
Contents

<i>List of boxes, figures and tables</i>	x
<i>Boxes</i>	x
<i>Figures</i>	xii
<i>Tables</i>	xii
<i>Abbreviations</i>	xiv
<i>Acknowledgements</i>	xv
<i>Preface</i>	xvii
1 Diversity in the organization of employment: an introduction to the subject	1
Why employment matters	2
Introducing national differences	5
The organization of employment: some national comparative case studies	6
Skills and work organization	8
Pay systems	12
Working time	16
Downsizing and retirement	18
Employee involvement	22
Conclusions	25
2 Making sense of international differences: some methodological approaches	26
Explaining international differences in the organization of employment	26
The universalists	28
The culturalists	32
The institutionalists	37

Developing the societal effect approach	39
Societal effect theory and the role of individual nation states in the world economy	40
Is the nation state the appropriate level or unit of analysis?	42
Does the societal effect approach place too much emphasis on coherence and consensus and too little on conflict and inconsistency?	42
Towards a more dynamic framework	43
3 The development of employment and production regimes	51
Employment and production regimes	51
From Fordist to post-Fordist production regimes	53
Societal systems and production regimes	56
Four production models explored	58
Japanese lean production	58
German diversified quality production	62
Italian flexible specialization	64
Swedish socio-technical systems	68
Borrowing and learning from other societies’ production regimes?	70
Conclusions	75
4 The state, the family and gender: from domestic work to wage employment	77
Employment: how much and who does it?	78
Overview	78
Age of entry into employment	80
Impact of marriage and motherhood	80
Retirement	80
Change and continuity	81
Differences in patterns of labour demand and supply: the role of welfare regimes?	84
Overview	84
Some typologies of regimes	85
Employment systems and welfare regimes	92
Job structures	92
Care arrangements and employment	96
Pension systems and employment	98
Gender regimes and employment systems	99
Overview	99
Gender, flexibility and part-time work	100
Gender and employment: a force for convergence?	103

5	Skilling the labour force	106
	Education, skills and productivity	107
	Occupational and internal labour markets	109
	National systems of vocational training	111
	The US: a market-led, weak ILM approach	112
	The UK: a market-led, weak ILM/weak OLM approach	114
	Japan: a firm-based, consensual ILM approach	117
	Germany: an economy-wide, consensual OLM approach	120
	France: a state-led, ILM approach	122
	The performance of countries' training systems assessed	124
	Training coverage and long term skill development	124
	The school-to-work transition	126
	Pressures for change	129
	Technical change	129
	Flexibilization of the labour market	132
	Unemployment	132
	Globalization	133
	Conclusions	137
6	Labour market flexibility and labour market regulation	138
	What is meant by labour market flexibility?	138
	Comparing labour market performance	142
	Understanding labour market regulation: the role of labour market actors	147
	Overview	147
	The UK	149
	Germany	151
	France	152
	Italy	154
	The US	155
	Japan	156
	Country mixes of labour market regulation	157
	Works councils	157
	Wage setting	160
	Employment protection	164
	Working time regulation	167
	Convergence or divergence in national regulatory systems?	170
7	Employment policy and practice: implementation at the workplace	175
	The division of labour	177
	Payment systems	181

Job security and redundancy measures	184
Working time	191
Annualized hours	192
Short-time working	194
Part-time work	195
Increasing unsocial hours working	196
Conclusions	197
8 Multinationals and the organization of employment	198
Multinationals and the survival of nationally-specific employment regimes	198
Multinationals as the agents of diffusion of ‘best practice’	199
Typologies of MNCs	201
Types of MNCs and international management	205
Employment policies and practices for non-management staff in MNCs	208
Modes of diffusion of best practice	211
Local versus corporate or global influences: some conclusions	217
Summary and conclusions	220
9 Globalization and the future for diversity	222
Globalization: towards the convergence of employment systems?	222
Is globalization here, and is its progress inevitable?	224
Human resources and comparative advantage in a global market	227
Towards convergence in employment systems?	231
The new production paradigm: towards lean production or global Japanization?	233
The stability of national employment regimes	233
Pan-national governance	234
Global ideology and societal fragmentation?	235
Resistance to globalization?	239
10 Labour regulation in a global economy	241
Why international labour standards?	242
Establishing international labour standards: the main actors	246
From international to regional labour standards	248
Labour standards and the European Union	249
North American Free Trade Association	254

Alternative methods of enforcing labour standards: consumer boycotts, social labelling and trade union negotiated codes of conduct	255
The way forward	259
<i>Bibliography</i>	261
<i>Index of names</i>	285
<i>Subject index</i>	290

1

Diversity in the organization of employment: an introduction to the subject

The subject of this book is employment; and employment matters — not only to those who provide the labour or those who provide the jobs, but also to all of us who have a stake in the well-being of our economies and societies. Most books about employment focus on what happens within a particular country or locality. This is because the organization of employment is influenced by a whole variety of institutions — the law, the collective bargaining system, the training and education system, the family and household organization, and gender relations — and these institutions are often local or national in character. Yet if the way in which employment is organized is crucial to people's lives and livelihoods, to the economic success of companies or nation states and to the creation of social cohesion or division, then it is also crucial to understand how and why the organization of employment differs outside the local or national context. Knowledge of alternative ways of organizing employment expands the range of options that may be considered in shaping employment in the national context. Moreover, as economies become more integrated on a global or regional basis, there is increasing competition between economies based, in part, on different modes of organizing employment. These pressures have been calling into question traditional ways of organizing employment within nation states, and generating debate about whether there is one best way of managing employment that all nation states and all organizations should try to emulate. To evaluate these debates and to understand more about the possibilities or scope for organizing employment in different ways, we need both more knowledge about how and why employment organization currently varies, even within advanced countries, and more understanding of the forces that drive and limit the pressure for globalization and homogenization. The purpose of this book is to contribute to increasing knowledge and understanding of these two issues. First, however, we need to explore a little more why employment matters and to whom.

Why employment matters

Employment is of central concern to all individuals and to all the major social actors in society. For individuals, the interest in employment is clear: it provides their main source of economic livelihood and often their source of social identity. Working under an employment contract defines the daily activity of most people in their prime years. Their interest in both the rewards from working and the conditions and constraints under which they work is direct and considerable. Both private and public sector employers are equally concerned with employment issues: the skills their employees use and the effort that they expend define these organizations' ability to provide goods and services. Employers have just as strong an interest, however, in how much employment costs and how much risk they incur from employment contracts that provide some employment and income security to employees, and thus involve fixed as well as variable costs.

Employment is also a political issue. Governments are expected to take some responsibility for generating economic growth and for providing reasonable employment opportunities for citizens. Failure in these respects may lead to a change of government or to more serious political unrest. Governments feel obliged to intervene but there are mixed views on what forms of intervention are appropriate. Is it better to try to attract capital to enter or to remain within the economy by offering opportunities to companies to employ labour at low costs and with low economic risks? Or should the government foster the development of a highly skilled workforce and an atmosphere of high mutual trust between employers and employees, bolstered by a strong system of employment protection?

A book on the organization of employment, therefore, addresses a wide number of audiences. Its function first and foremost must be to explain and illustrate why employment is not only important but also complex. The term 'labour market' often gives the impression that employment can be analysed in the same way as the market for any other type of commodity. However, labour is not a commodity as it is provided by human beings, who must be treated with respect and dignity and who only sell their labour and not their souls on the labour market. This distinction has fundamental consequences for the nature of the market, not least because the exercise of labour remains under the control of the persons supplying the labour, not the purchaser. Issues of motivation are as important in determining outcomes as the original transaction, based on an exchange of hours of work for a wage. Employers in fact do not usually seek to purchase a predetermined level of effort, as they wish to engage the creative and problem-solving capacities of labour in furthering the interests of the organization. These capacities are needed in a whole spectrum of activities, including some often considered low skilled or low discretion jobs.

The first element of complexity in employment analysis, therefore, emerges out of the nature of the employment relationship and the distinctive form of the

Box 1.1 The nature of the employment contract

The employment contract is an example of what is now sometimes called an 'incomplete contract'; that is to say, some of its terms are unspecified. Employees agree to do, over the life of the contract, what they are ordered to do; but the orders will not be issued until some time after the contract is negotiated. The usual argument (within the neoclassical framework) for the existence of incomplete contracts is that in a world of uncertainty actions will have to be taken as the situation calls for them, without time for negotiation... An employment contract contains all sorts of implicit (and explicit) limitations that set boundaries to the range of actions the employee will be directed to perform. These boundaries define the 'zone of acceptance' within which employees can be expected to obey orders... Authority in organisations is not used exclusively, or even mainly to command specific actions... most often, the command takes the form of a result to be produced ('repair this hinge'), or a principle to be applied ('all purchases must be made through the purchasing department'), or goal constraints ('manufacture as cheaply as possible consistent with quality'). Only the end goal has been supplied by the command, not the method of reaching it... Doing the job well is not mainly a matter of responding to commands, it is much more a matter of taking initiative to advance organisational objectives... For organisations to work well, it is not enough for employees to accept commands literally. In fact, obeying operating rules literally is a favourite method of work slowdown during labor-management disputes, as visitors to airports when controllers are unhappy can attest. What is required is that employees take initiative and apply all their skill and knowledge to advance the achievement of the organisation's objectives.

Extract from H. Simon, 'Organizations and markets', *Journal of Economic Perspectives*, 5 (1991): 30–2.

employment contract (see Box 1.1). A second level of complexity arises out of the divergences in interests and objectives of employment from the perspective of the various actors. These divergent interests can clearly be found between the main actors — namely labour, capital and the state. However, even the individual actors may be seeking potentially contradictory objectives in their employment strategies (see Figure 1.1). Can organizations have both cheap labour and high productivity and performance, or do they have to accept a trade-off? Can wages provide both a fair standard of living for all and still provide a fair reward for effort, performance and skill? Can governments both build up the skill base of the economy and respond to problems of high levels of unemployment?

The range of objectives pursued under the heading of employment provides also the scope for finding mutually beneficial solutions between actors with different interests. For example, employees interested in increasing their job security may be willing to cooperate with and facilitate a process of change and innovation within an organization. However, there is always a risk of divergent interests re-emerging and undermining such a coalition of interests if, for example, employees come to fear that the restructuring may eventually lead to job losses or to further work intensification. There tend to be, therefore, no simple solutions to employment

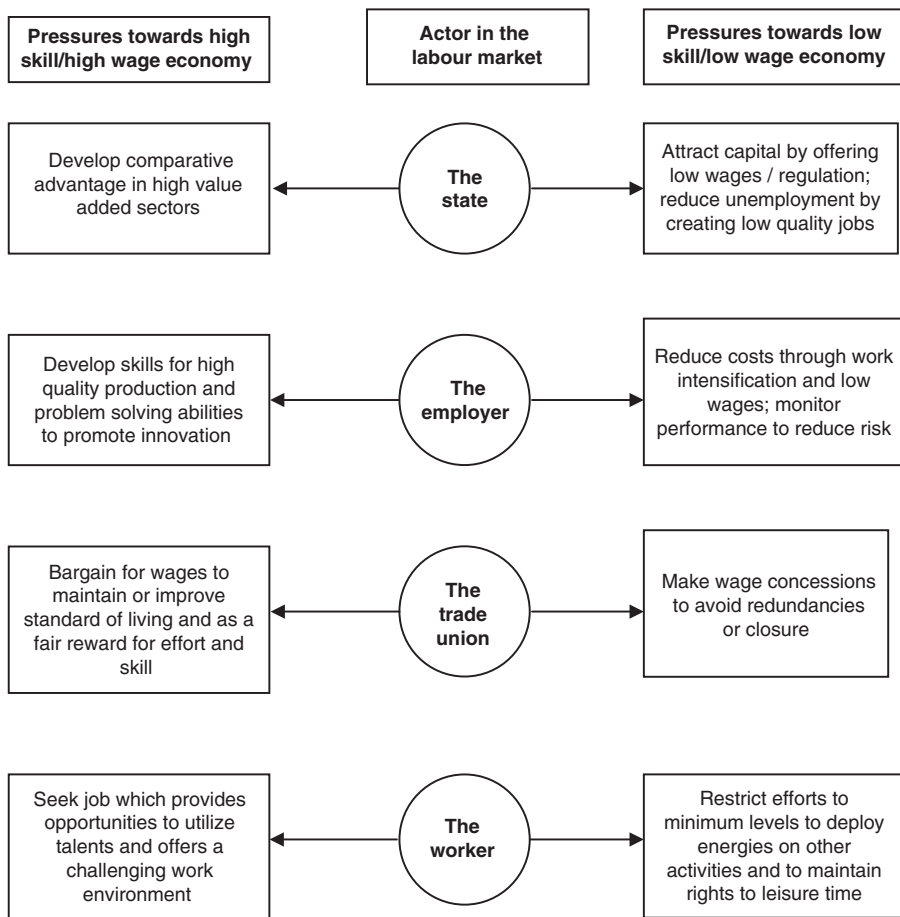


Figure 1.1 Contradictory pressures on employment policy and practice

problems, only compromises and second best solutions, which are constantly subject to renegotiation and change.

