

Strategic Choice or Political Economy? Explaining International Differences in Comparative Employment Relations

1. Introduction

In their international comparative study of employment relations in telecommunications and automobiles, Katz and Darbyshire (2000) identify a process of 'converging divergences' whereby employment relations systems are converging on nationally similar systems albeit with high levels of internal differentiation and decentralisation. Their analysis echoes many other discussions of convergence, in which the requirements of modernisation (Kerr et al. 1962), or of late development (Dore 1973), or of international competition (Porter 1980, 1985), or of modernising elite strategies (Sil 2002) pull employment relations systems in similar directions. Such convergence pressures are reinforced by the human resource (HR) strategies of multinational corporations and by institutional requirements of international agencies (World Bank, International Monetary Fund) and regional governments, in particular the European Union. Macro, meso, and micro level influences are leading in the same direction, towards similar patterns of employment relations. At the same time, the 'variety of capitalisms' school has been identifying ways in which different 'business systems' are associated with different patterns of employment relations (Whitley 1999, 2002; Hall and Soskice 2001). Institutional arrangements, including state structures, cultural preconceptions, inter and intra-firm relationships, modes of collective organisation and representation differ between countries, leading to different forms of employment relations. Using a broad definition of employment relations, Whitley (1999:34) sees employer-employee interdependence and delegation to, and trust in, employees as key characteristics of business systems. Amongst recent writers a consensus is emerging that there are both international pressures leading to convergence and national pressures leading to divergence (Locke and Kochan 1995)

The first, substantive, objective of this paper is thus to give a sharper focus to this rather equivocal conclusion.

The paper has a second, methodological, objective to evaluate the respective merits of 'strategic choice' and 'political economy' approaches in explaining differences in employment relations systems. Strategic management concepts began to be used extensively in English language comparative employment relations research in the 1980s (Kochan et al. 1986; Purcell 1989; Storey 1989). By 2000 the concepts of strategic management had become the accepted vocabulary of comparative employment relations research. Over the same period, a broader 'political economy' approach was developing, often but not invariably associated with Marxism (Hyman 1975; Crouch 1993). This broader political economy approach was especially strong in continental Europe (Frege 2003). As the following sections show, different methodological approaches highlighted different issues and supported different conclusions, even where empirical analyses agreed, for example in discussions of the changing shape of industrial conflict.

To realise these two substantive and methodological objectives the paper is organised into five sections. Following this brief introduction, the second section identifies four key touchstones of differentiation between employment relations systems: the role of the state, the degree of enterprise management autonomy, the nature of trade unionism, and the role of collective bargaining. For illustrative purposes we locate four national employment relations systems in terms of the four touchstones - the US, UK, Germany, and Poland. The third section outlines the strategic choice approach to analysing employment relations. The fourth

section outlines an alternative political economy approach to analysing employment relations systems, which we believe to be a more promising framework. The fifth section is a brief conclusion.

2. Four Touchstones of National Employment Relations Systems

From Dunlop (1958) onwards, the employment relations literature provides several formal models of national employment relations systems. For example, Hall and Soskice's (2001:21-33) model of co-ordinated market economies and liberal market economies, represented respectively by countries like Germany and the US, provides a very useful means of examining sub-system interdependencies, such as between education, training, and employment relations. However, we have adopted a less formal approach, believing that formal models are too restrictive for realistic representations of employment relations systems, failing to cater for the full range of relevant institutional variation. Instead we identify four issues that represent the major elements in the traditional employment relations literature. The four comparators are identified historically, rather than derived from higher order theoretical principles, whether from economic theory or rational choice theory.

The first touchstone is the role of the state in employment relations. How far does the state and the broader regulatory regime determine the structures, policies, processes, and outcomes of employment relations? The state's role in establishing the regulatory framework encompasses legislation (both on fundamental property rights as well as on labour issues specifically), executive action (for example in industrial disputes), and cultural manipulation (as in the demonisation of specific groups). The state may be relatively active or inactive, favouring one or the other participant in the employment relations system. Crouch's (1993) broad-ranging study identifies the interpenetration between the state and the employment relations system. The business system may also influence employment relations, through legitimating different patterns of action (Whitley 1999).

