focus on industry-level bargaining, the process of centralisation has been 'disorganised' and uneven. No less illuminating is the author's point that the union-supported process of centralisation

itself encountered resistance from rank-and-file members who for years had been accustomed to enterprise unionism and decentralised bargaining.

And then there is China, where collective bargaining in various guises has gained critical momentum this decade. In his paper on the role of state in promoting collective bargaining, official union organisation and tripartite consultation committees, **Changhee Lee** makes two very salient points. Firstly, the state's motive in actively encouraging union organising and collective bargaining since the early 1994 has been driven by the a corporatist desire to maintain social control and social harmony, as well as to maintain labour costs. Secondly, this process of labour incorporation has given rise to a number of unintended consequences, including wildcat strikes and street protests. Paradoxically, while freedom of association and strike action – the natural corollaries of collective bargaining – remain unrecognised under Chinese law, by affording workers better job security and improved individual legal rights, and by circumscribing management prerogative to some degree, the most recent instalment of statutory reform, the Labour Contract Law (2007), may well encourage workers to seek economic gains through voice rather than exit mechanisms. **Zhou's** paper also provides an excellent overview of historical continuity and change in Chinese labour law, drawing particular attention to the barriers to effective enforcement of labour standards and the absence of genuine worker participation in the collective bargaining process, with most agreements to date being little more than carbon copies of statutory regulations. Both authors also indicate that, perhaps far from accidentally, the most promising episodes of genuine union agency to date have actually targeted western multinationals such as Wal-Mart and McDonalds. Whether and how independent unionism and collective bargaining might be ultimately realised in China remains to be seen but my suspicion is that this journey will be long and difficult.

### **Organisations, Processes and Standards at the Global Scale**

The contributions considered thus far have been concerned mostly with systems, institutions, processes and outcomes at the scale of the nation-state. Indeed, with some justification, critics commonly cite such a focus as one of the fundamental shortcomings of the 'varieties of capitalism' model and of much of the existing IR scholarship. For this another reasons, we are still far from having an adequate framework for understanding how industrial relations are shaped and played out transnationally. Thankfully, Track Four includes a number of papers that are avowedly transnational in their approach and which do go quite a way towards illuminating organisational strategy, actor agency, regulation and standard-setting at the global scale.

In a piece that is both provocative and entertaining, **Lille and Martinez Lucio**, set the global stage rather nicely. They contend that the behaviour of multinational corporations (MNCs) is best understood not as an exercise in regulatory avoidance or transcendence but, rather, as a process of selectively engaging with national environments and playing these off against each other. Invoking a novel combination of ideas drawn from political economy, social constructionism, human geography and film criticism (go read about the 'Rollerball' analogy for yourself), Lille and Martinez Lucio suggest that MNCs deliberately set out to construct and exploit differences between countries, localities, plants, work groups and individuals in order to secure concessions, for instances by means of promises of investment and threats of dis-investment. Further, they suggest that, despite the existence of international union bodies, organised labour remains at distinct strategic disadvantage here. This, they argue, is because labour's institutional structures are generally loose federations or networks the constituent elements of which remain rooted in the regulatory regimes and identities of particular nation-states and, as such, are vulnerable to capital's game of global divide and rule. While some might find this line of reasoning just a tad to cinematic, it certainly serves to draw our attention to the way in which space itself can be simultaneously a discursive and material power resource for global capital.

Trade liberalisation, the intensifying globalisation of capital flows, and the transnationalisation of labour markets have exposed quite starkly the limitations of employment regulation and standards-setting systems based on the nation-state and a cluster of papers consider some recent attempts to remedy this regulatory and responsibility gap.

Many of these initiatives either involve the International Labour Office (ILO) directly or invoke ILO standards. **Haworth and Hughes** offer an assessment of the ILOs post-1994 reorientation towards a developmentalist approach to poverty reduction and standards enforcement in the form of the 'Decent Work Agenda'. This strategic reorientation has lead the ILO to seek partnership with some of the pillars of the global capitalist economy, including the World Bank, IMF and WTO. Haworth and Hughes conclude that while the ILO's repositioning towards closer cooperation with these multilateral bodies has raised the profile of the ILO's labour standards regime in settings hitherto untouched by its influence, the old problems of effective monitoring and enforcement at the national and workplace scale loom as large as ever. This assessment is supported by **Zibelu-Banda's** candid insider analysis of the constitutional, legal and political barriers to the effective application of the ILO's Decent Work Agenda standards in the African state of Malawi, where poverty is



endemic. The problems, in essence, are an unsympathetic High Court and an Industrial Relations Court that is chronically under-staffed and under-funded.

