

## **Rapporteur Report Track 3:**

### **Emerging Orders of Production and Skill Development in a Global Economy**

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#### **INTRODUCTION**

As an economic and social process driven by the extension of the geographical scope of markets, by new information, communication and other technologies, and by the emergence and deepening of cross-border institutions, globalisation has kept the labour, industrial and employment relations community busy for more than two decades (OECD, 1992, 1996).

But why is that so? Globalization has had a fundamental impact on work and employment, and on the relations between labour and capital (Lee, 1996, 1997). These changes cut across economic, political and social systems. They affect nations, regions, industries, organizations and workplaces alike (Bacchetta & Jansen, 2011). And they have implications for 'good' governance in the employment sector.

Globalization has changed the parameters within which the employment relationship and employment relations can operate. As a result of these changes the employment relations actors, with their interests and preferences, face new challenges, involving shifts in the relative balance of power, new actors, and new potential coalitions. All these will affect the strategic choices being made about institutions, policies and practices at micro, meso and macro levels (Kochan, McKersie, & Cappelli, 1984). In their turn, those strategic choices will affect the outcomes for employees, organizations and society at large.

Beyond the positivist, objective analysis of the impact of globalization on employment relations, any assessment of the impact of the changes requires normative criteria such as those provided by Budd's (2004) efficiency, equity and voice framework, which then allows us to draw conclusions concerning the design of governance institutions so as to yield 'better' governance.

Globalization sets the scene for Track Three, which focuses on 'Emerging Orders of Production and Skill Development in a Global Economy'. It is a pleasure to note that most of the 35 papers in this track seek to engage directly or indirectly with the challenges and opportunities faced by employment relations in the context of globalization. In total, and in the tradition of pluralist employment relations, the papers provide a balanced view and analysis of the different aspects of the topic, ranging from analysis at the macro (or systems) level to the discussion of micro-level implications, from (comparative) static analysis to investigating the dynamics of innovation processes.

The papers draw on a wide range of academic disciplines and research methods. In addition to using the established industrial relations literature as point of departure or reference point, many papers draw on academic disciplines as diverse as psychology, sociology, political economy, political science

and economics. Quantitative analysis is complemented by qualitative in-depth explorations, each making use of cross-national data.

In an integrating and contextualizing manner, the following sections will introduce and discuss the main aspects of the papers presented in the seven track panels.

#### PANEL A: MULTINATIONAL CORPORATIONS, LABOR LAW, LABOR MARKETS AND CAPITAL MOBILITY

Multinational corporations are one domain in which the internationalization and globalization of business manifests itself. On the one hand, multinational corporations provide for foreign direct investment, which is hoped to boost economic development, employment and wealth. On the other hand, regional, national and local governments are competing for foreign direct investment, sometimes through lax environmental, social and labour standards. In this competitive game, critics fear that MNCs may use their position of power to trigger a race to the bottom concerning environmental, social and labour standards for the sake of profit-maximization. The papers of Panel A address the links between the mobility of capital and the operation of MNCs, and their implications for employment relations.

While most perspectives on comparative employment relations and comparative political economy (e.g., Bosch, Rubery, & Lehndorff, 2007; Hall & Soskice, 2001; Rubery & Grimshaw, 2003; Whitley, 2007) focus on countries, nation states or national-level governments, *Almond and Gonzales Menendez et al.* add to the existing literature by emphasising the role of actors at the sub-national level, such as local and regional economic development bodies, the training and education sector, and the social partners for the supply of and demand for skills and competencies by foreign multinational corporations. Their qualitative four-country study (of Canada, Ireland, Spain and the United Kingdom) investigates how variation in the sub-national governance actor-MNC relationship affects the ability of firms to maintain and improve their positions in their respective value chains, and to participate in the endogenous creation of skills that might drive broader economic development within the region or locality. The authors find that as a response to the competitive imperative, the host country's regional and local institutions form coalitions with multinational corporations to capture potentially mobile investment, with the potential consequences that "national state regulation of labour markets is increasingly being overridden" by more decentralised, informal arrangements. In the competition for foreign direct investment, sub-national government actors may be captured in the effort to increase local productivity, and to improve local wealth and employment. The authors conclude that the goal of local governance actors should be to optimise the local benefits for foreign direct investment, which may not be the same as focusing on maximising the amount of foreign direct investment.