Given this complexity even at national level, it is reasonable to ask if there are strong grounds for extending this complexity further by looking at these practices from an international perspective. The answer depends on two issues. First, how much do employment policies and practices actually vary in practice between countries? And second, if we find evidence of difference, is that discovery interesting and important?

The answer to both questions is in the affirmative. Our argument will be that employment practices do indeed differ significantly between countries and that these differences are likely to persist. Knowledge of these differences is not only important for anyone who has direct concern with, or responsibility for, employment spanning more than one country — for example those employed in the

human resource functions of multinationals or in the international branches of unions — but also for anyone concerned with employment issues within their own country. In each society there are different ways of organizing employment, reflecting the various institutional arrangements in place to generate skills, regulate the employment relationship and shape the wage structure. Recognition that there is not only one way of doing things, that alternative methods, for better or for worse, are available and in use, can be extremely illuminating in opening up debate and discussion even over a very local employment issue.

At one extreme, there is a predisposition to take local arrangements and ways of doing things as representing the only way or the commonsense way of organizing and managing complex issues such as employment. At the other extreme, systems deployed in other countries may be seen as offering simple solutions. Under this latter approach, it is tempting to blame government myopia or the vested interests of employers or workers for the apparent failure to learn from a ‘best practice’ example in another country.

The approach taken here is not to regard examples from different nation states as providing models that can be simply emulated in other environments. Employment policies and practices are necessarily embedded in a social environment and do not operate independently of other aspects of social and economic life. Analysis of other ways of doing things requires a full assessment of both the pluses and minuses of particular arrangements or systems of employment organization. This evaluation requires an understanding of how the arrangement operates within its own social context and an understanding of how the interactions with the immediate environment influence the effectiveness of that particular way of organizing employment.

The first task of this book is, therefore, to explore the different approaches to employment in order to open up the range of options considered in the organization of employment. At the same time care will be taken to warn against notions of easy transfer or learning from best practice. A second and equally important task is to try to understand the likely developments in employment policies and practices in the light of current trends towards an increasingly integrated world economy. To what extent will nation states, or indeed individual organizations, be able to retain their distinctive approach to employment? Would a move towards a more homogeneous approach to employment organization be beneficial, and if so to whom? What types of protections and institutional arrangements are needed in a world where capital is relatively free to travel and labour remains the factor of production most tied to the fate of a particular society or even region?

Introducing national differences

There is now a wealth of empirical material, including detailed statistical information, to inform our analysis of employment organization between countries.

However, understanding of the importance of the statistical variations cannot be achieved without locating these differences within the whole set of institutions found within a particular country. For example, if we want to assess the significance of differences in training systems we need to be interested in much more than differences in numbers receiving training. In assessing the significance of these different systems, it is essential to understand their implications for how work is organized, for the development of capacities for innovation and for career patterns and inter-job mobility.

To focus on interpreting the significance of differences in employment policies and practices, we present a number of examples, in the form of case studies of usually two or three countries where there are clear differences in the nature and significance of a particular employment form or employment practice, based on detailed research carried out by a variety of employment analysts. We call these examples case studies, in line with the traditional terminology applied to the study of individual organizations, as we are not claiming to pick representative or average country cases. Moreover, even if a country seems to be 'average' or 'typical' in one employment area, it may be at the opposite end of the spectrum on another dimension. However, it is in the nature of comparative research that opposites tend to attract; that is, countries are selected for study around a particular employment practice precisely because they are known to, or are strongly expected to, display major differences. The differences may therefore be considered overdrawn relative to the differences one might expect to find between any two or three randomly selected countries. Often the selection is in fact deliberate, to represent a category or type of employment regime. In later chapters of the book, we discuss whether it is possible or desirable to develop typologies of employment systems, with respect to the system of work organization (see Chapter Three); the welfare state system or the gender relations regime (see Chapter Four); the training and education system (see Chapter Five); or the regulatory and collective bargaining system (see Chapter Six). For the moment, however, the selections are used to give some flavour of the richness of diversity in employment systems and to begin to establish why employment policies and practices may differ in significant ways between societies.

The organization of employment: some national comparative case studies

To provide examples of differences in employment organization we have to be selective over both the choice of countries and the choice of aspects of employment to be considered. Here we focus on five areas, all of which feed in important ways into either the cost and/or the productivity side of the wage-effort bargain at the heart of the employment relationship. As such they are significant in shaping comparative advantage for both individual organizations and whole economies.

They also each have considerable importance for how individuals experience employment in their working lives. The five dimensions selected are:

- skills and work organization;
- pay systems;
- working time arrangements;
- downsizing and retirement;
- employee involvement or voice.

We also return to these dimensions at various points in later chapters of the book. In particular we look in Chapter Three at the significance of skills and work organization for comparative advantage; and in Chapter Five we explore how the education and training systems in advanced countries help to shape these different systems of work organization. Working time arrangements are looked at from a supply-side and, in particular, from a gender or household perspective in Chapter Four. In Chapter Six we look at the influence on working time practices of regulations, deriving both from legislation and collective bargaining. Downsizing and retirement policies again feature in Chapter Four, where we consider the influence of welfare regimes on labour supply, and again in Chapter Seven where we look at how employment policies and practices operate at the workplace or organization level. Employee involvement or voice is another issue considered in Chapter Seven, and provides an underlying theme in our discussion of the development of high trust versus low trust production regimes in Chapter Three.

The aim here is not to provide a comprehensive analysis of these dimensions of employment but rather to introduce some of the key issues in comparative analysis, around these five dimensions. The research-based studies that we draw upon fit within these broad areas, but each study has a narrower specific orientation or focus, on particular occupational groups, particular sectors or indeed particular employment arrangements within the broader area. Moreover, these studies are drawn from different time periods and have used divergent methodologies; their findings may have significance at different levels of generality. Some may only be relevant for the particular firms or sectors or occupations studied; but for the most part they have been chosen because of their salience for understanding how the employment system operates in those particular countries. Limitations of space, and indeed limitations of available research, prevent a full discussion or defence of the validity of these arguments. However, the reader will find much supportive evidence in the other chapters of this book.

It should still be noted that in some cases recent developments in employment organization in the countries concerned may have changed the state of play since the research was conducted or the article written. For the moment we take the differences as revealed at the time of the research and do not attempt to update this research or comment on the continuing significance of the differences revealed.

Skills and work organization

Much comparative research has focused on the ways in which work is organized, and in particular on differences in the opportunities that these systems offer for workers to exercise skill and discretion or to contribute to organizational learning, development and innovation. To some extent these differences are related to trends in the management of employment which transcend national boundaries. Over recent years the post-war interest in a mass production work organization system allowing minimum discretion to workers — sometimes referred to as the Taylorist or Fordist production system (see Chapter Three) — has given way to an interest in work organization systems more geared to flexible and variable production. Here the focus has been more on harnessing the problem-solving and innovatory capacities of the workforce as a means of improving competitiveness in an era characterized by niche markets and competition based on fashion, design and variety. However, although research has revealed that there may have been some general tendencies towards Taylorist techniques in the earlier period, and more recently a relatively widespread interest in more flexible systems, these broad or general trends in work organization are not capable of accounting for the variety of systems of work organization found over time and space (see Chapters Two and Three). There were significant variations in the extent to which production systems within specific countries or sectors emulated the Taylorist model in the first place, and there remain equally major differences in the extent to which there has been a systematic move away from low discretion systems to post-Fordist systems or high trust forms of work organization. Further variations are found in the form of post-Fordist/non-Taylorist system that has been adopted and developed (see Chapters Two and Three). The capacity of organizations within a particular societal context to adapt and respond to product and technological changes has been found to be dependent upon the specific cultural and societal context in which they are located and indeed embedded.

The organization of work is influenced not only by competitive requirements, but also by how work organization relates to other major features of the societal system. Here two areas can be focused on in particular. The first is that of career structures and career expectations; the second is the role of the education and training system in shaping employment. In our first extract from a comparative study on work organization (Box 1.2), we find that the greater separation of managerial from technical work in British compared to Japanese companies is related to a large extent to differences in career structures. In the UK managerial careers are structured independently of technical careers, while in Japan technical expertise provides the legitimacy for exercising authority within the organizational hierarchy.

Box 1.2 Player manager or coordinator: engineers in Japan and the UK

Successful product development requires effective integration across different engineering activities and functional groups ... The more uncertain the market environment, the greater the need for efficient communication, and elaboration of knowledge and information across the product development cycle.

Organisations operating on the principle of functional specialisation create a heavy demand for an administrative hierarchy specialising in coordination and integration. The more sub-divided the organisation into individual tasks and functional disciplines, the greater the need for coordinators to act as focal points of communication and information flow. In the British firms, this specialist coordinating role is carried out predominantly by project managers. In our interviews, all the British project managers emphasised the importance of their coordinating function. The following examples of how these people described their 'typical day's work' are illustrative:

As deputy engineering manager on the systems my prime task is liaison among engineering groups in three different divisions of the company. So I spend a lot of time on the phone, at meetings, reading papers generated by engineers in their groups, because the systems function is to really make sure that all the different engineers working in the company on this project are tied into the contract ... It's a technical liaison job and you have to trace people for information, go to meetings, help engineering meeting and project meeting ... It's basically liaison and coordinating. I am not designing any equipment.

I headed up a team of five, and they did the technical work of producing the workbenches and specs and things, and I had to make sure it all held together ... I spend quite a lot of time on the phone ... If I have an overriding function it's that of coordination. So, yes, I do lots and lots of coordination. I actually produce very little.

Most of the British engineers promoted to project leader positions often become preoccupied with their coordinating role and find themselves having to disengage from their design and development role very early on in their supervisory roles. The separation between managerial and technical work is distinct in the British firms.

In the Japanese firms, the relationship between technical and managerial work is quite different. Although Japanese project managers also have an important coordinating role, they are not 'specialist coordinators' like their British counterparts. The overlapping nature of the Japanese approach to product development means that a great deal of the coordinating functions are carried out by engineers at the working level. Information necessary for the coordinated adjustments in the product cycle tends to flow laterally across the functions through direct communication among the project team members rather than necessarily passing up and down the hierarchy via the project manager. In the Japanese firms, the product development cycle is coordinated by a decentralised network structure of communication and information sharing rather than a centralised hierarchical information system. As a result, Japanese project managers tend to devote more time and effort to product planning and strategic decision-making rather than specialising in operating coordination. They emphasise their technical leadership role and act as product champions in integrating technical development with corporate objectives. A project manager (*kacho*) at an R&D laboratory described his key role as follows:

In my case, there is of course, the overall policy of the company. The primary concern is to follow the policy, and then deciding how to translate it into concrete details. The top management only provides very broad guidelines and it is really up to the project managers (*kacho*) and team leaders (*kakaricho*) to come up with concrete strategies, for example, how we can double the sales figure next year. In order to achieve the objective, I have to carry out detailed analysis in a wide range of areas, including marketing, costing

Box 1.2 Continued

and then consider how to incorporate the technical aspects in order to achieve the overall objective. On the technical side, we know what level of technical performance we want to achieve but it is important to work out how to translate it into actual development work. I have to ensure that my subordinates understand all these.

In the Japanese firms, a project manager effectively functions as a general manager of a product. Their role is 'strategic' in that they are responsible for product planning and concept development; it also contains a strong technical dimension in the sense that they are ultimately responsible for translating the product concept into technical details.

While most of the British engineers promoted to project managers often find themselves having to disengage from their technical work very early on in their supervisory roles, Japanese project managers often remain technically involved — many of them described themselves as 'player managers'. There are two main reasons why Japanese project managers tend to maintain a closer involvement in technical work. First, unlike their British counterparts whose role is to liaise with local representatives from different functions within a vertical administrative hierarchy, Japanese project managers often directly lead a project execution team — members who leave their functions and report directly to the project manager. They have direct contact and stronger influence over the working level engineers. They are responsible not just for coordination but also for product planning and translating product concepts into detailed technical work. It is a technical leadership role and thus knowing the technical details of their subordinates' work and providing on-the-job training is all part of the job. Second, it is important for Japanese project managers to remain technically competent in order to justify their authority and control within the project team. Unlike their British counterparts, they are not specialist coordinators and they do not have monopoly access to organisational information. Japanese project teams have a high degree of integrative autonomy and lateral information processing capacity. The coordinating role of a manager can easily be made redundant and bypassed. Thus, remaining technically active and involved is a good way of ensuring authority and gaining 'competence trust' among the engineers.

Extract from A. Lam, 'Work organisation, skills development and utilisation of engineers', in R. Crompton, D. Gallie and K. Purcell (eds), *Changing Forms of Employment* (London: Routledge, 1996), pp. 190–2.