The second touchstone is the degree of enterprise level management autonomy in employment relations: how free is enterprise level management to develop employment relations according to its own perceptions of the enterprise's strategic requirements? Managers may or may not be constrained by the state, by investors, by other employers, by union power, or by public expectations

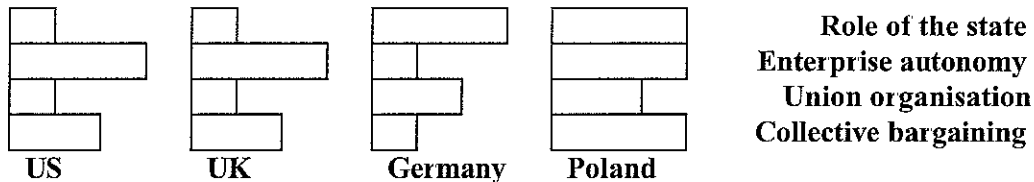
The third touchstone relates to collective employee organisation, whether informal through workgroup action or, especially, formal, through trade unions. More specifically, systems differ in the density of union membership, the degree of union focus upon economic or upon broader political and social issues, and the relationship between unions and political parties.

The fourth touchstone is the role and pattern of collective bargaining. The role refers to the extent to which collective rather than individual determination prevails in job regulation. The pattern includes the level of centralisation or decentralisation in bargaining structures.

The four countries, the US, UK, Germany, and Poland, are summarised against the four touchstones in the diagram below. The diagram briefly depicts the current situation based on Katz and Kochan (2003) for the US, Edwards (2003) for the UK, Frege (2003) for Germany, and Meardi (2002) for Poland. Hence the role of the state is perceived as low in the US and Britain, whilst significantly higher in Germany and Poland. The level of enterprise autonomy is relatively higher in the US, Britain, and Poland than in Germany. Union organisation is lower in the US and Britain than in Germany or Poland, although density has declined even

in Germany and Poland since 1989. Collective bargaining remains a major but not dominant means of pay determination in the US and Britain, whilst it is higher in Germany and lower in Poland. The employment relations profiles of the four countries thus differ significantly, differences that would be even more evident if space permitted further empirical demonstration.

Employment Relations in the US, UK, Germany, and Poland



3. International Comparative Employment Relations from a Strategic Choice Perspective

The strategic choice approach focuses on the enterprise, and the role of enterprise management in determining the shape of the employment relations system. It involves only a limited role for the state, a concentration on the role of the human resource function, with economically oriented business unionism (in the limited sectors in which it exists), and decentralised bargaining structures. The model is both descriptive, of 'leading edge' US multinational corporation, and prescriptive, the basis for 'sophisticated modern' employment relations system. How does the strategic choice perspective relate to the four touchstones?

Role of the State

In view of its origin in strategic management and its focus on enterprise level business strategy, it is not surprising that the strategic choice perspective has devoted little attention to the role of the state. The focus of strategic choice research on employment relations at the enterprise level is clearly represented in Boxall and Purcell (2003) where the close link between human resource management (HRM) and business strategies is the major theme. Even the issue of social legitimacy is treated primarily as an enterprise issue. Sources which appear to give greater weight to the role of the state see it as part of the 'external context' of the firm, rather than an integral element in the employment relations system (Newell and Scarbrough 2002; Mabey et al. 1998). The implications of this conceptual focus on the enterprise were reinforced by political, economic, and ideological trends in the 1980s and 1990s that elevated the primacy of market relationships - in some circles the state became viewed as an unhelpful constraint on market flexibility.

However, the strategic choice neglect of the role of the state results in an under-politicised view of employment relations. The increase in management power and consequent changes in employment relations were themselves a reflection of changes in state policies, at least in part. In the US the deregulatory policies adopted by successive administrations, Democrat as well as Republican, undermined the commitment to collective bargaining originally based on the New Deal legislation of the 1930s, resulting in a 'representation gap' (Towers 1997). In Britain the post-1997 New Labour government continued most of the industrial relations policies initiated by the earlier Thatcher governments, although key details were reformed to facilitate - though not to encourage - union recognition. In Germany, the combination of enterprise level codetermination and industry wide collective bargaining is buttressed by legislation (Streeck 1996; Mückenberger 2003). In Poland the state's approach to privatisation determined the shape of the employment relations system. National level state

influence is reinforced in Europe by the role of the EU, where the regulatory regime has sponsored social partnership.