In contrast to the comparative analysis at systems level of the previous paper, *Rasmussen, Foster and Murrie* (for New Zealand) and *Jeong* (for South Korea) analyse the implications of globalization for employment relations and human resource management. *Foster et al.* argue that that "the distinct lack of consensus surrounding employment relations" in New Zealand, and the various attempts to change the framework conditions and governance structures for the labour markets, have failed to create a high-wage, high-skill, high-productivity economy. The authors even go so far as to question the relevance and strength of the "the link between employment relations and economic prosperity". Based on quantitative panel data, *Jeong* shows that the internationalization of companies is associated not only with individualised human resource management practices,

declining levels of unionisation and union density, and an increase in flexible employment, but also with better financial performance and higher profit levels.

Owing to the complexity of MNC organizations, it is often difficult to identify the relevant locus of decision-making concerning employment relations. The paper by *Auer, Clibborn and Lansbury* turns our attention to adjustment processes at Australian subsidiaries of MNCs in response to the global recession. They find evidence of hybrid forms of employment relations practices, "which were the product of convergence around commercial imperatives as well as divergences due to the roles played by governments in the respective countries." The scope of decision-making at the local level, however, was determined by the commercial decisions made by management at the global headquarters. Trade unions had an influence in the adjustment processes, but rather indirectly through lobbying government, which would then influence employer strategies.

In the internationalization processes, MNCs have several options concerning the mode of foreign operation, among them cross-border mergers and acquisitions. *Minbaeva and Navrbjerg* analyse the tensions created between HRM policies originating at headquarters and the employment practices of acquired subsidiaries in Denmark. Drawing on the concept of social capital, they argue that MNCs can win unexpected returns on their investment when acquiring target companies, by utilising the existing advantages relating to work organisation and corporate culture, i.e. the existing social capital structures, which could outweigh the disadvantages of higher labour costs.

However, the role of MNCs in a globalized economy is but one aspect of international and comparative employment relations research. A further important strand of research addresses the internal operations of MNCs with respect to employment relations and human resource management, and this is the topic to which we now turn.

#### PANEL B: MNCS AND CROSS-CULTURAL ORGANISATIONAL AND INSTITUTIONAL DYNAMICS

Within MNCs, there are various forces pushing for either the standardization or the localization of HRM and employment relations policies and practices. Among the drivers of localization, the host country's cultural and institutional environments are especially relevant. The papers in Panel B examine how multinational corporations operate in different cultural and institutional contexts, and ask what repercussions particular organisational forms of cross-border business activities such as multinational value-creation networks have for human resource management, employment relations, and labour markets.

Two papers refer to the impact of institutions on MNC decision-making about production locations, organizational structure, and human resource management policies and practices. First, *Kluike and Pull* analyse the extent to which subsidiaries of US multinational corporations located in Germany and Switzerland display characteristics of a strategic fit between the characteristics of the US-based MNC and their host country environments (host country fit), focusing on employment relations. For Germany, they find that the extent to which a subsidiary engages in continued and further education and training and the extent to which training on the job was important varies with the host country fit, while there is no relation in Switzerland.

Second, *Teuber and Backes-Gellner* analyse the effect of institutions on organisational structure at engineering companies in Germany and the US, two coherent countries representing ideal types in the 'varieties of capitalism' approach, as compared to Switzerland and the UK, which are two less

coherent countries). They find that production supervisors in Germany, a coordinated market-economy, have a broader span of control as compared to their counterparts in the United States, a liberal market economy. The authors identify a broader variation in the span of control in the less coherent countries, as compared to more coherent countries.

In addition to analysing the internal operations of MNCs, Panel B draws attention to increasingly important phenomena—namely export processing zone, SMEs and cross-border value creation networks—in international business and it discusses the implications of those phenomena for human resource management and employment relations.

Export processing (or free trade) zones are geographical areas within which goods destined for export are produced without the intervention of the customs authorities. Usually they involve labour-intensive production, are often located in underdeveloped geographical locations, and are intended to attract foreign-direct investment in order to promote economic development and employment. They offer the MNCs cost-advantages vis-à-vis production inside the country in question, and they may also be subject to competition about terms and conditions if several zones bid for investment. *Lu and Lu* investigate human resource management policies and practices as well as employee attitudes (e.g. job satisfaction) and outcomes (e.g. job-related illness) among workers and supervisors of establishments operating in Chinese export processing zones. Finding poor working conditions linked to negative employee attitudes and outcomes, the authors propose better working conditions and higher health and safety standards in order to improve the situation. Going in a similar direction, *Surienty* analyses the implementation of occupational health and safety policies at Malaysian SMEs.