The second extract (Box 1.3) is drawn from the study that to a very large extent was responsible for sparking off the debate about international differences in employment policies and practice. The research was based on case studies of plants in Germany and France, carefully matched according to size, nature of production and technology (Maurice *et al.*, 1984, 1986). The study found major differences in the occupational structure, authority systems and inter-occupational relationships, such that the French system was based on a much longer hierarchy of jobs, determined both by status and pay, and with the system of work organization based much less on a cooperative and multi-skilled basis than in the German case. The more hierarchical French structure was found to reflect the more elitist French system of education, and the more cooperative approach in Germany, based around a higher average skill level, reflected the strong vocational training system there. This particular extract focuses on the different organization of the management function in France and Germany, from foremen to top managers.

Box 1.3 The basis for authority of the foreman: technical competence or ability to give orders?

The German *Meister* is a case in point: his technical competence is sanctioned by a socially recognized diploma, which puts him in the same qualification space as the skilled worker, though at a higher level, and with a broad span of control. German foremen are less numerous than their French counterparts and have more men under them... This is the concept of *Arbeiterschaft* which, according to Popitz, covers the worker-foreman relationship: there is only a slight difference between workers and technical management which is comprised of graduated engineers, for they fall into the same qualificational space. Graduated engineers receive an education that is oriented more toward applied technology than a university-trained engineer, and their social background is more modest. All this makes them feel closer to the workers than to university graduates.

The middle-management characteristics observed here apply equally well to all levels of management: promotion into management corresponds more to increased technical competence recognized by the company than to a change of status decided on by management... there is a strong tendency to link the level of training with the job level. The result is a relatively homogeneous management, and a degree of continuity between management and nonmanagement... this homogeneity is related to a technical competence whose basic point of reference is the manual apprenticeship. Among top management in industry only 19.4 percent have university degrees (as opposed to 41 percent in France). The majority have nonuniversity occupational education, that is, further education after apprenticeships but on a fairly high level (*Technikschule-ingenieurschule*). Only a minority of top management is hired on the basis of diplomas to exercise executive functions (*Leitende Angestellte*). The relative continuity between management and other categories reflects both occupational mobility based on a progressive development of qualifications and on less sharp social and occupational distinctions made between management and nonmanagement. This holds true particularly for technical middle management, but it often applies to top management (those who hold an *L.A.* function) as well, for many start out as workers or apprentices.

The dividing line between managers and nonmanagers in French companies is drawn more often according to organizational rather than to professional criteria. In this respect the movement into management represents a discontinuity. Whereas in Germany managers and nonmanagers have relatively similar types of education and a continuity of qualification, in France one finds a greater professional diversity among management even though their presence in the organizational hierarchy might provide a symbolic unity. The case of production supervisors (foremen) is particularly revealing. Although the French foreman usually starts off as a worker, like his German counterpart, conditions for promotion are not the same. His position is not supported by an occupational diploma; it is given to him by the company, which bases its choice on his capacity to lead men and give orders... it means that he is entering management (albeit at the lowest level) rather than developing a higher level of training. The French foreman's functions are also different from those of the German *Meister*, for he does not play the same role in the work system. Production norms are more precisely laid down by the technical departments, and the foreman has to ensure they are met... His authority, which has only weak professional justification, is based on rank; as he is at the lowest level of the hierarchy, he has little scope for decision making... The foreman may exercise authority, but he has no power...

Though one cannot make broad generalizations for all of French management, these traits are nonetheless the most basic: becoming a manager corresponds to a promotion up the status hierarchy rather than the attainment of greater technical ability. Therefore access to a management position and internal mobility within the category will generally result from the way the company functions and from socialization in accordance with its organizational norms... all the managers, including those who were graduated from a *Grande Ecole*, are

Box 1.3 Continued

considered by the company to be 'self-taught': success in the company depends on their degree of integration. Though socialization is similar for all managers, there are in fact significant discontinuities within the category. These are the result of the importance given to managers who have graduated from higher education institutions (usually the *Grandes Ecoles*) over others whom the company calls 'self-taught men' (a category which to all intents and purposes does not exist in Germany)... The 'self-taught men' ... reach their ceiling much more quickly at an intermediate level, having made their career in the production or technical divisions, or more often in the administrative or sales departments.

Extract from M. Maurice, F. Sellier and J-J. Silvestre, 'The search for a societal effect in the production of company hierarchy: a comparison of France and Germany', in P. Osterman (ed.), *Internal Labor Markets* (Cambridge, MA: MIT Press, 1984), pp. 251–4.

Reference in text:

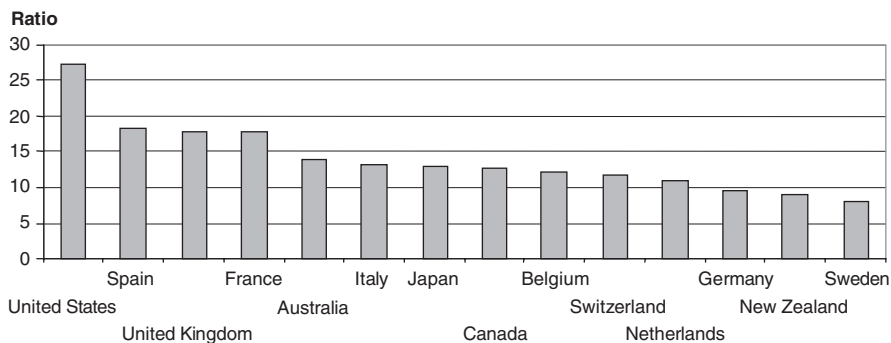
H. Popitz, H. P. Bahrdt, E. A. Jüres and H. Kesting, *Das Gesellschaftsbild des Arbeiters*, (Tübingen: Mohr, 1957).

Pay systems

Payment systems are at the core of the employment relationship. Work under an employment relationship is undertaken in return for pay; in order to motivate people to work there needs to be some agreement among employees that the reward they will receive is in some sense fair. Notions of fairness, however, vary between societies as well as between occupational groups. The size of acceptable differentials between, for example, chief executive officer and manual worker pay appears to vary dramatically between societies; in the US the ratio is over 27 to one, while in Sweden the ratio is only eight to one (Figure 1.2). While not everyone in the US accepts these differentials in pay as fair, their existence certainly excites less comment there than if similar differentials were revealed in most European societies.

There is a range of different principles upon which pay differentials can be based. Should they reflect differences in status or in educational qualifications? Or differences in the productivity or profitability of the organization? How far should pay reflect differences in individual performance or differences in job category? What account, if any, should be taken of differences in age, seniority or gender?

Two countries which exemplify the possible range of different principles are the US and Japan. The extract in Box 1.4 summarizes the differences in principles



Source: Adapted from L. Mishel *et al.* (1997): Table 3.53

Figure 1.2 Ratio of chief executive pay to manufacturing workers' pay in advanced countries

between the prevailing systems in the two countries, which have implications not only for how work is organized within organizations, but also for inter-occupational and intergenerational variations in income and standards of living. The extract uses the terminologies *JAM pay systems* (that is, based on job classification, adversarial relations and minimal training) and *SET pay systems* (that is, based on security, employee involvement and training). In the US there is more variation between companies and occupational groups according to whether the pay system is more of the JAM variety — focused on the job grade — or the SET variety, where the focus is more on the individual employee. In Japan, as the extract explains, payment systems in large organizations are usually more related to SET, where the pay reflects the age, seniority and skills of the employee and not the job grade.

Box 1.4 Pay variations by lifecycle or by job category?

The pay systems in the United States and Japan are both highly segmented, but the divisions occur along different lines in the two countries. In the United States, JAM and SET pay systems for production and clerical workers are usually highly compressed, with small wage differentials determined mainly by seniority, within a context of interfirm mobility and interindustry wage differentials. Job ladders for blue-collar workers are relatively short, and while most companies have evaluation systems, appraisals are tied only loosely to pay. Blue-collar and clerical workers in large nonunion companies tend to have somewhat broader differentials than in union companies, but they still typically face relatively flat age-earnings profiles. College-educated workers are in professional and managerial occupations, with different pay tracks and steeper age-earnings profiles from those of production and craft workers. Gender differences in pay and promotion, while still important, have been diminishing.

The pay system in Japan is segmented along the dimensions of age, employer size, gender, and, to a lesser degree, education. The components of pay in large Japanese companies are life cycle (or age, with housing and family allowances), job-grade, and

Box 1.4 Continued

performance pay. Skill and performance are appraised frequently and are tied to pay and promotion. Nonmanagerial workers have career ladders with steep age-earnings profiles. There is no US-style division between craft and production workers. High school graduates (blue-collar and white-collar workers) and university graduates (white-collar workers) are on the same published pay schedules, but university graduates move up much more rapidly and enter management sooner.

Individual incentives encourage skill development and performance for blue-collar workers in Japan. Koike and Inoki (1990) have suggested that the merit pay component of Japanese pay systems has grown since the 1970s and that, as a result, age-based pay has diminished in importance. This view is supported by several studies that found that age-earnings profiles were flattening in Japan in the 1980s. Our findings provide only partial support for Koike's hypothesis. We argue that the long career ladders reflect management's response to a system of lifetime employment with age-based pay by ensuring worker's productivity and increasing their responsibilities as they gain experience. The SET pay system in Japan rewards and supports security, employee involvement, and training in a system that produces less overall inequality than exists in the United States.

Extract from C. Brown, Y. Nakata, M. Reich and L. Ulman, *Work and Pay in the United States and Japan* (New York: Oxford University Press, 1997), pp. 130–2.

Reference in text:

K. Koike and T. Inoki, *Skill Formation in Japan and Southeast Asia* (Tokyo: University of Tokyo Press, 1990).

The second extract (Box 1.5) explores the different principles and practices of job grading in Germany, Italy and the UK. The implications of these different systems lead to differences in the form and extent of gender inequality. As a consequence, policies to reduce gender pay inequality need to take into account the different ways in which these inequalities are embedded within payment systems.

Box 1.5 Different job grading principles affect the structure and form of the gender pay gap

Very different systems and principles of job grading prevail in the three countries under consideration. Italy provides the most straightforward case: there are four legally recognized categories of employees (blue-collar workers, white-collar workers, senior white-collar workers, and managers), but a single unified grading system applies to the first three categories of workers in almost all industries. The allocation of jobs to grades is specifically not established through job evaluation. Job grading is not regarded as reflecting any objective measure of job content or qualifications, but instead is recognized as the result of collective bargaining.

In Germany there is also a formal distinction between white-collar workers and blue-collar workers, linked to differences in social security arrangements. In practice, however, these groups tend to be covered by separate collective agreements. However, there are further important divisions or cleavages within these occupational groups — between those jobs that require and those jobs that do not require a vocational training qualification. The existence of apprenticeships in both blue- and white-collar sectors provides in fact a form of linkage between the two groups, such that a job requiring apprenticeship training for white-collar workers would not normally be graded below a blue-collar job not requiring such training, or vice versa. The importance of vocational training for job grading in Germany is illustrated by the tendency to use vocational qualifications as job titles (Méhaut, 1992). Thus although job grading in Germany is also the result of collective bargaining and not job evaluation, there is

Box 1.5 Continued

a general perception that the job grading system does reflect skill and job content, a perception that is not shared in the Italian case. In Germany the measure of skill is strongly tied to vocational training requirements, and the collective bargaining process is constrained by these strongly held perceptions.

Nevertheless, the emphasis on vocational qualifications is greater among blue-collar workers. This is also the area where women are less likely to be qualified, and thus this form of grading serves to establish gender differentials. Among white-collar workers there is little difference in the share of qualified male and female workers. Here the emphasis for job grading is on job content, and many female skills and responsibilities are not recognized in the traditional grading structures. Thus possession of qualifications is not sufficient to guarantee women a favourable place in the grading scheme. It can be argued that where qualifications do not adequately differentiate between men and women, other criteria may be added.

Practices in the UK diverge from both the German and the Italian system, and in fact can be characterized as demonstrating the absence of any national system of job grading. There is no formal or legal distinction between blue- and white-collar work, although both groups of workers have tended to be covered by different wage agreements or systems of pay determination (with white-collar workers much less likely to be covered by collective bargaining arrangements). In practice, organizations tend to divide their jobs into a number of job clusters for grading purposes, and research has found no coherent pattern to this division other than that job clusters tend to consist of either male-dominated or female-dominated jobs (IRS, 1991). As comparisons tend not to be made across job clusters, female- and male-dominated job groups are often graded and paid according to completely separate systems. There is no national system of vocational qualifications spanning occupational groups to provide some basis for comparing jobs in, for example, blue- and white-collar areas, unlike in Germany. There is thus much greater freedom in the UK for firms to create job grading systems which vary between and within firms and which certainly do not conform to any national system of conventional hierarchies. Analytical job evaluation is made greater use of in the UK than in Germany and Italy but is often used only for specific groups of jobs, or different systems are applied to different job clusters. It does not normally result in integrated job grading systems.

