

Book Review - International and comparative employment relations: National regulation, global changes

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Editors:

Greg Bamber, Russell Lansbury, Nick Wailes and Chris Wright

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International and Comparative Employment Relations, now in its 6th edition, is undoubtedly the most significant book on the study of comparative employment relations currently available. The 1st edition was published 29 years ago, in 1987. Greg Bamber and Russell Lansbury were the only two editors for the first three editions. They brought the younger Nick Wailes on board from the fourth edition onwards and the even younger Chris Wright for the sixth edition, indicating that the two stalwarts in the academic study of employment relations are wisely engaging in succession planning.

What helps to make the book significant is the continuity and consistency it has maintained over the almost 30 years since the 1st edition. It has covered the same core of eight countries in all six editions. These countries are Britain, the United States of America, Canada, Australia, Italy, France, Germany and Japan. In the 3rd edition, published in 1998, South Korea was deservedly included for its rapid and highly successful industrialisation since 1960 and the very interesting developments in employment relations there. The trade union movement was at first tightly controlled by a militaristic state, but an independent trade union movement emerged with the aid of radical students during the 1980s, reminiscent of the birth of an independent trade union movement in South Africa during the 1970s, with radical students also playing an important role (4th edition, pp. 306-308).

In the 5th edition, published in 2011, the book was expanded even more by including the two population giants of Asia, China and India. It also exchanged one Scandinavian country for another by dropping Sweden and including Denmark. The 6th edition has retained the same set of countries. The reason advanced for the switch from Sweden to Denmark is the existence of the flexicurity system in Denmark. Flexicurity combines employment flexibility, which makes employment and dismissal easy, with a safe social security net for dismissed employees. In the Introduction to the 5th and 6th editions it is said that flexicurity could serve as a model for other countries in Europe but, strangely, in the chapter on Denmark the system is not discussed in either the 5th or the 6th edition except for a passing reference in the first paragraph in both editions.

Another consistent aspect of the book is the structure that has been retained for all six editions. Firstly, there is one chapter per country, written by one or more authors with expert knowledge of the country. Secondly, every chapter has more or less the same structure. After a brief introduction the history of employment relations in that country is presented. This is followed by a discussion of the major parties in the employment relationship: employers and their associations; labour and their unions, and the state. The scene having been laid, the processes of employment relations are discussed. This usually includes a look at collective bargaining. Finally, significant current issues are discussed, followed by the conclusion. A valuable additional feature is a chronology of the major employment relations developments that includes major legislation as well as political, economic and institutional developments that have had an impact on employment relations.

Each of the six editions has an introductory chapter that deals with the conceptualisation of employment relations as well as international and comparative employment relations. Right from the outset the question of convergence or divergence of employment relations systems has been an issue with which the editors have grappled. From the 4th edition onwards, published in 2004, globalisation has been added to the mix. In the 5th edition, published in 2011, the editors introduce the varieties of capitalism approach as a potentially useful way of classifying employment relations

systems. They focus on the Hall and Soskice (2001) classification into only two varieties of capitalism, namely coordinated market economies (CMEs) and liberal market economies (LMEs). In CMEs “firms coordinate their activities through forms of non-market mechanisms such as multi-employer collective bargaining” whereas in LMEs “firms rely primarily on market forms of coordination such as enterprise level determination” (p. 342). The United States of America provides a clear example of an LME approach whereas Denmark is a typical CME.

Four of the six editions of *International and Comparative Employment Relations* have concluding chapters that synthesise the themes and issues arising from the theoretical and country case studies. In the concluding chapter of the 6th edition the editors reflect on the potential usefulness of the varieties of capitalism approach. They come to the conclusion that only two varieties are not enough to capture the diversity of employment relations systems. They maintain that, as regards European countries, France and Italy do not fit in comfortably, nor do all the Asian countries covered in the book. The editors are too cautious to propose additional varieties themselves, but manage to say that “some have argued that we could identify ... Mediterranean or even Asian market economies” (p. 344).

What the editors are confident in saying is that:

The country chapters provide evidence that employment relations practices and outcomes are becoming increasingly diverse *within countries*. Over time, a greater range of employment relations practices and outcomes are emerging within each country (p. 345).

They focus on three aspects of this emerging trend. These are “the rise of non-standard employment, the emergence of dual patterns of employer coordination and the growing use of outsourcing” (p. 345).

The forms of non-standard employment differ from country to country, but share the common characteristic of making employment insecure, with less protection and more temporary work, thereby making employment precarious. The burden of non-standard work falls most heavily on women, the youth and migrant workers. It is also found to be on the increase in both LMEs and CMEs. This has contributed to the decline of collective bargaining coverage and trade union membership in the private sector, with public sector trade unions and collective bargaining becoming more prominent. This trend has been very noticeable in South Africa, as Table 1 indicates.

Whereas in 1997 private sector union membership in South Africa constituted 35.6% of all wage and salary earners, it had dropped to 24.4% by 2013. Conversely, union density in the public sector had risen from 55.2% to 69.2% over the same period.