*Taylor* describes, investigates and analyses the governance of labour in global call-centre value chains, which are illustrative of global service supply chains. He finely dissects the different interests of the actors involved, the strategies that companies adopt, and the subsequent problems for the labour process and the workforce. The innovative and pointed contribution argues that recent years saw the emergence of multi-locational, multisite strategies from both supply and demand sides in MNCs, seeking to capitalise on differing combinations of resources accessible in diverse geographical locations. Focusing on offshore call-centres, *Taylor* identifies cost-cutting, profit maximisation, technological facilitation and differentiating characteristics of the location as explanatory variables for geographical diversion. With respect to the organisational integration in such call-centre service chains, service-level agreements (SLA) represent the principal core innovation. The SLA prescribes the value of labour performance quality that can be leveraged from workers in remote destinations, giving rise to the issue of labour control as the central objective of governance. It is the channel through which the competitive imperative of profit maximisation with respect to the labour process is implemented. With respect to future research, *Taylor* emphasises that the analysis of such complex organisational forms requires the articulation between the macro level (corporate), the meso level (SLA crossing organizational boundaries) and the micro level (tighter controls and work intensification).

All papers find that institutions do matter for the governance of work. A recurring theme in the contributions to Panel B are the implications of the activities of MNCs, whether through their subsidiaries, their supply chains or their (cross-border) value-creation networks, on employment relations, labour markets and economic development in the countries in which they are studied.

With reference to economic development, there is the almost universal acknowledgement as to the role of education and training, and thus to skills for economic growth and prosperity. Skills development and skills shortages are the focal themes of the next panel.

#### PANEL C: SKILLS DEVELOPMENT AND SKILLS SHORTAGES IN A GLOBAL KNOWLEDGE ECONOMY

Skills and human capital are vital determinants of business performance and economic development at the macro level (OECD, 2000, 2006), but they also affect labour market opportunities and life chances (Dahrendorf, 1979) for (and thus the well-being of) employees at the individual level. The papers in Panel C reflect upon skills development and skills shortages in the global knowledge economy.

Addressing national level economic development policies, *Fleming and Soborg* discuss how national skills development policies, especially where they concern higher education, can help countries such as Malaysia out of the middle-income trap and into the development of a more knowledge-based economy. These policies face several challenges, including the divide between secular modernisation and Islamic governance, the division of the population into ethnic groups, and traditions of authoritarianism as well as bureaucratic elitism. While the proportion of the labour force with tertiary education is relatively high, Malaysia suffers from a skills mismatch with respect to supply and demand, especially insofar as technical and engineering skills are concerned. This mismatch is aggravated by ethnic segregation in the skills formation process, as well as fierce competition with other Asian countries for highly-educated foreign labour. The paper concludes that authoritarian traditions in society, companies and the state may act as barriers to skills development.

Skills shortages represent a major labour-market problem not only at macro level but also at micro level. The paper by *Healy, Mavromaras and Sloane* discusses the prevalence, causes and consequences of skills shortages. Drawing on an Australian Panel dataset, the authors analyse the incidence and causes of skills shortages, suggest business policies to address the problem and, finally, analyse the impact of skills shortages on business performance. Their analysis shows the tremendous complexity of the topic, and its heterogeneity in terms of impact on business performance.

One approach that employers can take to address skills shortages at company level is to train employees. *Li and Sheldon* analyse employer choices regarding workplace training for skilled workers in China. They argue that while employers prefer less costly forms of training, they choose to standardise more expensive training. The quantitative analysis provides evidence that the local labour market situation has an impact on employer training choices, whereas the nationality of the multinational corporation's headquarters does not have an impact, thus implying that strategic human resource management is more relevant than international human resource management in explaining training choices.