...

Grading in the public sector also conforms to these national systems, with Germany retaining the emphasis on vocational qualifications and distinctions between blue- and white-collar work, while Italy has an integrated single graded system. In the UK the situation is somewhat different because of the continued influence of national-level agreements in the public sector, compared with the private sector where they have largely disappeared. However, most national agreements cover only specific occupational groups, and as a result there is no integrated grading structure covering all groups at the organizational level. One of the incentives for decentralization in the public sector is in fact to provide the opportunity to establish integrated grading and pay structures at the organizational level.

Many different issues are raised by these grading practices for the establishment of equal pay for work of equal value. There is perhaps a paradoxical situation in which the UK makes most use of analytical job evaluation, the often preferred method for the application of the principle of equal value, but has probably the least integrated grading structure, such that the comparisons between jobs tend to be made across a relatively narrow field. Italy probably pays the least attention to actual job content but has the most integrated system of job grading whereby white-collar and manual jobs are placed in grades alongside each other, while in Germany the common system of vocational training provides at least some form of integration between the structures. However, there is still no strong tendency in Germany within the trade union movement, let alone within the employers' associations, to question whether the traditional job gradings reflect principles of equal value

Box 1.5 Continued

(Jochmann Döll, 1990). Nevertheless ... in Italy as well as in Germany it would be difficult for a skilled clerical worker, for example, to have a lower salary than a semi-skilled production worker in the same factory, but this is a normal and possible outcome in the UK.

Extract from J. Rubery, F. Bettio, C. Fagan, F. Maier, S. Quack and P. Villa, 'Payment systems and gender pay differentials: some societal effects', in J. Rubery *et al.* (eds), *Equal Pay in Europe?* (Basingstoke: Macmillan/ILO, 1998), pp. 13–16.

References in text:

IRS (Industrial Relations Services), *Pay and Gender in Britain* (London: Equal Opportunities Commission and IRS, 1991).

A. Jochmann-Döll 'Gleicher Lohn für gleichwertige Arbeit: ausländische und deutsche Konzepte und Erfahrungen', doctoral dissertation (University of Trier, 1990).

P. Méhaut, 'Further education, vocational training and the labour market: the French and German systems compared', in A. Castro, P. Méhaut and J. Rubery (eds), *International Integration and Labour Market Organization* (London: Academic Press, 1992).

Working time

There is a range of variations in working time patterns across countries, including differences in standard weekly hours, differences in the incidence of overtime working, and of working over the weekend; and strong national differences in when and how much holiday is taken. The extracts chosen here relate to one form of working time arrangement which shows particular variability across countries, namely part-time working. Part-time work is one of the major areas of employment growth in advanced countries. It is associated in part with the expansion of female employment and also with the growth of the service economy. However, there is no universal relationship between the availability of part-time work and the integration of women into the labour market (Rubery *et al.*, 1998b) as the extract in Box 1.6 from Birgit Pfau-Effinger's (1998) comparison of part-time work in the Netherlands, Germany and Finland outlines.

Box 1.6 The role of part-time work in the integration of women into employment depends on the gender order

In the postwar period, the basic characteristics of the gender culture already differed significantly between the countries examined here (the Netherlands, Germany and Finland) exemplified by the rates of female activity. In the following decades, in all three countries, processes of renegotiation of the gender arrangements between societal actors and a change in cultural ideals took place which was primarily initiated by women and in which men participated to a different degree. The new ideals are, more than before, based on the cultural construction of the 'employed mother'. Differences in the degree and forms in which women were integrated into the labour market can be primarily explained by the fact that cultural change was based on different cultural traditions, proceeding under different dynamics of change which resulted in diverging paths. In those countries where the tradition of the male breadwinner/female carer family prevailed, the idea of privatised childhood survived in part. As a consequence, part-time work was a substantial element of the modernisation of the male breadwinner family model. Though in parts precarious, part-time work turned out to be a new form of employment for women in the biographical phases of active motherhood. This is even more true for the Netherlands than for West Germany. These differences can be explained by the fact that the tradition of the 'home caring society' and the housewife marriage was more deep-rooted in the Netherlands. Institutional regulation has in part reinforced the orientation of women towards part-time work in these countries. In contrast, in Finland, where the male breadwinner/female carer model was never dominant, the tradition of women's full-time participation in the production sphere was maintained during the modernisation process and change in the gender arrangement.

Extract from B. Pfau-Effinger, 'Culture or structure as explanations for differences in part-time work in Germany, Finland and the Netherlands?', in J. O'Reilly and C. Fagan (eds), *Part-Time Prospects* (London: Routledge, 1998), p. 192.

Part-time work has implications for terms and conditions of employment, and also, because of the concentration of women in part-time work in many countries, for gender equality in the labour market. However, as the comparison in Box 1.7 of the Netherlands and the UK illustrates, the consequences for earnings and employment opportunities of working part-time do vary significantly, even between two of the countries with the highest use of part-time work in the EU.

Box 1.7 Part-time work is women's work in both the Netherlands and Britain, but the penalties for working part-time are higher in Britain

Part-time employment is segregated in both countries, but the wage conditions which result are quite different. In the Netherlands the average hourly wage of women part timers is equal to that for women full timers and in 1988 both groups of women earned 73% of men's average hourly earnings (Plantenga and van Velzen, 1993: 5). In the same year women full timers did slightly better in the UK, earning 75% of male full-time hourly earnings, and this rose to 79% by 1992. However, women part timers only receive 75% of the earnings of full timers of their own sex and only 58% of male full-time earnings (Rubery, 1993: Figures 2 and 3).

When part timers are working alongside a full timer doing a job with the same job title they usually receive the same basic hourly rate of pay, even within deregulated sectors of deregulated labour markets such as the UK (IRS, 1991). However, the segregated pattern of part-time jobs means that most part timers work in female-dominated areas of the economy.

Box 1.7 Continued

Across the European Union employment in female-dominated sectors has some association with low pay, both within manufacturing and in service sectors for which earnings data are available. In both the Netherlands and the UK (and for other member states where data are available) retail ranks as the lowest paying service sector by total average earnings, followed by hotels and catering, which falls within 'other services'. Retail also pays lower than the lowest paying manufacturing industries, based on total average male non-manual earnings in industry (Rubery and Fagan, 1994, pp. 167–70 and appendix tables).

We have already noted that three quarters of female part timers in the Netherlands and the UK are found in other services and distribution, the two lowest-paying service sectors in both countries. In the UK it is intra-industry differentials between full timers and part timers, but more importantly the high concentration of part timers in service and retail activities, which accounts for the lower hourly earnings of part timers (Rubery, 1993: 79). In contrast, the absence of a pay gap between women full timers and part timers in the Netherlands arises from two factors. First, the wage floor set by established minimum rates acts to narrow the earnings gap between high and low paying sectors and occupations (Rubery and Fagan, 1994a). Second, while similar shares of part timers in both countries hold service jobs, fewer are concentrated into retail jobs in the Netherlands (see above).

Although a large share of part timers in both countries are concentrated in two low paying sectors, the implications for their earnings differ because of the different wage systems. Indeed, the CERC (1991) report provides a comparison of low pay among part timers based on hourly earnings which shows that part timers are less at risk of low pay in the Netherlands than in the UK. On this comparison, 17% of all full timers and 60% of all part timers are low paid in the UK, while in the Netherlands 11% of full timers and 23% of part timers were low paid. And it is estimated that in the UK close to half (46%) of all workers paid below two thirds of the full-time median hourly wage are female part timers, while 23% are women full timers and the remaining 30% are men (Rubery, 1993: Table 1.2.3).

Extract from C. Fagan, J. Plantenga and J. Rubery, 'Part-time work and inequality? Lessons from the Netherlands and the UK', in *A Time for Working, A Time for Living* (Brussels: ETUC and ETUI, 1995), pp. 139–41.

References in text:

CERC, *Les Bas Salaires dans les Pays de la CEE*. V/20024/91-FR (Brussels: European Commission, 1991).

IRS (Industrial Relations Services), *Pay and Gender in Britain* (London: Equal Opportunities Commission/IRS, 1991).

J. Plantenga and S. van Velzen, *Wage Determination and Sex Segregation in Employment: the Case of the Netherlands*, Report to the European Commission (DGV–Equal Opportunities Unit, Brussels, 1993).

J. Rubery, *Wage Determination and Sex Segregation in Employment: Report for the UK*, Report to the European Commission (Brussels: DGV–Equal Opportunities Unit, 1993).

J. Rubery and C. Fagan, *Wage Determination and Sex Segregation in Employment in the European Community*, Social Europe Supplement 4/94 (Luxembourg: Office for Official Publications of the European Communities, 1994).

Downsizing and retirement

Patterns of exit from employment also vary according to societal arrangements, institutions and values. Restrictions on layoffs and redundancies vary from, at one extreme, the USA, where there are no statutory requirements for advance notice or compensation for plant closures and redundancies, to societies such as Spain, where

employers who wish to dismiss permanent staff have to engage in a lengthy legal process and pay significant compensation (although these conditions have been relaxed over recent years). These differences in approaches to layoffs and redundancy are by no means entirely explained by legal regulations; in particular the well-known job-for-life system in Japan is based on trust rather than legal entitlements to a job for life. Moreover, differences in approaches cannot be regarded as simply leading to delays or frustrations for management; they may also encourage a different approach to the internal organization of the labour market, with greater emphasis placed on redeployment and retraining rather than redundancy in societies where employers' prerogative to fire workers is constrained by legal and voluntary systems of job protection. Osterman's (1988) account of the differences in approach to the regulation of layoffs between Germany, Sweden and the USA recognizes that the systems prevailing in the first two countries do not prevent layoffs but raise their costs relative to the situation in the USA (Box 1.8).

Box 1.8 Employers face different restrictions on their rights to lay off workers without consultation

The (German) law provides that works councils be consulted with and be provided with information on a range of manpower topics including the number and procedures for layoffs, promotion criteria, changes in working conditions, the use of overtime and of 'short time', and the introduction of new technologies. Although management in principle need only consult, in practice on at least some of these topics the consent of the works council is necessary. The nature of works council agreement varies according to topic. For example, on the key issue of layoffs if, through negotiations, management is unable to reach agreement with the works council (which takes the form of a 'social agreement' [*Sozialplan*]), the council can submit the plan to an arbitration committee (*Einigungsstelle*) whose binding decision must take the social situation of the employees into account along with purely economic considerations of the firm. In addition, individual workers may take legal action in an industrial court in order to obtain severance pay. The consequence is not to render layoffs impossible but to raise their cost substantially ...

Swedish labour contracts do not generally contain the extensive prescription of work rules and job classifications found in American contracts. However, in the 1970s legislation was passed that is potentially more prescriptive concerning internal labor market rules. The two key laws are the Law on Codetermination (1997) and the Employment Security Legislation (1974).

The important characteristic of these laws, for our purposes, is that the codetermination legislation requires that firms inform and consult with unions on all matters concerning job design, work organisation, technological innovation, and promotion procedures. The employment security legislation requires that firms provide lengthy notification prior to layoffs and that layoffs proceed in the order dictated by (reverse) seniority.

As is apparent, the Swedish and German arrangements show a good deal in common. In both countries unions are stronger than in the United States, although the Swedish unions are far more powerful than their German counterparts. Both nations have passed national legislation that establishes workplace-based councils and restricts employer freedom to lay off employees. At the same time, there are important differences between the two countries, in particular that the German restrictions concerning employer freedom in establishing work

Box 1.8 Continued

rules and in laying off employees are considerably more stringent. In addition, social policy is much more tied to a specific work site in Germany than in Sweden.

Extract from P. Osterman, *Employment Futures* (New York: Oxford University Press, 1988), pp. 119–21.

The age at which people leave the labour market has tended to decline, particularly over the past two decades. However, the actual age at which the departure takes place, the conditions under which it occurs, and the extent to which there is a gradual and multi-phased departure or an abrupt clean break vary significantly between advanced societies. However, there have been relatively few comparative studies of retirement systems and in particular so-called early retirement systems. Naschold and Vroom's (1993) study of seven countries (the Netherlands, UK, USA, Sweden, Japan and the former West and East Germany) is a major exception, providing both analysis at the inter-country level (based on comparative statistics of participation rates), at the national level (based on comparative analyses of the societal systems of labour market organization and social security funding), and at the organization level (based on case studies of how organizations treat their older workers and why). Here we draw on Jacobs' and Rein's (1993) contribution to the study in their analysis of 'patterns of early retirement' to provide some examples not only of the different working patterns of older men across the seven countries, but also of the differences in the distribution of responsibilities towards older workers found in advanced countries (Box 1.9). Note that early retirement has so far been considered primarily an issue affecting men, as the involvement of older women in the labour market has up until recent years been much lower than that of men. These issues are likely to be significant for more women than men in the future as more women become continuous participants in the labour market.

