

# National Labour Relations in Internationalized Markets

A comparative study of institutions, change and performance

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# Theoretical perspective on Internationalization, Performance and Institutions

# From comparative point of view

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Regulation  
of labour  
market by  
industrial-  
relations  
institutions

Important theme for Sociology,  
Political Science and Economics

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What has  
particularly  
attracted  
attention:

Astonishing variety of  
national labour relations

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1

- Process of economic internationalization



2

- Varieties of national labour relations



3

- Yield 2 questions

# Varieties of national labour relations

Metaphorically similar to what we discussed in  
European Social Model (or Models?!)

- The difference between
  - Nordic
  - Mediterranean
  - Continental
  - Anglo-Saxon
- in their labour relations and/or welfare benefits ...

# Questions leading this book

Does internationalization impose pressures for change and, more specifically, for convergence on national labour-relations systems?

- What direction does change then take?
- Is there a dominant model of labour relations on which national systems are converging?

# Questions leading this book

Under conditions of international markets, cross-national differences in industrial arrangements may have an increasing impact on national economic performance.

- How distinct national labour-relations systems perform and to what extent their performance has changed over time

Cross-national comparative design to address these questions empirically

# How nation-states govern their labour relations?

## Ordinary situation

- It is not market-like
- It could be based on tradition

## After Internationalization

- They have been forced to change toward being market-based



Introduction  
to  
framework  
of analysis

The organization of interests

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Bargaining system

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How observed national properties of two  
previous topics affect performance

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Conclusion + general considerations on  
long term trajectories of industrial  
relations

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# We can differentiate between

Integration of product markets as a consequence of removing trade barriers

- EU
- Tax Free economic zones (Hong Kong)

Internationalization of financial markets stimulated by deregulating restrictions on capital flows

- Switzerland

Cross-border spread of technological advances

- Spread of IT

Transnational organization of production by multinational companies

- Apple production branches in China

# Case of McDonald

Can we call them an American brand or business?

Maybe their most profitable market is in somewhere in Europe (like Paris, Roma, Barcelona, ...) due to tourists ...

What labour relations system is governing their (employee – employer relation in) branches ? Which country's laws?

**One objection** to treating internationalization markets as the key link between the performance of and change in the labour relations

Changes in technology, production systems, and markets constitutes performance requirements and creates the need for corresponding changes in institutions

However, internationalization leads to expansion of transnational market relations is analytical premise of any homogenization of labour relations, why? 2 reasons:

- International markets is the only mechanism for cross-national diffusion of new technologies, production systems, ... and it may cause country developments to converge
  - If not driven by transnational competition, cross-border activities by multinational companies will remain highly erratic and contingent in terms of their consequences for national institutions
- Transnational market forces are the only mechanisms that can impose the imperative on nation-states to converge for the sake of performance
  - Example: my country's nation-state governed automobile industry + tax limitations to import leads to a noncompeting market for them

# Did it happen ?

Empirical evidence has cast doubt on such reasoning in internationalization

Cross-nationally, integration of both product and financial markets has occurred mainly within the OECD

- But it is far from globalization thesis
- Despite this, one shouldn't underestimate the potential pressures of internationalization
- Actors capable of transnational mobility can threaten to use these options to play off national institutions against one another.



# Summary of Theories

Wallerstein *et al.* 1997). As the above summary of the theories on the development and performance should have made clear, it is not easy to explain these findings. What has been observed is that ambiguities may be traced to quite distinct causalities. These would range from path dependency, decoupled from any performance pressures, to efficiency-led responses to economic challenges which may vary, due either to a choice between functional equivalents, or to a high variation of challenges across countries and/or over time. At any rate, the empirical ambiguities, as well as the plurality of theoretical accounts, underpin that there is a real problem in drawing conclusions either on the development of industrial relations from their performance, or vice versa. Since neither the development nor the performance of institutions can be reduced to one or the other, they have to be treated as separate dimensions of analysis.

# Concepts and Hypotheses

# Leading question + study design

Difference in the assumptions of how markets operate

- Divergent theories on both the development and the performance of institutions

Given this controversy over the power of market competition

An empirical question, whether internationalized markets have become so strong that they give rise to a general pattern of labour relations?



## To address this question:

- A cross-national study in the long-term interplay of internationalization and of the change in and performance of industrial relations is most appropriate
- 20 OECD countries: Australia, New Zealand, the USA, Canada, Japan, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the UK.
- Time period: 1970-1998 (except Portugal (1975) and Spain (1977))
  - They have studied these time frames in subdivisions

# Analytical framework of study

- ▶ Institutionalism
- ▶ Class theory
- ▶ Rational choice theory

TABLE I.1 Structure of the book: main hypotheses on the change in and performance of labour relations

Structural properties	Hypothesized direction of change			Hypotheses on performance (Part IV)
	Convergence thesis <i>Organization</i> (1970s)	<i>Disorganization</i> (1980s and 1990s)	Path-dependency thesis	
The organization of interests (Part II)				
Representational domains	Concentration	Fragmentation	Development generally determined by established institutions	Neoclassical: institutions do not matter; performance differences decline with growing international competition
Governance capacity (associational centralization)	Increasing (centralization)	Decreasing (decentralization)		
Power (primary: membership; and secondary: external promotion)	Growing	Shrinking		Corporatist: performance increases with the degree to which labour relations are organized
The bargaining institutions (Part III)				
Domains (level and coordination)	Centralization and macro-coordination	Decentralization, decaying coordination	Development generally determined by established institutions	Neoliberal: performance increases with the degree of disorganization
Governance capacity (substantive and procedural state regulation)	Tripartism, political exchange	Non-interference, deregulation		Hump-shape: extreme degrees of organization and disorganization work best
Power (collective bargaining coverage)	Expanding	Declining		

Thanks for your kind  
care and attention