In short, the state created enabling conditions for changes in employment relations to occur, and provided direction for future trends, in part in response to pressures from actors within the employment relations system. The state's actions were thus fundamental to changes in enterprise level management's capacity to undertake employment relations initiatives. The strategic choices of senior managers and HR directors were thus not the inevitable outcome of competitive market conditions but deeply embedded in political conditions.

Degree of Management Autonomy

The strategic choice perspective underlines the role of management initiative:

'It was management that initiated the new non-union personnel practices at the workplace and accelerated their expansion through strategic investment decisions. When management adjusted to economic pressures by broadening its activities to the workplace and strategic levels, it benefited from a significant power advantage and operated as the driving force introducing change in industrial relations' (Kochan et al. 1986:237).

Corporate business strategy determined HR strategies, which in turn determined individual employment relations policies and practices. Researchers with a descriptive approach and, especially, those with a prescriptive one emphasised the integration between HRM and business strategy, with HR differences associated with differences in business strategy, typically analysed using Porter's (1980, 1985) generic competitive advantage models (Storey and Sisson 1993). Strategies for employment relations are seen as third-order, functional strategies (Purcell 1989). The descriptive literature has documented the decline of collective bargaining and the enhancement of managerial authority through HRM initiatives, whilst the prescriptive literature has outlined the employment relations policies and structures appropriate for the achievement of business objectives, as articulated in the early Harvard manifesto on HRM (Beer et al 1984; Dowling et al. 1999). In the strategic choice approach there is limited scope for collaborative employer action, the role of multi-employer bargaining is limited, with enterprises wishing to maximise the scope for achieving their own strategic priorities and responding to their own specific market conditions. Increased competition, especially increased international competition, reduced the likelihood that enterprises would wish to use multi-employer industry level collective bargaining as a means of eliminating wage costs as a way of securing competitive advantage. Neither higher level institutions, such as the state, nor other employers, nor trade unions, nor special interest groups were seen as limiting autonomy. When investors intervened in firm actions they rarely intervened in employment relations issues.

A strategic choice perspective emphasising increased management autonomy may be oversimplified, for at least four reasons. First, enterprise strategies are founded upon structures of property relations, themselves determined by state structures. There are major differences between systems in which property rights are invested unequivocally in private individuals and those in which property rights are invested in corporate bodies or the state, especially over ways in which economic surplus is distributed. Second, management initiative is constrained by the structure of international competition. Third, there are differences in national business systems and the range of acceptable ways of conducting employment relations, the templates of acceptability, making some strategic choices more likely than others (Scott 1995). Fourth, public sector employment relations are usually bound more tightly by political considerations, including state traditions and public expectations.

Role of Unions

Writers in the strategic choice perspective see unions as having only a very limited role. The assumption of unity of interests embedded in strategic management thinking became visible in employment relations research (Kamoche 1998:287). The justification for union organisation became contributing to the effectiveness and efficiency of the enterprise through the development of mechanisms of 'voice' - articulating, aggregating, and ordering employee grievances. Union effectiveness became interpreted as contributing to the firm's market performance, not interest representation. Although collective organisation remained the founding purpose of trade unionism, the growth of membership service oriented ('AA') unionism paralleled the individualism of human resource management. Whereas industrial relations research in the 1970s, especially in Britain, may have neglected management, the 1990s focus on managerial strategic choice and the linkage between business strategy and HRM strategy marginalised consideration of unions.

The strategic choice literature has viewed union decline as an enabling condition for the development of HR institutions. Recent empirical research has documented the decline in union membership, bargaining power, and institutional strength. The decline has been especially marked in the USA and Britain, although it is also evident in Western Europe (with the general exception of Scandinavia) and Central and Eastern Europe. HRM strategies focused on the enhancement of human capital are conceived in individual terms and, in principle, if not always in practice, have a negative impact on union organisation. However, this focus on declining levels of union membership as a measure of declining union significance is misleading. Even where management adopts individualised HRM policies this is partly in response to perceptions of the threat of union organisation: improvements in the terms and conditions of employment are incorporated into HRM strategies to counter potential union influence (Bamber and Sheldon 2004). Hence British research has shown that HRM strategies are more likely to be adopted in establishments with union representation than in non-unionised establishments (Legge 1995: Ch. 10). The coverage of collective agreements remains wider than the scope of union membership in all four countries. In some countries (e.g. France) the application of the terms of collective agreements may be legally required even where employees are not union members - reducing the incentives for union membership and weakening the economic foundations of union organisation but extending union influence. The political influence of union organisations exceeds their membership levels, especially in political systems in which union density is low, as in parts of Western Europe (including Germany) and in Central and Eastern Europe (including Poland). Unions also perform wider social roles, in association with other types of social organisation. In Socialist and former Socialist societies unions formed ancillary organisations to political parties - and in Poland the Solidarity movement began as a trade union, whilst in Catholic regimes there has often been a close association between unions and religious organisations. In such circumstances unions may have little independent power but be important sources of social and economic benefits and thus maintain influence even if their membership has declined.