Box 1.9 Exit means exit in some societies; in others work and partial retirement are combined

When we limit our analysis only to employed wage and salary workers, we find two quite distinct patterns. In the Continental countries of Germany, France and the Netherlands, men move from full-time work to full-time retirement. This means that there is, by and large, no partial exit or re-entry into employment at some later period of time. We call this pattern 'exit is exit' because it graphically illustrates that once a man leaves work, his opportunity to re-enter work is virtually non-existent.

What about the remaining countries where there is a much higher employment activity rate among wage and salary workers? What these countries share in common is that at least a substantial minority of older men combine work and retirement, or have their work redefined so that the job itself signals the beginning of a retirement process. But the different

Box 1.9 Continued

methods of how work and retirement are combined are quite varied. Here we want to call attention to the different processes that produce a similar outcome ...

Sweden: partial retirement

In Sweden, the relatively high proportion of employment for older workers in wage and salary positions is created by a system of partial pension arrangements which permits an individual to get roughly about 75 percent or more of his previous earnings while working only half the number of hours ... But the system apparently seems to work only in Sweden where one finds a very strong commitment to the right to work which extends also to older men and even to those who are partially disabled and cannot find a job because of labor market conditions. There have been some changes, however, in this regard since the elimination of partial disability due to work-related conditions in 1990. What is distinctive in the Swedish system of partial pensions is that individuals stay on their same job, and the employer reconstitutes it from a full-time to a part-time position. In this scheme there is an institutional commitment on the part of the employer to continue hiring the older worker and on the part of the state to create a special program to buffer the loss of income from a reduction in hours worked and earnings. As a result, we find that almost a third of all men 60 to 64 work part-time in Sweden. While part-time employment for men 60 to 62 is high in the United States, there is no institutional commitment to find partial work. The responsibility to find part-time work falls on the individual and is not an obligation of the firm ...

Japan: re-employment

What distinguishes the Japanese pattern? Whereas the Swedish system emphasizes a change in the hours of work but a continuity of type of work, the Japanese system emphasizes a change in the status of work and a change in earnings. At a given age of termination of employment called the '*teinen*' age, at one time age 55 and later raised to age 60, virtually all wage and salary workers are expected to terminate their contracts with the firm. Rebick has shown that the '*teinen*' age arrangements increasingly apply to small as well as large firms. We conclude that most workers are covered by this arrangement. Workers are either reemployed by the firm, or are placed out to another affiliate or daughter firm. There are a variety of different levels that the parent firm can be involved in arranging for this placement. In general, the more the parent firm is involved, the better off the worker is economically ... The core idea underpinning the Japanese system is the obligation of the firm to continue employment of workers on a full-time basis, but at lower earnings which can be supplemented with a public or private pension arrangement. In this sense the Japanese approach is similar to that of Sweden where firms have a social obligation to reemploy individuals, so the transition is an institutionally established principle and not merely an ad hoc arrangement where the initiative falls on the individual alone ...

The United States: multiple options

The distinguishing characteristic of the American system is to support a variety of options that individuals can pursue on their own. There are at least two institutions which reinforce the support of these options. First, there is the public social security system which by its nature is designed to provide only a floor of social protection to prevent poverty and hardship. Unlike the European system, it is not designed by itself to promote for middle and higher income groups the continuity of lifestyles achieved before retirement ...

The second institutional arrangement arises from legislation which eliminates mandatory retirement age and seeks to implement anti-age discrimination practice in firms. Of course, the legislation does not end age-linked hiring and firing, although it certainly reduces the extent to which age plays a role in this process. The point we want to stress here is that the

Box 1.9 Continued

existence of anti-age discrimination legislation works institutionally to support the range of individually chosen options.

The American system might, therefore, be described as follows. A majority of individuals follow the European pattern of exit is exit... There is, however, a substantial minority of individuals who create ad hoc arrangements which work in different ways depending on the individual's situation. This generates a range of patterns rather than a definite national norm. The following variations are identifiable:

- (a) Men move into other jobs that pay less and demand less of them. These are jobs characterized by easy entry and easy exit...
- (b) Men remain in the same line of work or in the same field, but diminish their investment in their career job. Of course, this can occur at any age; for example, the professor who stops writing after receiving tenure.
- (c) Men gradually retire from work by acquiring a part-time position, which may be in their own field or, more typically, in a different industry or occupation
- (d) Men may reenter work after a period of retirement because the public and private pensions they receive turn out to be inadequate to maintain the lifestyle they seek to maintain, or perhaps because the lack of work undermines their ability to realize a meaningful life, or for some combination of both financial and personal reasons.

Extract from K. Jacobs and M. Rein, 'Early retirement: stability, reversal or redefinition', in F. Naschold and B. de Vroom (eds), *Regulating Employment and Welfare* (Berlin: de Gruyter, 1993), pp. 33–6.

Employee involvement

Various European countries provide rights for worker participation in management at the workplace level. These rights have also been extended across the whole of the European Union for those workers in companies which have plants in more than one European country (see Gill and Krieger, 2000; Hancké, 2000; Marginson, 2000; Whittall, 2000; Wills, 2000). However, as the extract in Box 1.10 from Turner (1993) explores, the existence of legislative rights does not say very much about how worker participation schemes work in practice. In this comparison of Germany and France we find that the trade union system, the political culture and the form of legislation play a major role.

Box 1.10 Is worker participation a means to pursue common interests or does it compromise the class struggle?

Germany

The German version of WPM (Worker Participation in Management), known as codetermination (*Mitbestimmung*), is an integral part of an industrial relations system that has been widely recognized for its success. There are two poles to codetermination: employee participation on company supervisory boards and elected works councils at the plant and firm levels.

Board representation, although not insignificant, is the least important of the two poles of codetermination. Supervisory boards meet only a few times a year, with day-to-day

Box 1.10 Continued

decisions made by a separate management board, which is, however, elected by the supervisory board. For the worker representatives on these boards (usually works councillors and union representatives), these meetings afford occasions to learn of company financial and strategic planning. The access to information and the ability to speak out at top levels has sometimes served works council and union interests and smoothed labor-management negotiations. Yet except in the iron, steel and coal industries, which have parity representation on the boards, labor's minority position on the supervisory boards has given codetermination at this level a minor role compared to the daily activities of the works councils.

Works councils are legally independent of both union and management, and they are democratically elected by the entire work force, blue and white collar employees.

Work councils are empowered by law, precedent and plant- and firm-level agreements to receive full information and consult with management prior to the implementation of decisions affecting personnel. In specified areas, works councils have veto rights, giving true meaning to the term 'codetermination'.

How does this works council system work in practice? From a management point of view, there are many actions a firm cannot take without first consulting the works council. In such areas as the introduction of new technology and job design, management is required to inform the works council and listen to comments and suggestions prior to implementation. In these areas, management often ignores the wishes of the works council once the consultation obligation is fulfilled. But in other areas, management must either gain the assent of the works council or, in the event of stalemate, submit the matter to binding arbitration. Under the Works Constitution Act, works councils have codetermination rights in the areas of working hours, piecework rates and bonuses, and performance monitoring (Article 87); working conditions in cases where employers have violated accepted principles of suitable job design (Article 91); hiring, firing, transfers, assignment to pay groupings, or job classifications (Articles 95 and 99); and training and retraining (Article 98).

In spite of West German industry's often cited shop-floor flexibility, given the myriad personnel issues involved, management is not free to reorganize work without extensive discussion with the works council. While decisionmaking may be slowed in this consensus-building process (and the outcome may be altered), once agreement is reached management has an important ally in the works council for winning work force acceptance and smoothing implementation.

Germany also has a strong and fairly cohesive labor movement organized into one principal labor federation (the DGB), itself composed of sixteen industrial unions. From 1978 until unification, union membership density of the employed work force in West Germany was stable at around 40 percent. Relations between unions and works councils are typically close: works councils, especially in the larger firms, are usually dominated by union activists who work closely with the local union office.

At the regional level, fairly centralized unions and employer associations conduct nationally coordinated collective bargaining for entire sectors, establishing the framework for wages, working conditions and hours within which works councils and managers operate. The unions, with substantial resources at the national level, are in a position to offer works councils important advice on strategy, bargaining, key issues and daily operations. This is especially true of the larger unions such as IG Metall and works councils at the larger firms.

France

Although less developed and more limited, WPM is nonetheless widespread in France. At plant and firm levels, workers are represented through staff delegations (*délégations du personnel*), trade union sections (*sections syndicales*) and works committees (*comités d'entreprise*). The staff delegations monitor company rules and present grievances, but they have no bargaining power. The union representatives can engage in collective bargaining

Box 1.10 Continued

and represent worker interests in other ways. They also put up slates of candidates for election to the works committee, itself designated to play a limited role in WPM. Established by law in 1946, works committees are elected bodies at firms with 50 or more employees, with rights to information and consultation. Through the works committees, workers and unionists receive advance information regarding company plans, giving them the opportunity to mobilize if necessary. But the committees themselves are chaired by the plant manager and have no formal joint decisionmaking rights except in managing recreational facilities and activities. In most cases this latter area is the major preoccupation of the works committees; on the average they derive two-thirds of their budgets from revenues generated in the recreational programs, with the remaining third provided by the company.

At some large firms such as EDF (the national electric company), the works committees are powerful bodies. Their activities often overlap with union representatives' work. Most of the elected committee members are unionists; at large firms they are often freed from normal work duties by virtue of their positions on the committees. Yet even in these cases, works committees generally have not advanced beyond information rights into more extensive WPM for a number of reasons: employers are opposed; French unions have rejected in principle participation in management decisionmaking although one of the principal labor federations, the CFDT, supports worker decisionmaking or 'autogestion'; and plant representation is typically fragmented into several contending union sections who may carry their rivalry into their works committee efforts.

The French labor movement is divided into six principal, often contentious union federations (CGT, CFDT, FO, CFTC, CGC and FEN). The three largest, the CGT, CFDT and FO, are all on the left (the CFDT and FO are socialist, but bitter rivals; the CGT is communist and still the largest). Ideological divisions and organizational rivalries among them are intense. Ever since the breakdown of efforts to form a coalition between the socialist and communist parties in 1977, and between the CFDT and CGT in 1980, the French labor movement has been in decline. This has persisted, especially for the CGT, even under socialist governments. France is the only industrial democracy with a lower union membership density (12 percent or less) than the United States. Divided and in decline, the unions have hardly been in a position to promote expanded WPM through the works committees or in other ways, even if they were inclined to go in that direction. In fact, in the 1989 works committee elections, nonunion candidates for the first time won the largest number of elected committee positions for France as a whole. The expansion of WPM in France in the past decade has been significantly employer led. Managers have promoted various forms of direct participation, including quality circles and expression groups. Such programs aim at complementing the works committees on the shop floor; they also appear to have had the effect of further undermining the unions.

As for Europe, the socialist party and the government support worker protections embodied in the Social Charter and its action program, including expanded information and consultation rights. But the French perspective, even the socialist and union views, are decidedly different from the German union perspective. As Jansen and Kissler [1987] put it: 'Radical democratic traditions, overlapping an individualism which has a definite existence in France, give rise to the fact that common interests hardly ever arise in the area of industrial relations ... The co-determination model favoured by Germany is rejected virtually universally in France. Political groups and trade unions object that co-determination presumes harmony to exist where, in reality, conflict rules.'

Extract from L. Turner, 'Prospects for worker participation in management in the single market', in L. Ulman, B. Eichengreen and W. Dickens (eds), *Labor and an Integrated Europe* (Washington, D.C.: The Brookings Institution, 1993: 63-9).

Reference in text:

P. Jansen and L. Kissler, 'Organization of work by participation? A French-German comparison', *Economic and Industrial Democracy*, 8 (1987): 379-409.

Conclusions

This introductory chapter has sought to do three things. First it has set out some of the reasons why employment is a topic of key importance to a whole series of agents or actors in society, from individual citizens, to corporations, through to governments and political bodies. Second, it has identified five key aspects of employment and indicated how differences between societies may be important factors to take into account in looking at some of the key debates in these areas. The questions whether labour markets are tending to deskill work, to move to individualized pay, to introduce flexible and part-time work, to increase downsizing and early retirement or to provide an increased role for employee voice cannot be answered without reference to the experience of particular societies. Third, the chapter has introduced the reader to a sample of some of the rich qualitative material now available on comparative employment systems. We hope this has whetted the appetite for further reading and in-depth country comparisons. This now significant literature will be pointed to throughout the rest of the book, to provide ample opportunities for following up specific country cases and interesting comparative analyses.