The papers by **Fichter and Sydow** and **Robinson** examine the use of International Framework Agreements (IFAs) to underwrite labour standards in cross-border supply chains. As Fichter and Sydow explain, an IFA is a contract between the central management of an MNC and a global union federation (GUF) under which the firm agrees to comply with ILO labour standards on fair wages and employee rights. Viewed positively, an IFA connotes voluntary commitment by the MNC to corporate social responsibility and a form of non-state bilateral social partnership. For GUFs like the International Confederation of Free Trade Unions, IFAs provide a means of countering the negative effects of trade liberalisation on labour standards by exploiting critical links in global supply chains. Robinson's meticulous study of an IFA covering the Costa-Rican UK banana trade provides some of the first clear evidence on the impact of such voluntary agreements. Highly concentrated at both the production and distribution stages, and long-characterised by labour sweating at the production end, the trans-Atlantic banana trade would appear to represent a formidable challenge for sustainable standards enforcement. Yet Robinson's findings on outcomes to date for Plantation workers provide cautious grounds for hope.

According to **Ng and Ofreno**, in Asia too incipient forms of social partnership are beginning to emerge - partly in response to the march of trade liberalisation and MNC penetration and partly in the face of the longstanding inability or refusal of many states in the 10-country ASEAN block to prescribe and enforce core labour standards. But ASEAN itself now appears more willing to take the lead here. Given the vast role of transnational labour migration within this region, perhaps the most promising recent development to date has been the 2007 ASEAN Declaration of the Rights of Migrant Workers. This breakthrough, suggest Ng and Ofreno, would have been unthinkable prior to this decade. Its achievement also owed much to persistent pressure from trade unions and other community organisations.

There is evidence from ASEAN too of positive outcomes flowing from voluntary 'fair trade' / 'ethical trade' initiatives. **Oka's** investigation of the role of international buyers in underwriting ILO standards compliance in Cambodia's clothing industry reveals the potential of voluntary action by reputation-conscious buyers in addressing the regulatory gap. Oka provides solid quantitative evidence (based partly on ILO data) that factories supplying for reputation-conscious global buyers are significantly more likely to comply with labour standards than are other factories. Interestingly, the results also show that union presence makes no difference to compliance level. According to the author, these results cast doubt on the

common presumption that non-state regulation is necessarily ineffective. Indeed, in some contexts, it may well be the best option available.

### **Concluding Remarks**

Rather than end with the customary pleasantries, let me conclude by offering three general observations of a confessional nature about these papers.

Firstly, the papers certainly demonstrate the influence of many of the highpoints of mainstream IR theory over the past half century – from systems theory to strategic choice; from neo-institutionalism to resource dependency theory. However, even in papers such as these, which really deal with the core concerns of traditional IR, there are promising signs of wider conceptual exploration and experimentation – with discourse analysis, identity theory, even organisational psychology. As I see it this augurs well for the future of the discipline.

Secondly, being a researcher who retains an innocent enthusiasm for both words and numbers, I must confess that I came away from my first reading of these paper pleasantly surprised at the relatively even balance between studies based mainly on qualitative methods and those employing quantitative methods. Some papers are avowedly mixed methods in approach. Methodological ecumenicalism of this type connotes disciplinary vibrancy and, in my view, is cause for optimism about the future of industrial relations scholarship.

Finally, any to my way of thinking, most importantly, a further reassuring quality evident in these papers is the way in which so many of them avoid the twin traps of presentism and ethno-centrism. As we have seen, many of these studies explore actor institutions, bargaining processes and efficiency and equity outcomes in ways that are either historically informed, spatially aware or both. For me, the most illuminating and exciting papers are those that track converging and diverging patterns of collective bargaining across time and space. Many readers, I am sure, will also be energised by the papers on transnational capital, global union strategy and international labour standards.

In these respects, as in others, I believe that, taken together, these papers do much to advance our understanding of continuity and change, convergence and divergence in institutional presence, employment relations processes and material outcomes – and I commend them to all Congress participants .

