

Changing International Industrial Relations: A Summary

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About the Special Issue

There has been in the present decade phenomenal developments in the field of industrial relations, developments which reflect the adjustments and responses to the emerging and continuing changes in the world of work, and how scholars and practitioners see and respond to the developments. This Issue of the Indian Journal of Industrial Relations seeks to address several of these changes and developments. This disparate or unrelated collection of papers addresses a wide variety of issues in which various actions are taking place. The papers in the Issue have not been prepared to fit into a specific theme, but rather the choice had come from the contributing scholars. Yet, the papers are clear in the way they see the evolving literature in the various themes they address.

Industrial Relations Overlooked in Climate Change Debate

Today, one of the most pressing issues of policy and burgeoning academic research concerns the profound economic and social implications associated with climate change. As the recent global conference on climate change made

clear, all nations need to develop low-carbon economies in order to rescue the planet from climate change and create a sustainable future. In the on-going discussion on this topical issue, there is a strong industrial relations component that to date has largely been overlooked. The UN and the ILO recognize the major challenges and opportunities linked to addressing climate change, and particularly how it connects with issues of social justice, equal employment opportunity, job quality and sustainable livelihood. Enterprises and workplaces, as well as managers, workers and communities worldwide are in various ways addressing climate change, often with or without national policies to support the process. This is one of the most significant structural issues to be confronted globally and requires the social partners to fully participate, facilitate and negotiate the process of the adjustment.

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It is clearly an issue that should be on the industrial relations agenda. There

are issues linked to the lack of an international consensus and, in some countries, a lack of leadership or an absence of institutions that can support or facilitate consensus on issues of climate change. The analysis by Collins, Bray and Burgess identifies three elements that limit the social actors from reaching a consensus. The first is the absence of leadership and an agreed agenda and policy, at global and national levels, as manifested by the failure to reach an agreement at Copenhagen. The second is the lack of detailed policies and institutions in some countries to facilitate adjustment and provide a framework to bring the social partners together. Finally, there is in some countries a neo-liberal policy agenda that has removed or modified the very institutions that could have supported the attainment of a consensus on climate change.

It is important to note that at present the debate and negotiations on this subject tend to be dominated by environment and energy specialists. The issues of employment, income generation, poverty reduction and better health are often secondary to the discussion rather than being recognized as essential for sustainable development. However, the subject of climate change represents a challenge and an opportunity. It is a challenge as jobs are lost and production systems modified, but so also will be opportunities for new jobs, new technology and local renewal. As with past experience with industrial restructuring, the labour market actors have a central role to play in this debate.

Varieties of Capitalism Approach to Industrial Relations

Recent institutionalist scholarship has gone beyond the focus on single institutions and begun to examine the complementarities between institutions. The most influential of these theories of capitalist diversity, known as the Varieties of Capitalism, VoC, suggests that the impact of globalisation on employment relations varies across different types of market economies. The paper by Lansbury and Wailes uses evidence from a seven country study of employment relations in the automobile assembly industry to examine the usefulness of the VoC approach to the comparative study of employment relations. The findings suggest that there are systematic differences in the impact of globalization on employment relations in liberal, coordinated and to some extent, Asian market economies. The results also provide evidence of considerable within-variety diversity in employment relations' processes and outcomes. These findings are consistent with criticisms of the VoC approach and suggest that this framework needs to be modified to take into account a broader range of variables. Furthermore, there is the need to adopt a more dynamic view of institutions and to focus on the agency of managers' and employees' response to pressures associated with globalization. The study provides evidence that the impact of globalization on employment relations is also influenced by the institutional arrangements in MNCs' home countries and the power relations between corporate headquarters and their subsidiaries.

The authors suggest a potential role for the ILO in mediating on the effects of globalization on employment relations in the automotive industry, particularly in newly industrializing countries, to ensure that ILO Conventions and Recommendations on employment relations are implemented by its members.

Employment Relations: Lessons from China

In a related context, the three reasons for the German and Japanese success stories, bringing the losers of the Second World War to the forefront to overtake most of the winners were (1) no military expenses; (2) best education, and (3) participation in decision-making by the workers (co-determination, *ringi*). Szell in his contribution suggests that only one of these reasons is valid for China, i.e. education. The investment in education following Confucian principles by families and the state is enormous. This may also explain the paradox that China has over 40% savings rate, the highest in the world. China increases its military spending even more than its GDP growth rate, naming the Taiwan and other neighbouring hot spots as the main reason. Participation in decision-making by the workers is practically non-existent.