Index of names

- Abegglen, T. 118
Ackroyd, S. 74, 75
Adler, N. 202, 203–4
Adler, P. 69, 70
Almond, P. 40, 169
American Management Association 185
Andresen, B. 134
Anker, R. 95
Anttonen, A. 96
Appelbaum, E. 58, 68
Arber, S. 99
Arthur, M. 67
Ashton, D. 38
Auer, P. 68
- Baccaro, L. 162
Bagnasco, A. 66
Bamber, G. 173
Baron, J. 183
Barrat, O. 183
Bartlett, C. 202–4, 205
Batt, R. 58, 68
Baumol, W.J. 93
Bazen, S. 163
Beadle, E. 115
Becker, G. 108
Bennett, R. 117
Berger, S. 130
Berggren, C. 68, 69, 70
Best, M. 53, 54, 55, 57, 59, 230
Bettio, F. 14–16, 89
BiBB 121, 130, 131
Bjorkman, I. 215
Black, J.S. 206
Blettner, K. 189
Blyton, P. 193
- BMW 131
BMW 131
Bosch, G. 130–1, 192
Boulin, J.-Y. 152, 153
Bowles, S. 52
Boyer, R. 30, 37, 54, 56, 57, 123
Brewster, C. 43–4
Briscoe, G. 117
Broad, G. 206, 220
Brody, D. 155
Brown, C. 14, 184
Brown, W. 163
Brulin, G. 69
Brunello, G. 189, 190
Brusco, S. 66
Buchele, R. 165, 173
Büchtemann, C.F. 126, 128
Burchell, B. 46
Bussemaker, J. 85
Buttler, F. 135
- Caire, G. 187, 247
Campbell, I. 146
Cappelli, P. 76, 109, 113, 125, 163, 185, 190
Carabelli, U. 186
Carlin, W. 134
Carre, F. 114
Casey, B. 98
Castells, M. 131
CEC 79, 227, 253
CERC 18
Chalmers, N. 120, 136, 156, 157
Chandler, A.D. 201
Child, J. 29, 30, 31, 36, 46
Christiansen, J. 37, 165, 173
Clinton, W. 91, 241, 247
Coates, D. 226, 229, 234

- Cole, R. 69, 70
 Cole, R.E. 156
 Conceição, P. 146
 Connell, R.W. 100
 Cousins, C. 165, 174
 Crawcour, E.S. 136
 Crompton, R. 10
 Crouch, C. 109, 125, 132
 Crozier, M. 178
 Culpepper, P. 114, 121, 123, 130, 134
- Daly, A. 180
 Daly, M. 89
 Darbshire, O. 156
 Davies, H. 99
 Deakin, S. 165
 Delbridge, R. 61
 Dewe, P. 202
 Dickens, W. 24
 DiMaggio, P. 210
 Ditch, J. 238
 Doeringer, P. 183
 Donovan, Lord 150
 Dore, R. 45, 61, 118, 119, 126, 130, 170
 Dornisfe, C. 130
 Dunlop, J.T. 173
 Dunning, J. 42, 240
- EC Childcare Network 102
 Edwards, P. 150, 214, 221
 Edwards, T. 206, 220
 Eichengreen, B. 24
 EIRR 174
 Elger, T. 31, 45, 46, 47, 73
 Elliott, L. 241
 Ellingsæter, A.–L. 98
 Emery, F. 69
 Endo, K. 184
 Esping-Anderson, G. 85, 86, 87, 91, 92
 European Commission 252–3
 European Observatory on Family Matters 239
 Eyraud, F. 111
- Fagan, C. 14–15, 17, 17–18, 100, 195
 Ferner, A. 115, 154, 173, 206, 208, 209, 210, 212, 213, 214, 220, 221
 Finegold, D. 38, 114, 121, 130, 134
 Finkelstein, N. 130
 Folbre, N. 89
 Foray, D. 129
 Franz, W. 134
 Freeman, R.B. 83, 95, 145, 147, 155, 156, 245, 255
 French, J. 246
- Galbraith, J. 145, 146
 Gallie, D. 10, 31
 Garnjost, P. 188–9
 Ghadar, F. 203–4
 Ghauri, P. 205, 206, 207, 213
 Ghoshal, S. 201–3
 Gibbons, S. 255, 258
 Giersch, H. 29
 Gill, C. 22
 Ginn, J. 99
 Gordon, A. 190
 Gormick, J. 97
 Gospel, H. 54, 116–17
 Gray, J. 225, 226, 231
 Green, F. 38
 Greenhalgh, C. 123
 Greenspan, A. 146
 Gregg, P. 141
 Grimshaw, D. 117, 163, 170
 Grønhaug, K. 216–17, 218
 Grønning, T. 135
 Grünert, H. 135
- Hakim, C. 101
 Hanami, T. 156
 Hancké, B. 22
 Harrison, B. 67
 Hartog, J. 83
 Hartz, P. 188, 189
 Hashimoto, M. 183
 Hasluck, C. 116, 117
 Hassel, A. 171, 174
 Hedlund, G. 205
 Heery, E. 150
 Herrigel, G. 134
 Heseler, H. 190
 Heyes, J. 193
 Hickson, D.J. 30
 Hilbert, J. 121, 135
 Hirst, P. 224–5, 239
 Hoffmann, J. 151, 152
 Hoffmann, R. 153
 Hofstede, G.H. 33, 34, 35, 36
 Hogarth, T. 117
 Hollingsworth, J.R. 37, 42, 57
 Hopkins, T. 30, 225
 Horvath, D. 35, 208
 Humphries, J. 49, 105
 Huselid, M. 76
 Hyman, R. 29–30, 115, 148, 150, 152, 153, 154–5, 173, 222
- Imai, K. 119
 India Committee on the Netherlands 256–8

- Inoki, T. 14
 International Confederation of Free Trade Unions 255
 IRS (Industrial Relations Services) 15, 17
 Itoh, H. 184
 Iwao, N. 172
- Jackson, M.P. 163
 Jacobs, K. 20–2
 Jacoby, S. 28, 183
 Jain, H. 213, 219
 Jansen, P. 24
 Japan Institute of Labour 171
 Jeffreys, S. 153
 Jochmann–Döll, A. 16
 Jones, D. 55, 69
 Jones, I. 116, 117
 Joshi, H. 99
 Joshi, P. 114
 Jouhaux, L. 153
 Juhn, C. 129
 Jürgens, U. 179
- Kalleberg, A. 121, 180
 Katz, H. 156, 162, 163, 171
 Katz, L.F. 129
 Kern, H. 64
 Kerr, C. 31
 Kersbergen, K. van 85
 Kerschen, N. 187
 Kevalaer, K.-H. van 121, 135
 Keynes, J.M. 146
 Kissler, L. 24
 Klein, N. 256
 Koike, K. 14, 184
 Komiya, R. 119
 Koshiro, K. 136
 Krieger, H. 22
 Krueger, R.B. 129
 Krugman, P. 29, 84
 Kruppe, T. 194–5
 Kuwahara, Y. 156, 173
 Kuznets, S. 146
- Ladipo, D. 83
 Lam, A. 9–10, 180
 Lane, C. 33, 35, 45, 46, 47, 51, 54, 56, 57, 64, 115, 170, 173, 174, 177, 178, 180
 Lansbury, R. 173
 Latting, J. 130
 Latulippe, D. 81
 Laurent, A. 207, 213
 Layard, R. 117
 Lee, E. 243, 259
 Leong, S.M. 202
- Lewis, J. 89, 90
 Lincoln, J. 172, 180
 Littler, C. 54, 136
 Lodovici, M. 161, 167
 Lorenz, E. 73–4
 Lu, Y. 215
 Lundvall, B.–A. 129
 Lutz, B. 38, 134
 Lynch, L.M. 108, 112, 113, 118, 123, 125, 135
- Maier, F. 14–16, 121, 135
 Marchington, M. 150
 Marginson, P. 22
 Marglin, S. 54
 Marsden, D. 111, 115, 116, 117, 177, 178, 179, 182, 183, 184
 Marullo, S. 168, 169
 Marx, I. 94
 Maslow, A.H. 34–5
 Massey, D. 185
 Maurice, M. 10–12, 31, 37, 38, 71, 122, 123, 126, 176–7, 178, 180
 Mayhew, K. 117
 Mayo, E. 69
 McCormick, B. 182, 184
 McCormick, K. 182, 184
 McGreal, C. 227
 McSweeney, B. 35, 36
 Meegan, R. 185
 Méhaut, P. 16
 Meiksins, P. 40, 45, 47, 232
 Metcalfe, D. 164
 Milkman, R. 73
 Millward, N. 163, 193
 Mincer, J. 108
 Mishel, L. 12, 144, 145
 Morgan, G. 31
 Morishima, M. 118
 Mósesdóttir, L. 100
 Mosley, H. 165, 167, 171, 194–5
 Mückenberger, U. 165, 190
 Mueller, F. 69
 Münch, J. 121
 Murphy, K.M. 129
- Nakata, Y. 14, 172
 Naschold, F. 20, 22, 98
 Nickell, S. 145
 Nilsson, T. 69
 Nohria, N. 209, 215, 216, 219
 Nordhaug, O. 216–17, 218
 Nygard, K. 260
- OECD 77, 78, 79, 80, 82, 103, 138, 142, 143, 161, 163, 164, 165, 166, 167, 168, 169, 171, 174

- Ohashi, I. 119, 137
 Ohno, T. 55
 Olie, R. 34, 35
 Oliver, N. 73
 O'Reilly, J. 17, 100, 195
 Osterman, P. 12, 19, 75, 76
 Owen, G. 117
- Paauwe, J. 202
 Palley, T. 146
 Parker, E. 114
 Parker, M. 163
 Peck, J. 91
 Perlmutter, H.V. 205
 Pfau-Effinger, B. 16, 17, 100
 Pfeffer, J. 28, 32
 Pillinger, J. 249
 Piore, M. 54, 56, 64–5, 183
 Plantenga, J. 17–18
 Pontusson, J. 161
 Popitz, H. 12
 Porter, M. 229–30
 Portes, A. 245
 Powell, W. 210
 Prais, S. 115, 180
 Prasad, S.B. 205, 206, 207, 213
 Proctor, S. 74, 75
 Prodi, R. 186
 Purcell, J. 50
 Purcell, K. 10
- Quack, S. 14–16
 Quintanilla, J. 209, 210, 211, 212, 220
- Raisian, J. 183
 Rake, K. 99
 Ramsay, H. 198
 Rea, D. 163
 Regalia, I. 154
 Regini, M. 154
 Reich, M. 14
 Reich, R. 225, 226, 228–9
 Rein, M. 20–2
 Reynaud, J.–D. 153
 Riegler, C. 68
 Rinehart, J. 220
 Rogers, J. 114, 155
 Roos, D. 55, 69
 Rosdücher, J. 188, 189
 Rose, M. 68
 Rosen, S. 84
 Rosenvallen, P. 153
 Rosenzweig, P. 209, 215, 216, 219
 Rousseau, D. 67
- Rubery, J. 14–15, 16, 17–18, 41, 47, 49, 97, 103,
 104, 105, 170, 182, 184, 196, 197
 Ruysseveldt, J. van 150, 151, 152, 160, 173
 Ryan, P. 111, 115, 117, 126
- Sabel, C. 54, 56, 64–5, 66, 134
 Sachdev, S. 163
 Sako, M. 59–60, 118, 119, 126
 Salverda, W. 145–6
 Sassen, S. 42
 Saxenian, A. 67
 Schettkat, R. 95, 135
 Schor, J. 54
 Schulten, T. 171
 Schumann, M. 64
 Scullion, H. 206, 208
 Seifert, H. 188, 189
 Sellier, F. 10–12, 122
 Sen, A. 244
 Sengenberger, W. 111, 244–5
 Senker, P. 116
 Sennett, R. 231
 Silverman, D. 31
 Silvestre, J.–J. 10–12, 122
 Simon, H. 3
 Singh, J. 209
 Siora, G. 117
 Sipilä, J. 96
 Slaughter, J. 163
 Slichter, S. 178
 Slomp, H. 158, 159
 Smith, A. 177
 Smith, C. 31, 40, 45, 46, 47, 73, 232
 Smith, M. 104, 170, 196
 Smithers, R. 227
 Somovia, J. 246
 Sorge, A. 35, 37, 38, 40, 42, 49, 177
 Soskice, D. 38, 134, 135, 162
 Standing, G. 160
 Stanford, J. 146, 173
 Steedman, H. 180
 Stern, D. 130
 Stevens, M. 117
 Stewart, P. 61
 Stone, J. 130
 Stopford, J. 202
 Storey, J. 189
 Streeck, W. 30, 39, 40–1, 42, 63, 65, 76, 120, 121,
 129, 130, 135, 151, 198
 Swenson, P. 161
- Tachibanaki, T. 119, 137
 Tak Kee, H. 220
 Tan, C.T. 203
 Tayeb, M. 29, 30, 31, 36, 46

