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Analysing continuity and change in employment relations

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Abstract

Traditional comparative employment relations frameworks struggle to explain change in national systems. To address this, this article^{/*} briefly examines the ways that work and employment relations are changing before identifying the national, sectoral and transnational institutions that condition these changes. While these institutions are important for understanding stability and path dependence in work and employment relations systems, we draw attention to the importance of politics, ideas and events in order to develop a dynamic framework to account for change.

Introduction

The nature of work and the relations between workers and the organisations who engage them are changing. Business activity has become more globalised. The systems through which goods and services are produced and delivered have become more complex. Technological changes have disrupted relationships between workers and managers. While the impacts of these changes are widely felt, they are playing out differently in different workplaces, industries and countries. This is largely due to the influence of institutions on the nature of work and relations between workers and organisations. Accordingly, this article articulates the need for a 'dynamic work systems approach' to analyse change in an international and comparative context.

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The changing nature of work and employment relations

Post-war scholars conceptualised work in terms of the 'rules' or substantive norms and procedural institutions, both formal and informal, that govern employment relations.

Employers and employees negotiated these rules jointly at the workplace or through industry associations and unions within the parameters of national regulation. In many countries, collective bargaining or similar joint or tripartite arrangements were the standard processes that determined these rules (Bain and Clegg, 1974; Dunlop, 1958; Kerr and Siegal, 1955). An important feature of this system was the engagement of workers through 'standard' full-time and ongoing employment contracts that provided considerable income, job and social protection, for instance, through superannuation and retirement benefits, holiday and sick leave and coverage under workplace health and safety regulation (Fudge, 2017). This was accompanied by a 'male breadwinner' model of employment and wage-setting which resulted in a marginalisation of women from the paid workforce (Rubery and Hebson, 2018).

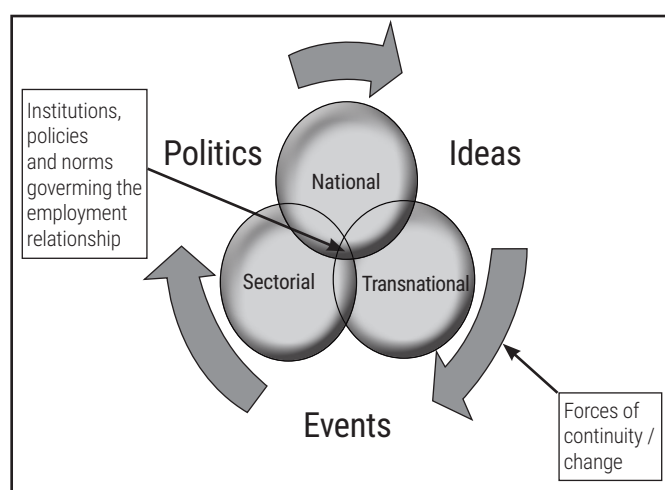
These static theories and frameworks seem inadequate for understanding contemporary developments in work and employment relations. The 'rules' that govern employment relations no longer consist solely of standard employment contracts, universal protections through collective

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bargaining or tripartite determination and stable national systems. They now encompass non-standard contacts and a patchwork of individual, statutory and social regulatory mechanisms governed through systems of production encompassing multiple organisations often situated across national boundaries (Wright et al., 2019).

Nevertheless, these arrangements may vary considerably depending on the national, sectoral or transnational context in which work and employment relationships are situated. An important implication is the need for a dynamic framework to analyse work and employment relations and account for the possibility of both change and continuity. This article briefly outlines the various components of this framework, as presented in the figure below.

A dynamic framework for analysing work and employment relations



Institutions governing work and employment relations

National institutions

Various theories suggest that national institutions continue to play an important role in influencing work and employment relations. For instance, the Varieties of Capitalism approach (Hall and Soskice, 2001) holds that various national economic policy arrangements impact on whether organisations and workers are more likely to engage on a short-term or long-term basis. These arrangements will also influence whether employment relations will be mediated through unions, industry associations and government tribunals.

According to this perspective, institutions affecting firms' access to finance, corporate governance, relations with other firms, and vocational training and education are important to consider for analysing employment relations. For instance, countries with strong systems of industry 'coordination' or cooperation around issues such as vocational training and research and development are said to be more likely to determine wages through similar mechanisms such as industry-wide collective bargaining.

In countries where there is greater reliance on market mechanisms, such as financial market arrangements that make access to capital dependent on a firm's short-term profitability, organisations are said to be more likely to develop short-term employment relations arrangements, for instance by using non-standard employment contracts. In short, from this perspective the character of national economic institutions influences the character of employment relations institutions (Amable et al., 2005; Hall and Gingerich, 2009).

Sectoral institutions

One shortcoming of a national institutions approach is that it implies a universalising effect of these institutions on work and employment relations outcomes (Hay, 2002; Martin, 2002). This points to the need to consider the role of sectoral institutions, that is, the product market, labour market, technological and regulatory features of specific sectors that influence work and employment relations (Bechter et al., 2012).