Scope of Collective Bargaining

In the strategic choice perspective, employment relations are determined either by unilateral management decision making or by collective bargaining (Locke and Kochan 1995). In the US and Britain managers' strong ideological commitment to a broad definition of managerial prerogatives undermined collective bargaining, although elsewhere, especially in Germany and Scandinavia, there was less ideological opposition to collective bargaining (Poole et al.

2001). The survival of collective bargaining depends upon government action, the legal framework, and the unions' ability to maintain their institutional strength, itself partly dependent upon product and labour market conditions in their recruitment territories. The decline of collective bargaining has been documented by writers in the strategic choice tradition in the US and Britain. Kochan et al. (1986) documented the collapse of the New Deal settlement that underpinned collective bargaining in the USA in the 1980s. In Britain the 1998 *Workplace Employment Relations Survey* showed a significant contraction in the proportion of workplaces covered by collective bargaining as well as a narrowing of the range of issues addressed (Millward et al. 2000). In emphasising the role of management initiative and the marginalisation of union power, those using a strategic choice perspective have underscored the decline of collective bargaining. In place of supporting collective bargaining, US labour policy has been increasingly concerned with the substantive rights of individual employees, but the level of substantive rights has been set low. A similar trend is evident in Britain, where the post-1979 Conservative governments weakened the power and limited the roles of unions. The post-1997 New Labour governments have been concerned to establish individual entitlements, including a minimum wage, rather than to provide legislative support for unions and the collective bargaining process *per se* (though New Labour has also legislated on union recognition) (Marchington et al. 2004)

In conclusion, measured against the four touchstones, the strategic choice approach leads to an 'under-politicised' view of employment relations, in which the role of the state is, at best, one element in the external context. The close linkages made between HRM strategies and overall business strategies, and the exclusive concern with the 'contribution' human resources make to the performance of the firm, in effect restates the unitarist assumptions of traditional managerialism. The interpretation of the role of trade unions as the provision of 'voice' as a mechanism for improving organisational performance undermines the classic role of trade unions as forms of interest representation in pluralist societies. This is reinforced by the diminished role of collective bargaining.

4. International Comparative Employment Relations from an Integrated Political Economy Perspective

The strategic choice approach to employment relations discussed above was developed mainly in the 1980s and the early 1990s. Therefore, it does not fully take into account trends in the international political economy since then that have significant implications for convergence-divergence in employment relations. Three trends are especially relevant. First, the intensification of international competition manifested as globalisation, especially in manufactured goods (international competition in most services remains less intense) (Giles 2000). This was intensified further with the growth of China as a major industrial competitor, increasingly displacing Japan and earlier 'tiger' economies. Textiles initially provided China's leading edge into world markets, followed by a wide range of basic manufactured goods (Moore 2002). India is another 'awakening giant,' competing successfully with developed and newly industrialising economies, for instance, in providing call centres and information technology services. The economic ascent of China, India, and other developing economies has at least two implications for employment relations theory. Directly, their rise draws attention to a wider range of political/economic models of employment relations. Indirectly, their impact on the product markets for manufacturing and to a lesser extent for services in other economies undermines the viability of other systems.

The second trend is the wide spread of 'deregulation' policies. Deregulation impacts directly and indirectly on employment relations. Directly, governments (e.g. the Thatcher UK

government) have initiated moves to deregulate aspects of labour markets and many such policies have had significant implications for employment relations. (Although many deregulatory policies have legitimised re-regulatory practices rather than promoting fundamental deregulation.) Deregulation of product markets has less direct implications, but nevertheless can still have profound implications for employment relations, as in telecommunications and aviation (Katz 1997; Calder 2003) - in both sectors deregulation led to increased competition between traditional, bureaucratic organisations and new, more agile competitors. The new competitors were generally less bureaucratic, more flexible, following HRM strategies involving more individualised employment relations policies, leaner and more flexible work organisation, and lower pay levels, and were unionised to a much lesser extent than their older competitors.