Table 1
Private and public sector trade union densities in South Africa 1997 – 2013

Year	Private Sector		Public Sector	
	Union members	Density	Union members	Density
1997	1,813,217	35.6%	835,795	55.2%
2005	1,925,248	30.1%	1,087,772	68.4%
2013	1,868,711	24.4%	1,393,189	69.2%

Note: Union density = % of wage and salary employees who are union members.
Source: LEP (2016:8)

By “dual patterns of employer coordination” is meant the co-existence within the same country of collective bargaining in some enterprises and the setting of employment terms and conditions between an employer and a single employee in other enterprises. This practice has become quite common in LMEs, but is happening to an increasing extent in CMEs. For instance, in Germany, a country that is renowned for industry-level collective bargaining agreements, the coverage of industry-level agreements “has declined from 70% of all employees in western Germany in the mid-1990s to 53%” by 2013, while in eastern Germany it has fallen from 56% to 36% over the same period. As a result, “about 40% of employees in western Germany and 50% in eastern Germany work in companies that are not legally bound to any collective agreement” (p. 194). Germany has become a combined CME-LME country.

This trend fits in with the decline of union density and coverage of collective bargaining agreements that has been taking place over the past 30 years or more, as revealed by statistics taken from the 1st, 4th and 6th editions of *International and Comparative Employment Relations*. Table 2 presents union densities and collective bargaining coverage for selected years from 1955 to 2014. It shows a decline in union densities for all three countries with – maybe surprisingly – union density remaining higher in Britain than in Germany. On the other hand the extension of collective bargaining agreements to other employees has taken place on a far larger scale in Germany than in Britain, even though coverage in Germany has fallen quite considerably from 84% to 62% over the 18-year period 1996–2014. The anti-unionism of American employers is evident in the table from both the low union density and the coverage figures. In 2014 only 11% of all employees belonged to unions and only 13% had their remuneration determined by collective bargaining agreements.

Table 2
Union density and collective bargaining coverage in the UK, USA and Germany

Year	Union density (%)			Coverage (%)		
	Britain	USA	Germany	Britain	USA	Germany
1955	46	34	46	n.a.	n.a.	n.a.
1970	51	31	37	n.a.	n.a.	n.a.
1985	43	18	34	67	20	85
2000/1996	29	13	24	37	16	84
2014	30	11	18	28	13	62

Notes: Union density = percentage of wage-earning and salaried employees who are union members.
Coverage = percentage of wage-earning and salaried employees covered by a collective agreement.
n.a. = not available.

Year 2000 applies to Union Density and Year 1996 applies to Coverage.

Sources: *International and Comparative Industrial Relations*, 1987, Table A.17, p. 257; *International and Comparative Employment Relations* 4th edition, 2004, Table A.18, p.3 79 and Table A.22, p. 384; 6th edition, 2016, Figure 1.1, p. 7.

The third emerging trend that reflects “increased diversity within national patterns of employment relations is the outsourcing and offshoring of existing business activities” (p. 348). This has stark implications for employees from all over the world. For instance, in Britain and South Korea “large numbers of ‘supplier firms’ are using non-standard labour and adopting low-road employment relations practices” (p. 349). In America many enterprises have moved parts of their activities offshore to countries with lower pay, resulting in job losses in the States. It remains to be seen whether President Donald Trump is going to reverse this trend and bring the jobs back to America. In Japan, on the other hand, many manufacturers have relocated their subsidiaries to countries where the cost of labour is lower.

Even this book, which is held in high esteem and has dominated the study of comparative employment relations for three decades, is not without its limitations, however. The first is its regional coverage. Although it has 12 country case studies, not one of them is from Africa, South America, Eastern Europe or Central Asia. It therefore omits two continents and half of two other continents, effectively omitting half the world from its purview. But the editors are hardly to blame for this. The book is already a sizeable tome, and to include more countries would have risked making it unwieldy.

The theoretical framework of the book is related to the limited global coverage. In the last two editions it bases its theoretical framework on Hall and Soskice’s restriction of the varieties of capitalism to only two types, the CMEs and the LMEs, even though there are obvious and vast differences between the employment relations systems among the CME countries as well as the LME countries. The editors cautiously propose the possibility of Mediterranean and Asian varieties of capitalism, but these are based on regional differences whereas Hall and Soskice base their distinction on the way markets allocate resources.

It would be a theoretical advance if the editors developed a typology of employment relations systems based on forces and variables that directly influence employment relations. One approach that could be tried is to develop a typology based on the balance of power between the three main actors in employment relations: the state, business and labour. A threefold typology of “ideal types” could then be developed along the following lines: Firstly, a system in which the state plays a dominant role, as in China. This could be referred to as a regulated market economy (RME). Second, another system in which business dominates by imposing freedom in the market for labour as in the United States of America (the LME type), and a third system where there is more or less a balance of power between the three actors, resulting in greater cooperation between them, as in Denmark (the CME type). Hybrids that consist of combinations of these types, such as a combined CME-LME, or RME-LME, could then be developed and explored.

In spite of these limitations, *International and Comparative Employment Relations* remains a book that should be on the bookshelf of every serious scholar, practitioner and student of employment relations.

List of references

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