Sectoral institutions play an important role in mediating the impact of changes in national institutions, such as industrial relations policy reform, on individual industries and workplaces (Kitay and Lansbury, 1997). For example, the way that work is typically organised in hospitality where small and medium enterprises tend to be abundant makes it very difficult for unions to organise and collectively bargain or behalf of workers, irrespective of whether or not national laws enable them to do so easily. Conversely, the collective nature of work organisation in the health care sector makes it easier for unions to establish a presence notwithstanding institutional constraints established at the national level (Appelbaum et al., 2010).

Transnational institutions

A range of transnational institutions need to be considered when analysing work and employment relations. These include multinational enterprises (MNEs), multilateral forms of governance, and international institutions (Meardi and Marginson, 2014). A large share of global economic activity is concentrated in MNEs operating across national borders. MNEs have extended their presence and power by creating subsidiaries offshore and through global production networks that engage suppliers located in other countries. In many cases this has enabled multinationals to influence work and employment relations outcomes among their suppliers and subsidiaries (Katz and Wailes, 2014; Lakhani et al., 2013).

Various international institutions can also influence work and employment relations outcomes. For example, the conventions of the International Labour Organization (ILO), which is the main international agency for promoting labour standards, are reflected in the laws of countries that ratify them. The ILO's conventions cover a range of issues relevant to work and employment relations, including freedom of association, equality of treatment, forced labour, occupational health and safety, working conditions and social security. They also cover the specific needs or circumstances of workers in particular occupations and those considered to require greater or specific protections such as women and migrant workers (Hughes, 2005). It is increasingly common for ILO conventions to serve as benchmarks for voluntary instruments regulating employment relations within global supply chains, such as MNEs' codes of conduct and global framework agreements negotiated between multinationals and global union federations (Ryder, 2015).

Forces of continuity and change

A focus on institutions allows us to identify the various national, sectoral and transnational factors that influence work and employment relations. An institutional approach is important for explaining continuity in work and employment relations arrangements particularly in accounting for the 'path dependent' nature of government policies, industry norms and organisational practices (Streeck and Thelen, 2005). But given the extent of recent changes in technology and globalisation affecting work and employment relations and how they are governed, explanatory frameworks need to account for the possibility of change and the dynamic nature of the processes underpinning them. In this respect, at least three factors need to be considered: politics, ideas and events.

Work and employment relations arrangements are invariably shaped by politics (Hamann and Kelly, 2007). This is particularly the case when considering national-level policies, which are the product of negotiation or contestation between political parties representing competing interests, such as employers and workers and their representatives. The actions of employment relations actors are guided by the laws and institutions relevant to the nation and the industries where they work, but they can also shape these laws an institutions through lobbying and their relationships with governing parties (Hauptmeier, 2012; McLaughlin and Wright, 2018). As such, the political and policy making processes that determine these laws and institutions are central for understanding work and employment relations.

The salience of particular ideas and ideology is another factor that potentially accounts for change in work and employment relations (McLaughlin and Wright, 2018). This is closely related to politics since actors involved in the policy

process often adopt different ideas about a particular issue, and these ideas may then become the subject of political contestation. The currency of different ideas appears to be a key factor underpinning convergence or divergence in different national employment relations systems. For instance, 'neoliberal' ideas resonated more strongly within policy-making communities in liberal market economies in the 1980s and 1990s compared to coordinated market economies. This may explain why decentralisation and individualisation of employment regulations was more pronounced in the liberal market economies during this period. Ideas are an important factor to consider because they are the foundation of the policy problems and the particular solutions to these problems that actors, such as employers or unions, construct as a precursor to agitating for change (Beland, 2009; Carstensen and Schmidt, 2016).

Finally, actors seeking to implement new ideas in the form of radically different policy arrangements generally require a crisis or a critical juncture for these ideas to gain an opportunity to come to fruition. Such crises or critical junctures are often the consequence of, or at least widely associated with, a 'focusing event'. This is defined as "a sudden, major and often harmful, highly publicized occurrence that creates opportunity structures for advocacy groups to mobilize for institutional or organizational change" (Schuessler et al., 2018: 3). Focusing events influence highlight how 'history matters': major changes in work and employment relations arrangements at a national, sectoral or transnational level typically occur following a focusing event.

Conclusion

Politics, ideas and events are factors that can help to account for change in the nature of work and employment relations systems. The traditional focus of comparative theories on national, sectoral and transnational institutions is important for understanding stability and path dependence in these systems. However, incorporating politics, ideas and events allows for a dynamic analysis of work and employment relations in order to allow for the possibility of change.

Many reforms to employment relations policies and practices followed cataclysmic economic and political events, such as the New Deal and associated employment relations reforms which sought to assist the USA to recover from the Great Depression. Hence, the next major reforms to the rules and institutions which govern work and employment relations in particular national contexts and around the world may flow from as yet unforeseen economic and social crises, the new ideas which arise and the political responses by the state, capital and labour to solve emergent problems.

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