The third trend is the collapse of Communism. The collapse had three direct consequences for employment relations. First, in post-Socialist economies it led to new systems of employment relations that combined new institutional forms with remnants of Socialist culture and practice. Second, the collapse of Communist internationalism weakened support for leftwing unionism, especially in the developing world. Moreover, third, the collapse of Socialism boosted the confidence of capitalist ideologists, particularly liberal ideologists in the US and the UK, with the impending 'end of history' reinforcing neo-liberalism and the anti-collectivist and deregulatory policies mentioned above.

Viewing employment relations as a socio-political process makes it feasible for international comparative employment relations research to reflect the full variety of employment relations systems. This variety is broader than the range of countries traditionally covered by comparative research. Although most comparative researchers have accommodated the Japanese system, few include the full range of European and Asian systems. Within Europe it is necessary to incorporate the former Socialist state systems, whilst there is a growing literature on the Chinese employment relations system (e.g. Zhu and Warner 2000). To widen the range of systems covered by an adequate comparative model an approach linking employment relations to the wider political, economic, and social environments is required. It should be dynamic, incorporating endogenous and exogenous change. It should be capable of handling the diversity of international, national, and sub-national institutions. It should recognise the plurality of interests, the duality of co-operation and conflict within the enterprise, and the dialectic between interests and institutions. The focus should include the bargaining power of participants in employment relations and the factors that influence the exercise of such power, inside and outside the enterprise.

In the integrated political economy perspective we suggest here the focus of analysis is the distribution of power within the enterprise and in the larger society - a form of pluralist political economy approach that links employment relations to the broader polity and economy but does not reduce employment relations to merely an aspect of class struggle. The integrated political economy perspective thus links systems of production, the role of government, the broader social and economic environment, and employment relations institutions at the enterprise, industry, national, and international levels. The approach advocated is similar to Wilkinson's 'production systems' approach, if with a different, more political emphasis (Burchell et al. 2003). The perspective is generally applicable and is especially helpful for exploring employment relations in newly industrialising economies, such as China, India, and South Korea, and in transitional former Socialist economies in Eastern Europe. The approach draws upon a non-Marxist (as well as Marxist) political economy tradition, involving a close analysis of the interaction between interests and

institutions (Smith and Meiskins 1995; Pontusson and Swenson 1996; Murray et al. 2000; Wailes 2000). Interests and institutions are influenced, in different ways and to different degrees, by national modes of integration into the international political economy (Wailes and Lansbury 2003).

An integrated political economy approach moves beyond the debates on convergence and divergence (Van Ruysseveldt 1995; Budhwar and Debrah 2001). The integrated political economy approach focuses on the interaction between interests and institutions in the context of changes in the international political economy. Similar international developments may have different effects upon employment relations, depending upon the mode of integration of the national economy into the international system. Hence the effects of globalisation are likely to be different in a country heavily dependent upon exports, such as Sweden, from a large country with a large domestic market, such as the US, and employment relations will be influenced accordingly (Bamber et al. 2004: Ch. 12). In the former the pressures of international competition may require a dual system, with a 'sophisticated modern' HRM strategy in the internationally oriented export sectors, whilst the domestically insulated service sector may retain more traditional structures. In the latter employment relations may be expected to remain a more coherent system. In Central and Eastern Europe, including Poland, the changes since 1989 have resulted in highly segmented employment relations systems, with foreign owned companies following HRM policies but with limited spillover between segments. Using such an approach, let us reconsider the four issues we identified as touchstones of employment relations.