A huge bubble grows in the real estate and banking sector.

In recent years, Chinese labour force has become so expensive that foreign investors and even Chinese companies have started to de-localize their produc-

tion to the Asian countries of Vietnam, Bangladesh, Malaysia, Indonesia, and so forth. Besides, a huge bubble grows in the real estate and banking sector similar to the ones in Japan or the Gulf States, not to forget the environmental problems. The question is: does this mark the end of the Chinese economic miracle? Perhaps it is too early to make this conclusion, but the limits of the economy are already observable. For sure in China, not only the future of our climate will be decided, as demonstrated at the recent Copenhagen Earth Summit, but also the future of the world economy, including its labour relations system. To create a world of social justice and sustainable development, there is the need for social innovation across countries.

In the perspective of Zhao and Zhang, China's Labour Contract Law is meant to protect employees' legal rights as well as enterprises' autonomy and other rights. This law was motivated by the unsatisfactory functioning of labour contract system. China's market-oriented labour relations have been very high. Since 1995, China's economic structure has undergone significant changes. The proportion of private property in total property rights has increased. The operations and management are also increasingly market-oriented, along with increased corporatization of ownership. These interest groups join together to face the groups of workers, as a result of which labour and wage conflicts have become a major contradiction in China's market economy. The Labour Contract Law was intended to balance and co-ordinate these relations and promote so-

cial harmony and stability. It was not only to make employers regulate their employment behaviour and improve working conditions, but also make them aware that a strong employment law system and stable and harmonious employment relations is good for the long term development of the enterprises and sustainable development of the economy and society.

Labour Contract Law will face a major challenge in implementation.

Following the promulgation of the Labour Contract Law, several employers in China have held the view that the emphasis on the protection of employees' rights will cause a substantial increase in labour cost and burden enterprises. This "burden theory" worries its proponents that the Law will lead to corporate bankruptcy and have as a result resisted implementation. Some have resorted to company shut down, while some worry that the protection of labour rights may lead to equal treatment of all workers and leading to a retrospective step. In this view, workers who are protected by special state policies correspond to "greenhouse flowers". It can be assumed that the Labour Contract Law will thus face a major challenge in implementation.

Chinese enterprises have their own history of development of employment relations. Given the transition of the economic system, as well as the challenges of globalization, there is the need for a rational view of employment relation in

China, and the possibilities for freedom of association and the extent to which workers can rely on their own strength in achieving mutual harmony, in the context of their own history and experience. In other words, the challenge is the way in which the tripartite partners can develop positive and effective employment policies to promote coordination of the employment relationship, stability and harmonious social and economic development.

'Soft' Labour Reforms in India

In India State regulation characterized management of both the products and labour markets, and impacts on the industrial relations system in the post-Independence era. The logic of industrial peace determined the institutional framework for industrial relations in the era of regulation. Over the years, the failure of "state regulation model" concerning both the product market in the industrial sector and the industrial relations system had been identified and there have been calls for liberalization of both. The process of economic liberalization began in the mid-1980s and accelerated since 1991. Meanwhile, in the industrial relations arena, the State, employers and trade unions responded to these forces in different ways, and in turn influence employment relations in very significant ways. Shyam Sundar's paper seeks to identify these important changes in employment relations in the post-reform period in India.

Economic reforms were expected to tone down industrial conflicts due to the

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shifts in the relative bargaining power which favours capital with implications for industrial conflict. However, the tensions arising out of the reform policies and strategies of the employers and the government have led to an increase in labour-management conflicts. While the number of work stoppages has decreased, the loss of production as a result of work stoppages has risen since the late 1990s. According to the author, workers' protests had two key features. One was that workers mobilization in strikes increased during the post-reform period. The average size of strikes rose from 722 in 1991-93 to 4,497 in 2003-06. Another was that significant workers' protests have revolved around issues such as union existence and recognition that were thought to have been settled a long time ago. These issues have re-appeared on the radar of employment relations as employers are emboldened by the new economic regime to frustrate unionism. Employers have also been aggressive in initiating lockouts in the post-reform period, which however was a continuation of earlier managerial policies.