Taylor, F.W. 177
Thompson, G. 225–6, 239
Thörnqvist, C. 161, 171
Toyoda, E. 55
Traxler, F. 149, 150, 157, 161
Tregaskis, O. 219
Treu, T. 154
Tronti, L. 186, 187
Tung, R. 206
Turnbull, P. 190, 191
Turner, L. 22–4

Ulman, L. 14, 24, 173
United Nations 224

Veersma, U. 254
Velzen, S. van 17
Verbist, G. 94
Vernon, R. 202, 203
Villa, P. 15–16, 89
Visser, J. 150, 151, 152, 154, 160, 173
Volkswagen A.G. 188–9
Vroom, B. de 20, 22, 98

Waddington, J. 150, 153
Wadsworth, J. 141

Wagner, K. 134–5, 180
Wallerstein, I. 30, 225
Walters, J. 247
Warner, M. 38, 177
Wass, V. 190, 191
Weathers, C. 172
Weber, H. 121, 135
Weiss, L. 41, 61
Wells, L. 201
Wever, K. 113, 122, 125, 190
White, G. 163
Whitley, R. 40, 71, 221, 226, 230
Whittall, M. 22
Wilkinson, B. 73
Wilkinson, F. 41, 46, 163
Williams, K. 231
Wills, J. 22
Witte, J. 121
Womack, J. 31, 55, 56, 69
Wood, S. 98

Yuen, E. 220

Subject index

- Accelerated Modern Apprenticeship 116
actors, social 2–4, 47, 49–50
adaptive production 57
adjustment of job offers 140–1
administrative efficiency 199–200
age
 childbearing 238
 of entry into employment 80
 retirement 80–1
 Aid to Families with Dependent Children (AFDC) 91
alternative enforcement mechanisms 255–9
American Federation of Labour 155
Amsterdam Treaty 250
Anglo-Saxonization 220
annualized hours 192–4
apprenticeships
 Germany 119–21, 134
 UK 114–15, 116–17
authority, basis of 10–12, 179

banking 195
basic rights 245
Belgium 159
Benetton 66–7
best practice 31–2, 75–6, 233
 dominant country approach 27, 45–6, 47–8
 force for divergence 233
 MNCs as agents of diffusion of 199–201
 modes of diffusion 211–17
 system effects 45–6, 47–8
 universalist approach 27, 28–32
births outside marriage 238
Body Shop 258
borrowing from other societies 70–5
boycotts 255–59
business unionism 148, 155–7

capitalism
 divergent forms and welfare regimes 84
 global 225
 Marxist analysis of development of world economy 29–30
car industry 55, 69–70, 188–9
care arrangements 94–8
career structures 8–9, 11
centralized collective bargaining 160–2
CGT 24, 152, 153
CGTU 153
Charter of Fundamental Rights of the European Union 251
child care 95–8
choice of technique approach 28–9
cities 240
citizens 47, 49
civic rights 245
Clean Clothes Campaign 258
codes of conduct 251–59
codetermination system 22–3, 41
coercive comparison 212, 213–14
coherence 42–3
collective bargaining 160–3
collective dismissals 166, 167
collectivism vs individualism 33
commitment 59–60
 lifetime commitment 118
commodification of labour 85–8
Communication Workers of America (CWA) 114
company level bargaining 161–2
company-specific comparative advantage 229–30
company unions 60, 155–7

- competition
 - and cooperation in industrial districts 65, 66
 - 'new' 54
- conflict 42–3
- consensus 42–3
 - consensus-led vocational training 106–7, 112, 117–20, 125–6, 130–1
- consumer boycotts 256–8
- context-specific labour standards 242–5
- continental European welfare model 90
- contingency approach 27, 30–2, 35
- continuous improvement 59, 230
- control and monitoring 59–60
- convergence
 - gender, employment and 103–5
 - globalization and 222–7, 232–40
 - pressures for in regulation 170–3
- cooperation 65, 66
- corporate culture 204
 - development of 212, 213
- corporate influences 208–20
- corporate isomorphism 209–11
- corporatist welfare regime 84–7
- Council of Ministers 249
- coverage of training 124–9
- craft-based vocational training 134–5
- cross-national isomorphism 209–11
- cultural/social norm influences 217, 218
- culturalist approach 26, 27, 32–6, 44–6
- customized production 57

- decommodification of labour 85–8
- Denmark 159
- deregulated model, convergence towards 170–2
- development-dependent labour standards 243–6
- diffusion 45
 - modes of diffusion of best practice 211–17
- dismissal 165–7
 - see also* downsizing
- distinctive business systems 40
- divergent interests 2–5
- diversified quality production system 57, 58, 62–4
- diversity 1–25
 - importance of employment 2–5
 - national comparative case studies 6–24
 - national differences 5–6
- division of labour 177–81
- divorce rate 238
- dominance effects 45–6
- dominant country theory 27, 40, 220
- downsizing 7, 19–22, 185–91
- dual system of apprenticeship 120, 133

- dualism 136
- dynamic framework 43–50

- early retirement 19–20, 20–1, 98–9
- education *see* training and education
- elder care 96–8
- employee involvement 7, 20–4, 59, 60
 - see also* works councils
- employee status 110
- employers 4, 47, 49
 - freedoms in flexible labour markets 138–41
 - role in labour market regulation 147–57
- employment contracts
 - atypical 165
 - fixed-term 167
 - labour market flexibility 139, 140
 - nature of the employment contract 2, 3
- employment protection 164–7, 170–1
 - prevention of redundancy 186–91
- employment rates 78–83, 142–7
 - change and continuity 81–3
 - gender gap 81, 82
 - older men 81, 82
 - women 79, 80, 102–3; impact of marriage and motherhood 80, 101
- engineers 8–9
- equal treatment principle 168–70, 250
- equality vs jobs trade-off 145–6
- ethical trading 258–9
- ethnocentric organizations 205–7
- European social model 29
- European Union (EU) 49–50, 226, 227
 - employment rate 142–3
 - labour standards 249–54, 255
 - pan-national governance 234–5
- exchange-based power 214
- extension agreements 160
- external pressures 47–9

- family
 - state, market and family and welfare regimes 86–8
 - trends in family structure 237, 238, 239
- family organizational design 34
- Federation of German Trade Unions (DGB) 151
- Fédération Internationale de Football Association (FIFA) 256–8
- feminism 236
- femininity vs masculinity 33, 34
- fertility 237, 238
- financial incentives 206–7
- Finland 16, 17, 98
- fixed-term contracts 167

- flexibility 43–4, 138–41
 gender, part-time work and 99–103, 103–5
 and minimizing redundancies 186–7
 and labour market performance 142–7
 pressures for and training system 132–3
see also regulation
- flexible diversified quality production 57
- flexible production 57
- flexible specialization 57, 58, 64–7
- Fordist production regimes 8–10, 54–7
- foreign direct investment (FDI) 222, 223
- foremen 10–12
- fragmentation, social 235–38
- France
 childcare 96
 deregulation and re-regulation 170
 division of labour 177–81 *passim*
 employee involvement 23; works councils
 23–4, 158, 159
 employment protection 186
 emulation of Japanese methods 72–3
 foremen 10–12
 industrial relations 150, 152–4
 payment systems 181–4 *passim*
 promotion of motherhood 100
 societal effect approach 38
 training system 110, 111, 122–3;
 performance of 124–8 *passim*
 wage setting 160
 welfare regime 88–9
 working time 195, 196
- free collective bargaining 151
- functional specialization 178, 179
- gender pay inequality 13, 14–16
- gender regimes 99–105
 employment and convergence 103–5
 flexibility and part-time work 100–3,
 103–5
- General Motors (GM) 190
- geocentric organizations 205–8
- German MNCs 220
- Germany 234
 care arrangements 96
 codetermination system 22–3, 41
 division of labour 177–81 *passim*
 employee involvement 20–4; works
 councils 22–3, 157–9
 foremen 10–12
 gender regimes 99–105
 industrial relations 148, 151–2
 job structures 92–5
 part-time work 14–16, 17
 pay 181–4 *passim*; and job grading 14,
 15–16, 181–4
- production system 54–6; diversified quality
 production 58, 62–4
- regulation of layoffs 19, 20, 188–9
- social market economy 148
- societal effect approach 38
- training system 110, 111, 120–2; performance
 of 124–9 *passim*; problems due to craft
 basis 133, 134–5; technical change and
 129, 130–1
- wage setting 161–2; decentralization of
 collective bargaining 171–2, 173
- welfare regime 84–92 *passim*
- working time 167, 168, 195
- global capital 48
see also multinational corporations
- global corporation 202, 203, 204
- global influences 208–20
- global international economy 224–7
- global isomorphism 209–11
- global market effects 47–8
- globalization 222–40
 evidence of 222–3
 forces for convergence in employment
 systems 231–40
- global ideology and societal fragmentation
 235–39
- human resources and comparative advantage
 227–31
- inevitability of 224–7
- new production paradigm 233
- pan-national governance 234–5
- resistance to 239–40
 and specialization 71
- stability of national employment regimes
 233–4
- and training systems 133–6
- government *see* state
- Gresham's Law 231
- heterarchical organization 203–5, 219–20
- higher education 127
- hire and fire, freedom to 138–9
- Hoover Corporation 254
- household structures 192, 237–8, 239
- human capital theory 108
- human resource management 31–2
 policy 215–17
- human resources 227–31
- human rights 242–3, 245
- hybridization 111, 173
- IBM 75
- ideology 48–9
 global and societal fragmentation 235–9
- in-person services 228–9

- inactive population 78–9
- incarceration rates 83
- incomplete contracts 3
- individual, cult of the 237
- individualism vs collectivism 33
- industrial districts 41, 56, 64–7
- industrial relations 147–57
- Industrial Training Boards 115
- industry level bargaining 162
- information and communication technologies (ICT) 129–31, 223
- institutional/legal influences 217
- institutionalist approach 26, 27, 37–9, 44–6
- internal labour market (ILM) 109–11
 - national systems of training 111, 111–19, 120–4, 125
- International Labour Organization (ILO) 244–5, 246–7, 259
- international labour standards *see* labour standards
- international managers 212–13
 - recruitment and deployment 205–8
- international organization 202, 203, 204
- international political system 47–8
- international pressures 47–50
- isomorphism 209–11
- Italy
 - employment protection 170–1
 - flexible specialization 58, 64–7
 - industrial districts 41, 56, 64–7
 - industrial relations 149, 154–5
 - job grading 14, 15–16
 - wage setting 162
 - working time 168, 169, 194–5
- JAM pay systems 13
- Japan
 - dispatched workers 171
 - division of labour 177–81 *passim*
 - dualism 135–6
 - employment rate 142–3
 - employment system, diffusion of techniques 45
 - industrial relations 149, 156–7
 - lean production *see* lean production
 - lifetime employment *see* lifetime employment
 - payment systems 13–14, 181–4 *passim*
 - prevention of redundancy 21, 189–90
 - role of project managers 9–10, 12
 - traditional pillars of employment system, change 172
 - training system 110, 111, 117–20; performance of 124–8 *passim*
 - wage setting 162–3
 - working time 168, 169
- Japan Federation of Employers' Associations (*Nikkeiren*) 135, 157
- Japanization 46, 72–3, 220, 233
 - approaches to 72–3
- job-based pay 181–4
- job enrichment experiments 69
- job grading 14–16
- job hierarchy 178, 179–80
- job rotation 119
- job security 185–91
- job structures 92–6
- Job Training Partnership Act 1982 (US) 113
- jobs vs equality trade-off 145–6
- junk jobs 92–5
- keiretsu* 59
- labelling 255–9
- labour market
 - distortions 29
 - flexibility *see* flexibility
 - institutionalists and 37
 - internal *see* internal labour market
 - occupational *see* occupational labour market
 - regulation *see* regulation
- labour standards 241–60
 - alternative methods of enforcing 255–9
 - establishing 246–8
 - rationale for 242–6
 - regional 248–55; EU 248–9, 249–54; NAFTA 249, 254–5
 - types of 245–6
- lean production 31, 54–5, 56
 - Japanization 72–3, 233
 - nature of production system 58–62
 - teamworking 69–70
- learning from other societies 70–5
- liberal welfare model 90
- lifetime employment 18–19, 41, 58–62, 118
 - pressures to weaken 135–6, 234
- living patterns 237, 239
- local influences 209–20
- local isomorphism 209–11
- low pay regulation 161, 163
- Maastricht Treaty 249–50
- macro-economic management 236–7
- macro-environmental factors 217, 218
- male breadwinner model 89–91
- managers, international *see* international managers
- Manpower Services Commission 115