Role of the State

The political economy approach stresses the role of the state and political action. The state was central even during the period of dominance of Dunlop's (1958) functionalist systems approach, since the Eisenhower political consensus provided the necessary enabling conditions for the relatively smooth functioning of the post-New Deal collective bargaining system. The role of the state retains its significance for all varieties of political economy. The vital role of the state in Socialist and ex-Socialist economies is evident. The Chinese Communist Party's decision to adopt a more reformist and open approach in 1978 was fundamental for subsequent developments, whilst political events have been crucial for former Socialist states in Central and Eastern Europe. In developed market economies too the role of the state is fundamental, at both the macro and the micro levels. The state plays the major role in perpetuating national business systems, which provide the context for employment relations. As Whitley (2002:xviii) has argued, core national institutions, primarily the state, structure

'the environment of economic actors so that distinctive economic logics become established that are associated with particular kinds of production systems. These latter consist of mutually interdependent combinations of production techniques, products and market types, forms of the division of labour at the workplace, authority structures and reward systems.'

Property relations are fundamental to employment relations and remain matters of national legislation. At the micro level, labour legislation continues to proliferate, both for collective and for individual employment relations actors. Recognising the importance of national regulatory regimes, the EU's Social Charter reserved major issues of employment regulation to national regulation, under the principle of subsidiarity. In short, at the macro level the state provides the framework for employment relations by providing the legal structure of property relations and thus structuring national business systems. The state also provides the legal and institutional arrangements whereby employment relations processes are conducted. The

nature of such arrangements has significant influence on the outcomes of employment relations processes in most work situations. This influence is of course usually more direct in the case of public sector employers.

The linking role of the state in national business systems is evident in research in the continental European tradition. For example, co-ordinated market systems such as Germany involve a close linkage between enterprises, the educational system, sector level arrangements for industrial training, the employment relations system, and public policy (Wever 1995; Hall and Soskice 2001). Similarly, although the sector level arrangements of the classic Swedish model weakened in the 1990s, the social contract survived (Hammarström et al. 2004). The EU remains committed to tripartism and social partnership, involving the state, unions, and employers' organisations in joint decision making over the issues covered by the Social Chapter, and has fostered the growth of tripartite institutions in the former Socialist states of Central and Eastern Europe, including Poland. (Although, the impact of tripartite decisions upon business has been the source of much controversy, with employers, especially in Britain, accusing the EU of reducing flexibility and undermining European competitiveness, and trade unionists in Central and Eastern Europe regarding tripartite institutions as largely symbolic (Martin and Cristescu-Martin 2002:178-9).) Detailed national Labour Codes continue to seek to regulate employment relations even at enterprise level in some parts of Central and Eastern Europe.

Degree of Management Autonomy

The integrated political economy approach suggests limitations to the degree of management autonomy. Management autonomy is constrained by state action and by the *modus operandi* of the national business system. It is also constrained by the structure of international competition within competitive product markets and on occasion by the bargaining power of employee organisations, especially in the public sector. Using an integrated political economy approach, we view managers as pursuing strategies shaped and constrained by the enterprise's political, economic, and social environments at international, national, industrial sector, and enterprise levels. There is no *a priori* assumption about the strength or the location of the constraints. Hence enterprise level managers have greater autonomy in the US and Britain than in Germany or Poland. In Germany the state (including *länder* governments) and industry level associations limit enterprise level autonomy, whilst in Poland the state and trade unions, often operating *via* political linkages, constrain enterprise management.

Role of Unions

The first major dimension of differentiation between types of union movement is the degree of focus on limited economic or broader political concerns. By using an integrated political economy approach we can see unions both as a means of exercising economic power and as a means of political mobilisation. The emphasis of the strategic choice perspective has been on specific economic objectives, with 'business unionism' prevailing in the US and providing the model for other movements. In the political economy approach unions are both economic organisations and a means of political mobilisation, whether on the shop floor or through the ballot box, or both. As Hyman (1989:221) argues, following a survey of European union movements in the 1980s, 'the most successful of the union movements examined are those which have sustained a close articulation between the politics of production and the politics of politics.' Union organisers may aim to mobilise workers for political objectives, even if the incentives for potential individual union recruits to join unions may be economic (Undy and Martin 1984:186-9). Union leaders and activists are disproportionately influential in the development of union strategies because rank-and-file union members have few incentives to

participate in collective decisions and members' participation rates are low, except in decisions on pay awards and strike action. Political mobilisation may be an intended outcome of union organisation, as the early Socialists in British unionism in the late nineteenth century, or may be an unintended consequence of union organisation. Hyman's (2001) study of European trade unionism shows the close association between political movements and union organisation in France, Germany, and Italy.