Another strategy for dealing with skills shortages at company level is to turn to the external labour market for skilled labour. In a globalized economy, this line of reasoning directly links with the issue of cross-border labour mobility, which is addressed by *Zheng, Chang and Bain*. The questions discussed in their paper are, first, whether companies that move production overseas lose their strategic human resource management advantage concerning core competencies and, second, whether the United States and Taiwan export jobs overseas. The authors argue that the phenomenon of the brain drain may be linked to a reverse effect, which they call 'the brain circuit'. The empirical analysis shows that Taiwanese and Chinese students, who were educated in the US,

enter into the brain circuit. This benefits the US in the sense that many of those former students either remain in the United States or shuttle back and forth. Taiwan and China also benefit by a transfer of knowledge and technology to their IT industries. With respect to future developments, the authors expect that the brain circuit will continue to develop despite the difference in political and economic goals at national level.

The contributions by Panel C show that the question of skills is central to economic performance at individual, company, national and international levels. From a labour market perspective, both the supply of and the demand for skills are influenced by a complex array of potentially interdependent factors. Addressing skills shortages, no matter in which part of the world, is of genuine interest to employers as well as to the suppliers of labour services, which should provide a foundation for fruitful and mutual cooperation.

Focusing more on the process and dynamics of economic development leads us directly to the next panel, which addresses the issues of innovation and new technologies as forces shaping the dynamics of employment relations and human resource management.

#### PANEL D: INNOVATION, NEW TECHNOLOGY, HRM, AND NEW WORKPLACE ROLES

Despite its relevance for economic and social performance, the link between innovation and both human resource management and employment relations appears to be underinvestigated in theoretical and empirical research. This also relates to the explicit analysis of innovative human resource management (Kossek, 1987) and innovative employment relations (Bellace, 2010). Thus it is more than welcome to have Panel D focusing on innovation. The papers address different types of innovation, namely technological innovation, product and service innovation, organizational innovation and social innovation.

The first paper, by *Douclouloagos and Laroche*, systematically reviews the econometric evidence of the effect of trade unions on the adoption of innovative technologies. Based on a meta-analysis the paper draws several conclusions: trades unions generally depress both the level of innovation and the adoption of technology, implying that labour monopoly effects outweigh collective voice effects. This relationship appears to be moderated by country effects related to labour market regulation. More regulated labour markets appear to experience less union resistance to technology and innovation. Over time, the union-innovation effect has declined in all countries.

Departing from the focus on technological innovation, Hansen's paper turns towards product and service innovation. It analyses the link between involvement and innovation in public-sector reform and argues that in political organisations institutional factors, for example an established culture of co-operation, has a significant positive impact on restructuring and reform processes, mediated by high levels of trust. Nevertheless, the author reports an interesting paradox: while management needs employees to be involved in the reform process in order to obtain legitimacy and organizational innovation, it also needs to control union influence so as to reduce the level of conflict and remove obstacles to change.

A more recent strand in the literature concerns innovative human resource management. *Joseph* discusses the link between innovative human resource management practices and human resource management outcomes, driving the topic further in the direction of organizational and management

innovation. The author argues that innovative HRM practices have a positive impact on job satisfaction, organisational commitment and organisational citizenship behaviour.

Innovation can also take place with respect to theory development in employment relations research. *Edwards and Gilliard* take up and drive forward the discussion about new actors in industrial relations. They argue the case for considering the consumer as organisational stakeholder and employment relations actor, since quality and customer satisfaction voiced through the consumer has important implications for the management and the governance of the employment relationship. In relation to traditional industrial relations research, this out-of-the-box thinking is producing new and better research questions which can then inform better empirical research.

The last paper in Panel D, by *Zagelmeyer, Torka and Looise*, extends previous approaches and integrates social innovation in the strategic human resource management (SHRM) literature. Defining social innovations more broadly to cover institutional arrangements as well as activities and services that are offered by or with the support of (for-profit) business organizations, or by organizations and institutions related to business organizations, they connect the different strands of the literature and develop an integrated conceptual framework on SHRM and social innovation, presenting a more comprehensive and balanced approach to SHRM, an approach that re-integrates the social dimension.

Both innovation in human resource management and employment relations and the impact of HRM and employment relations for the different types of innovation are critical issues deserving of further inquiry and analysis. Who are the relevant actors? What are the relevant processes? What are the outcomes? Understanding the dynamics of employment relations is crucial for future research in this field.