The paper concludes that the inherent conflicts have led to divergent interests among the actors, and resulted in a peculiar constellation of dynamic forces and an assortment of often conflicting responses. These include 'soft'

labour reforms, passive state involvement in one context and active in another. It includes also new managerial strategies, forms of labour organizations, empowerment of non-regular workers, and so forth. Yet, while the formal or legal framework of the industrial relations system has remained virtually the same, some significant changes have taken place, which seek to redefine the parameters of the framework.

Collective Bargaining Trends

In the field of industrial relations, collective bargaining is a key means to improve wages and conditions of work and for regulating employment relations. Yet the globalization has intensified competition, in response to which enterprises have sought flexibility by introducing new forms of work organization and changing their employment practices. These changes present important challenges for collective bargaining, the practices and structures of which are called upon to adapt in order to remain responsive. A comparative analysis of collective bargaining trends in different parts of the world by Hayter reveals that there continue to be diverging tendencies.

Collective bargaining practices and structures can be responsive and adaptable to changing circumstances.

Hayter's analysis reveals a number of findings. First, collective bargaining

coverage has dramatically declined in some countries (e.g. the UK) in part as a result of a rollback in public support for collective employment relations and the growing individualization of employment relations. In contrast, coverage remained relatively stable in many of the European countries (EU15), and even expanded in a few, such as Uruguay and Argentina. Second, while there is an increase in collective bargaining activity at the enterprise level in many countries, there has also been a shift to industry-level bargaining in some.

Collective bargaining practices and structures can be responsive and adaptable to changing circumstances, e.g. introduction of clauses that allow flexibility in collective agreements either in respect of different sizes of enterprises or particular economic circumstances. In some countries, inter-sectoral and sectoral bargaining structures have also adapted to competitive pressures by allowing greater articulation of issues at the enterprise level. Another example of the responsive nature of collective bargaining is the adjustment to forms of flexible employment, such as temporary and fixed-term, as can be observed in Japan and Korea.

In his paper, Lee investigated the reasons for the recent rapid rise in union membership in the banking industry and the role played by trade unions when technologies and the work environment have been drastically changing in recent years. He suggests that, as workers move away from manufacturing jobs to white collar and service jobs, the pattern of

industrial relations also changes. High performance HRM practices have become more and more popular in Taiwan while trade unions are fast fading away. Collective bargaining is rapidly becoming a thing of the past in Taiwan because white collar and knowledge workers do not like to join unions since their employment, level of pay and benefits are determined based on their individual performance, as well as innovative and creative abilities and not by collectivism.

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It is obvious that the globalization of the economy and the opening up of the banking industry have made it important for employers in this industry to increase their competitiveness in order to survive in the highly competitive international market. High-ranking managers within the banking industry have tried to use mergers and acquisitions to increase the size of their respective businesses and thereby reap additional economies of scale. They have also tried to merge with foreign banks and bring in foreign managers to their banks so that they can learn from the latter more advanced management systems. The banks have also introduced high performance human resource management techniques to their banks to remove the less productive workers from their payrolls and recruit younger and better-trained professionals in various fields to join their workforce. While these new management styles and human resource tech-

niques have certainly raised the productivity of the workers and the competitiveness of the banking industry, they have also created some new types of labour problems, including greater job pressure stemming from heavier work load, more difficult work targets, conflicts of culture between foreign management and local workforce, and the risk of being laid off when their performance cannot live up to the expectations of their employers.

Employee Participation

In their paper on the impact of employee participation on employment Markey et al., examined both direct and representative participation of employees in Denmark and New Zealand, based on the hypothesis that the effectiveness of employee participation correlates positively with work environment quality. This is particularly so where the depth or range of employee participation is greater. Comparison between the two countries might be instructive since the entrenched participative practices were greater and longer in Denmark. The trends revealed in the case studies were complex, but substantially confirmed the hypothesis that effectiveness of employee participation correlates positively with work environment quality.