Scope of Collective Bargaining

Collective bargaining 'is one of the essentials of organized industrial relations' (Traxler et al. 2001:194). Employment relations systems differ in the levels at which bargaining occurs, the participants in the bargaining process, and the scope of the agreements or contracts made, as well as in the outcomes of the bargaining process. There have been major changes in the institutions of collective bargaining since the 1980s in the US, Britain, Germany, and Poland. Katz and Darbishire (2000) have identified an international trend towards a reduced role for industry level bargaining and towards decentralised enterprise level collective bargaining. Many employers' organisations in the US and Britain have redefined their roles to focus on providing consultancy, advice, technical support, and professional development for personnel professionals within enterprises rather than the conduct of multi-employer collective negotiations, whilst in Germany employers' industry level organisation retains significance and in Poland industry level bargaining has not developed. Certain unions have changed in a similar way. Although collective organisation remains a cornerstone of unionism, the growth of services-oriented unionism, whether based on providing individual benefits such as shopping discounts or insurance against arbitrary exercise of employer power, has tended to place relations between unions and their members onto a more individualised basis. These and other changes have led researchers in the strategic choice tradition to emphasise the decline of collective bargaining alongside a broader de-collectivisation. However, many have exaggerated the extent of the decline by focusing research on English-speaking countries: the US, Britain, Australia, and New Zealand. In their study of employment relations in 20 countries Traxler et al. (2001:197) concluded that between 1980 and 1996 the coverage of collective bargaining increased in five countries (Finland, France, the Netherlands, Portugal, and Spain), declined in five (Australia, Britain, Germany, Japan, and the US), stayed the same in two (Belgium and Sweden), with incomplete data for three (Austria, Canada, and Denmark). Levels of collective bargaining remained high in the public sector, whilst even in the private sector the mean coverage of collective bargaining over all of these systems changed only from 69 to 61 per cent of employees, with the largest changes being in the US and, especially, Britain. The International Labor Organization remains committed to collective bargaining, whilst the EU's social partnership arrangements institutionalise collective organisation. The growth of collective bargaining in former Socialist systems has increased the extent of collective bargaining internationally. It is also easy to exaggerate the extent of changes in the level of collective bargaining. Of 27 countries examined in 2002 only six (the Czech Republic, Hungary, Japan, Poland, the UK, and the US) had company level bargaining as the dominant mode, despite the presumed universal trend towards decentralised bargaining structures (Carley 2004).

5. Conclusion

This paper has had two objectives. The first objective has been substantive - to indicate variations in employment relations systems amongst capitalist societies by focusing upon four touchstones for comparison. From the literature the four comparators identified were the role of the state, the degree of enterprise level management autonomy, the role of trade unions, and the scope of collective bargaining. We do not claim that the touchstones are the

only possible ones, nor are they independent of each other - for example, if union density is low, then there is likely to be little collective bargaining. But they are amongst the key ones in most systems. This was illustrated by a brief comparison between four systems, US, UK, Germany, and Poland. The comparison showed continued differences between national employment relations systems, with different profiles. Indeed, there is probably a broader range of systems internationally than in the 1980s, due to the collapse of Socialist systems and their replacement by different types of post-Socialist systems

The second objective has been methodological - to outline two alternative perspectives on employment relations systems, and the contrasting emphases to which they give rise. The first perspective, the strategic choice perspective highlights the role of employers' initiatives, especially in developing employment relations responses to international product market competition. The role of the state is seen as limited, that of trade unions of declining significance, and collective bargaining marginalised. We have argued that this framework does not provide the basis for a comprehensive analysis of the dynamics of comparative employment relations, especially if a wider range of countries is examined than the traditional English speaking countries. To provide a more comprehensive approach we have begun to sketch an integrated political economy approach.

An integrated political economy approach provides a framework for analysing international, national, sector, and enterprise level influences on employment relations. The paper has sought to incorporate economic and political factors. But in reaction against deterministic approaches we have emphasised the 'political' in the political economy approach, in three senses. First, political refers to fundamental social relationships, of which the most important are property relations, and their importance for employment relations. The significance of such influences is especially evident once comparative employment relations research moves beyond developed market economies to focus also on developing economies. Second, the approach is political in its emphasis on the relationships between specific participants in employment relations and political actors, for example in the relationships between business, unions, and political institutions. Third, it is political in that the relationships between participants in the employment relations system are based on power relations as much as on market relations.

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