- market
 - global market effects 47–8
 - state, market and family in welfare regimes 85–92
 - supremacy of 236–7
 - universalist approach 27, 28–32
- market-led vocational training 106–7, 111, 111–17
 - coverage 125
 - labour market flexibility 132
 - technical change 129–31
 - unemployment 132–3
- Marks & Spencer 256–8
- marriage 237, 238
- Marxism 29–30
- masculinity vs femininity 33, 34
- mass production 9–12, 53–6
- McDonald's 236
- Mediterranean welfare model 89–90
- mental maps 33
- merit (or output)-based pay 181–4
- Mexico 235
- micro-environmental factors 217
- minimum wage systems 161, 163–4
- mobility of labour 111, 227–8
- Modern Apprenticeships 116–17
- modified male breadwinner model 89, 90
- motivation 34–6
- multiculturalism 237
- Multilateral Agreement on Investment (MAI) 239–40
- multi-domestic company 201, 204
- multinational corporations (MNCs) 47–8, 75, 198–221
 - as agents of diffusion of best practice 199–201
 - employment policies and practices for non-management staff 208–210
 - evidence of globalization 223
 - international management recruitment and deployment 205–8
 - local vs corporate or global influences 217–201
 - modes of diffusion of best practice 211–17
 - and survival of nationally-specific employment regimes 198–201
 - and training 133
 - typologies of 201–5
- nation states
 - extent and inevitability of globalization 224–7
 - resistance to globalization 239–40
 - role in world economy 40–2
 - as unit of analysis 42
- national comparative case studies 5–24
 - downsizing 7, 18–22
 - employee involvement 7, 22
 - pay systems 7, 12–14, 16–18
 - retirement 7, 18–20
 - skills and work organization 7, 8–10
 - working time 7, 17–18
- national differences 5–6
- national employment regimes
 - MNCs and survival of 198–201
 - production regimes 56–70; borrowing and learning from other societies 70–5
 - stability of 233–4
- National Institute of Economic and Social Research (NIER) 180–1
- national stereotypes 35–6
- national training systems 109–24
 - performance 124–9
- National Vocational Qualifications (NVQs) 116
- nationalism 236
- needs, hierarchy of 34–5
- neo-liberal welfare regime 85–8
- Netherlands
 - disability 83
 - employment rate 143
 - part-time work 16–18, 101
 - works councils 158, 159
- new production paradigm 233
 - see also* lean production
- Nike 256
- Nikkeiren* (Japan Federation of Employers' Associations) 135, 157
- Nordic countries
 - centralized collective bargaining 160–2
 - welfare state model 90, 91
 - see also under individual countries*
- North American Agreement on Labour Cooperation (NAALC) 254
- North American Free Trade Association (NAFTA) 234–5
 - labour standards 249, 254–5
- Norway 96, 254
- occupational labour market (OLM) 109–11
 - national systems of vocational training 111, 111–17, 120–2, 125–6
- OECD countries
 - gender regimes and employment systems 99–104
 - labour supply 78–83
- older men: employment rates 81, 82
- on-the-job training 118
- organizational design 34
- output (or merit)-based pay 181–4

- pan-national governance 234–5
- parental leave 96, 97, 102
- part-time work 16–18, 44, 195–6
 - gender, flexibility and 100–3, 103–5
 - regulation 168–70
 - Volkswagen 188–9
- partial retirement 20–1
- participation rates *see* employment rates
- path-dependent incremental adaptation 172–3
- ‘pay-or-play’ training levy 123, 124
- payment systems 5, 6, 12–14, 16–18, 181–4
 - see also* wages
- pension systems 98–9
- peripheral workers 120, 136
- Philadelphia Declaration 1944 244, 246
- polycentric organizations 205–6, 207
- post-Fordist production regimes 8–10, 53–6
- poverty 93, 94
- power 214
- power distance 33, 34
- preferences 48–50
- pressure groups 240, 255–59
- prison population 83
- product lifecycle 203–4, 205
- production regimes 51–76
 - borrowing and learning from other societies’ regimes 70–5
 - Fordist and post-Fordist 8–10, 53–6
 - Germany 55–6, 58, 62–4
 - Italy 56, 64–7
 - Japan *see* lean production
 - societal systems and 56–8
 - Sweden 56, 68–70
- productive systems 46
- productivity
 - education, skills and 106–9
 - labour standards and 243–4
- project managers 9–10
- promotion through seniority 60
- public services 92–3, 95
- pyramid of people organizational design 34

- qualification contracts 123
- qualification time 189
- quality of jobs 92–5

- redundancy measures 184–91
 - see also* downsizing
- redundant capacities 39, 63
- re-employment 21
- regional labour standards 249–59
 - EU 249–54
 - NAFTA 254–5
- regions 240

- regulation 138–74
 - convergence or divergence in national systems of 170–3
 - country mixes of 157–70
 - employment protection 164–7
 - and performance of labour market 142–7
 - role of labour market actors 147–57
 - training systems 106–7, 111, 125; *see also*
 - consensus-led vocational training;
 - market-led vocational training; staled
 - vocational training
 - wage setting 160–4
 - working time 167–70
 - works councils 157–9
- Rehn-Meidner model 160
- relational subcontracting 59–60
- religious fundamentalism 236
- Rengo (Japan Trade Union Confederation) 157
- resistance to globalization 239–40
- resource-based power 214
- retirement 7, 19–20, 21–2, 80–1
 - early retirement 20–2, 98–9
- Rome, Treaty of 249
- routinized jobs 228
- Rugmark initiative 258

- Scala Mobile* 162
- Scandinavia 254
 - see also under individual countries*
- school-to-work transition 80, 126–9
- scientific management 53
- Seattle WTO summit 241, 247
- sector level bargaining 161–2
- security rights 245
- seniority-based pay 181–4
- services 77, 93–5
 - in-person services 228–29
 - public services 91–2, 95
- SET pay systems 13
- short-time working 194–5
- Silicon Valley 67
- Single European Act 1986 198, 249
- Single European Market 198, 235
- skills 7, 8–12, 106–37
 - education, productivity and 107–9
 - high and low skill equilibrium societies 38–9
 - high skill levels in German production system 62–4
 - investment in to attract MNCs 229
 - national systems of vocational training 111–24
 - OLM and ILM 109–11
 - performance of national training systems 124–9

- skills – *continued*
 - pressures for change 129–36
 - training coverage and long-term skill development 124–6
 - see also* training and education
 - small firms 64
 - social actors 2–5, 47, 49–50
 - Social Charter of Fundamental Rights (Social Chapter) 249–50, 253, 254
 - social clause 249, 250
 - social democratic welfare regime 85–92
 - social dialogue 250, 253
 - social dumping 249
 - social justice 242–3
 - social security 192
 - societal analysis 176–7
 - societal effect theory 27, 37–43, 44–6
 - coherence and consensus vs conflict and inconsistency 42–3
 - developing the approach 39–43
 - role of individual nation states in world economy 40–2
 - societal fragmentation 235–9
 - societal systems 47–50, 176–7
 - and production regimes 56–8
 - socio-economic influences 217, 218
 - socio-technical systems 58, 68–70
 - solidarity 153–5
 - solidarity wage policy 160
 - South Africa 227
 - Spain 18, 159, 171, 174, 194
 - specialization
 - flexible 57, 58, 64–7
 - functional 178, 179
 - labour market regulation 172
 - production 71–2
 - staff delegations 23
 - state 2, 4, 47, 49, 77
 - role in labour market regulation 147–57
 - state, market and family in welfare regimes 85–92
 - state-led vocational training 106–7, 111, 120–4
 - status, employee 109
 - stereotypes, national 35–6
 - strong male breadwinner model 89–90
 - subcontracting, relational 59–60
 - subsidiarity 200, 253
 - supervisory boards 22
 - supervisory span of control 178, 179
 - supremacy of the market 236–7
 - survival rights 245
 - Sweden 234
 - collective bargaining 168
 - EU entry 254
 - gender regime 99–105 *passim*
 - job structures 92–6
 - parental leave 96, 196
 - part-time work 102
 - production system 58, 68–70
 - regulation of layoffs 19, 20
 - retirement 20–1
 - welfare regime 85–92
 - symbolic analyst jobs 229
 - systems effects 45, 47–8
-
- task allocation 178–9
 - tastes 48–9
 - Taylorist production regime 8–10, 53–6, 68
 - teamworking 68, 69–70
 - technical competence 11–12
 - technical lycée 122
 - technological change 47–8
 - and training systems 129–31
 - Temporary Aid for Needy Families (TANF) 91
 - theoretical frameworks 26–50
 - culturalist 26, 27, 32–6, 44–6
 - dynamic framework 43–50
 - institutionalist 26, 27, 37–9, 44–6
 - societal effect approach 27, 37–43, 44–6
 - universalist 26, 27, 38–32, 43–4
 - Toyota 55
 - NUMMI plant 69–70
 - trade, foreign 223
 - trade unions 4, 23, 24, 47, 49
 - boycotts and codes of conduct 255–59
 - company unions 60, 155–7
 - density 154
 - role in labour market regulation 147–57
 - Trades Union Congress (TUC) 150
 - training and education 106–37
 - basis for authority 10–11, 180
 - coverage and long term skill development 124–6
 - gender and employment 103–5
 - German production system and 10–12, 62–4
 - investment in to attract MNCs 229
 - national systems of 111–24
 - OLM and ILM 109–10
 - performance of national systems 124–9
 - pressures for change 129–36
 - skills, education and productivity 107–9
 - Training and Enterprise Councils 115
 - transfers of employees 189–90
 - transition to work 80, 125, 126–9
 - transnational corporation 202, 203, 204
 - trust 62, 63

- uncertainty avoidance 33, 34
- unemployment 78, 101, 142–3
 - and training provision 132–3
 - youth 126
- unfair dismissal 165–7
- UNICE 251
- unions *see* trade unions
- United Kingdom (UK)
 - annualized hours 193, 194
 - approach to regulation 172, 173
 - division of labour 177–81 *passim*
 - engineers 9–10, 11
 - flexible manufacturing firm 74, 75
 - industrial relations 148, 149–50
 - labour market flexibility 141
 - labour standards and EU 250–1, 254, 255
 - part-time work 17–18, 195, 196
 - pay system 181–4 *passim*; job grading 14, 14–16
 - production system 56; emulation of Japanese methods 72–4
 - training system 111, 114–17, 132–3; performance 124–9 *passim*
 - voluntary redundancy 190, 191
 - wage setting 163–4
 - welfare regime 96, 97
- United Nations 246
- United States (US)
 - division of labour 177–81 *passim*
 - downsizing 18, 19, 21–2, 185, 190
 - employment rate 142–3
 - gender regime 100
 - hegemony 45–6, 48
 - industrial relations 149, 155, 156
 - job structure 92–6 *passim*
 - labour market model 29, 173
 - labour standards 248
 - NAFTA 254–5
 - pay system 12–13, 13–14, 181–4 *passim*
 - prison population 83
 - retirement 21–2, 98
 - Silicon Valley 67
 - Taylorism 53
 - training system 112–14, 130; performance 124–9 *passim*
 - wage inequality and job quality 144–7
 - wage setting 163–4, 172
 - welfare regime 85–92 *passim*
- universal labour standards 243–6
- universalist approach 26, 27, 28–32, 44–5
- unsocial hours working 196–7
- values 33
- victimization rates 83
- village market organizational design 34
- vocational training *see* training and education
- Volkswagen 188–9
- voluntarism 150
- voluntary redundancy 190, 191
- Volvo 68
 - Uddevalla plant 69–70
- wages
 - inequality 144–6
 - labour market flexibility 139, 140–1
 - setting 160–4, 171–2
 - see also* payment systems
- weak male breadwinner model 89–90
- welfare regimes 30, 77–105
 - care arrangements 96–8
 - employment systems and 91–8
 - gender regimes 89–105
 - job structures 92–6
 - pension systems 98–9
 - role and labour demand and supply 84–92
 - typologies 85–92
- well-oiled machine organizational design 34
- women
 - employment rates 79, 80, 102–3; impact of marriage and motherhood 80, 101
 - gender regimes and employment systems 99–105
 - part-time work 16–18, 100–3, 196
 - pension systems 99
 - welfare regimes and 87–8
 - working time 168
- worker participation *see* employee involvement; works councils
- Working Families Tax Credit 141
- working time 7, 16–18, 188–9, 191–7
 - annualized hours 193, 194
 - increasing unsocial hours working 196–7
 - labour market flexibility 139, 140
 - part-time work *see* part-time work
 - regulation 167–70
 - short-time working 194–5
- workplace level analysis 175–97
 - division of labour 177–81
 - job security and redundancy measures 184–91
 - payment systems 181–4
 - working time 191–7
- works councils 22–3, 23–4, 151–2, 157–60
- world economy
 - global international economy and worldwide international economy 224–5
 - globalization 225–7
 - role of individual nation states 40–2

world trade agreements 247, 248
World Trade Organization (WTO) 240,
241, 247
worldwide international economy 224

youth unemployment 126
Youth Training Scheme (YTS) 115–16, 132–3
Zaibatsu groups 162