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For direct participation the results are more mixed, although it is worth

noting that the scores for this factor were quite close. It was also found that workplace environments may be more important than national systems in determining the impact of effectiveness of participation structures on QWE outcomes. Finally, there seems to be a confirmation for the correlation of QWE and representative participation on one hand, with absenteeism and labour turnover on the other, as might be expected from the literature that suggests mitigation of turnover and absenteeism by QWE and a sense of employee empowerment. The correlations, and non-correlations, are sufficiently suggestive to warrant exploration in further case studies across a range of industries compared across different national industrial relations systems.

Trade Unions

The paper by Stuart and his colleagues is on the role of the state in the modernisation of trade unions and the potential benefits derived. According to the authors, the unions learnt important lessons from participation in the government's Trade Union Modernisation Fund, UMF, which was launched in 2005. The lessons learnt were significant in helping to upgrade capacity in trade unions, improved communication and information sharing, and significant learning experience in contracting relations. They also helped to improve organizational processes, governance and accountability and management techniques for better delivery of services.

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According to the authors, the study introduced two debatable concerns. First, measurement of the effectiveness of unions is judged on member facing issues around representation, mobilization, goal attainment and wider social justice. Against this modernization could be seen as potentially distracting or worse an exercise in displacement. Yet, as organizational entities it is necessarily to consider how the formulation of union strategy, organizational implementation and practice integrate. Second, the critics see UMF as an exercise in state control or manipulation of union futures: as a strategic attempt to re-cast unions as more pliable and moderate organizations. Their initial analysis refutes this reasoning. And despite the favourable findings, the authors were uncertain as to the long-term influence of the projects.

In their analysis of trade union strength in Western Europe since the 1980s, Kelly and Hamann argue that the continuing loss in union membership and the evident loss of union capacity or unwillingness to strike against corporation present a challenge to unions. The current world economic crisis has reinforced this union weakness. However, relations between unions and government presents a different picture, aris-

ing importantly from the re-emergence of tripartite consultation, by which government and business join with unions to address labour market and related social and economic issues which have led to the conclusion of social pacts across Europe. This critical role of trade unions in helping to promote unpopular government policies not only confers a measure of relevance to unions, it enhances their bargaining power and present opportunities for union revitalization. At the same time, failure to consult unions, or the latter's exclusion from policy-making is said to account for the resurgence of general strikes since the 1980s. The authors describe these realities as 'opportunities in adversity'. These present union strength as multi-dimensional, that goes beyond bargaining structure and measure union influence on public policies.

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Industrial Unrest

Bordogna's paper continued the theme on workers' labour power in Europe, where there has been a resurgence of various forms of industrial unrest in recent years, from seizure or kidnapping of company managers to street riots and other forms of violence. These actions by employees and trade unions, which

might have been aggravated by the current global economic crisis, were workers' protest against lay-offs, redundancy pay, and plant closings or relocation in areas with lower wage and welfare standards. The author's analysis of strikes during the past half a century seeks to verify whether the recent trends constitute enduring transformations of industrial conflicts.

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According to him, the levels of strike activity have continued to decrease during the past two decades through to the present time. Furthermore strike activities have shifted away from traditional manufacturing to service sector. This finding is not surprising, bearing in mind that much of union growth have been in the service sector, while traditional manufacturing had experienced contraction in employment. The author suggests that so long as the service sector remain as the largest occupational sector in many European countries, this trend is likely to continue. The picture that has emerged is that of a general decline in aggregate strike activity, although industrial unrest other than strikes has intensified in many European countries in recent years.

The collectivization efforts of employees evoke strong responses from managements seeking to survive in an uncertain and turbulent environment. The contours of these responses are explored by Jerome Joseph through the analysis of a union mobilization initiative of pilots of an Indian airline company. The pattern of response which emerges from the case study has been characterized as "strategic militant managerialism". The compulsions driving militant managerialism are commercial considerations, customer service and retention dynamics and competitor centric market dynamics. This makes militant managerialism strategic in the sense that managements are operating out of this mould for strategic competitive market survival.

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The author concludes that industrial relations needs a paradigm change from "strategic militant" characterized by hard positional bargaining towards a "synergic mutual mode" based on the foundation of identifying and fulfilling mutual interests together. This can only come through a shift from a rigid positional mode to an interests based mode where managements see employees as partners.