Speaking of innovation and challenges for human resource management and employment relations, the next panel deals with the fundamental developments in labour markets, and the changes with respect to how work and labour services are performed.

#### PANEL E: THE NEW WORLD OF WORK: PRIVACY, WORKSHARING, TELECOMMUTING, AND JOB CUSTOMIZATION

The ways that work is performed and labour services are delivered have changed significantly over time, with formidable implications and repercussions both for organizations that demand labour services and for people who deliver them. Each time that innovative forms of work and labour services emerge—giving an external shock to the governance systems in the labour market—the employment relations actors have to adjust the respective governance structures, based on the requirements and implications of new forms of work. Panel E includes papers on the new world of work, privacy, work-sharing, telecommuting, and job customisation. What these papers have in common is that they deal with either non-standard forms of employment (Allan, Brosnan, Horwitz, & Walsh, 2001) or aspects of work that are becoming increasingly important.

The papers by *Kelliher and Pekkola* analyse the implications of a growing trend in many economies, namely remote working. In contrast to previous studies on performance and motivation, *Kelliher* focuses on the effects of telework for the work environment. The paper argues that the routines and rules of the workplace have a less direct influence on employees when they are away from the workplace, not least due to the influence of the private space of homes on employee behaviour. Collective aspects are also less powerful. *Pekkola* discusses the implications of new forms of telework

such as eWork, telepresence and specific temporal and spacial arrangements as innovations in working practices.

Although, traditionally, industrial relations research has largely focused on workplace level policies and practices, especially with respect to interaction between employers and trades unions, *McDonald and Townsend* explore everyday micro-level exchanges which seek to balance the employer goal of efficiency with employee preferences for workplace flexibility. Based on previous work on idiosyncratic deals and flexible scheduling, their survey of Australian parents investigates the management-employee exchanges which led to customised working arrangements.

Work sharing has been one of the central themes of industrial relations for decades. *Messenger and Ghosheh* address the topic of work sharing, which has experienced a boom as a result of the great recession.

*Wallach's* contribution turns our attention to privacy at the workplace, a topic with increased relevance because of i) the implications of modern information and communication technologies, and ii) added complexity through new forms of work and the dissolution of boundaries between private and professional spheres. *Wallach* argues that the surveillance and monitoring of employees have traditionally been important aspects of controlling workers. With new information and communication technologies, new challenges, problems and conflicts of interest may arise, which may not be covered by existing laws and conventions. The author finally discusses these conflicts with respect to different legal systems.

The new forms of work have important implications for the management of human resources, unions and governments. Challenges addressed by this panel related to the trust, justice, control, discretion, fairness, conflict, cooperation, interest and preferences, work organisation, equity, and power. The employment relations actors need to find responses to these challenges, and they are addressed by Panel F, which focuses on HRM-related issues such as employee attitudes and outcomes, and by Panel G, which focuses on industrial relations and worker participation.

#### PANEL F: EMPLOYMENT RELATIONS CHALLENGES: TRUST, INFLUENCE, ENGAGEMENT, JUSTICE, SATISFACTION, AND PERFORMANCE

Panel F extends the discussion of work and employment further to topics which feature prominently in the current human resource management debates.

In her three-country study, *Farndale* introduces the relatively recent concept of organisational engagement in the context of performance appraisals, and she discusses the importance of line manager support and the external environment. Her research emphasises the fairness of performance appraisal perceptions, and calls attention to the importance of social exchange theory in Western and non-Western contexts: When people perceive that they gain resources from their organisation and are treated fairly, they provide benefits in return.

The high-performance work systems approach has featured prominently in the debates about HRM and its impact upon employee and organizational performance, emphasizing that particular combinations of HRM policies and practices related to professional recruitment and selection, extensive training, performance-related compensation as well as elaborated communication and involvement instruments have a positive impact on performance. Based on their quantitative analysis of Irish companies, *Heffernan and Dundon* show that organisations with a high investment in high-

performance work systems report lower job satisfaction, lower effective commitment, and higher perception of job pressure than those organisations with a medium or low investment in high-performance work systems. The authors point to the importance of justice as a possible mediating variable between human resource management policies and practice and performance outcomes. In contrast to the arguments brought forward by the supporters of the HPWS-approach, this study shows no evidence of win-win situations generated through high-performance work systems.

Trust between employer and employee is a central issue in the employment relationship, and an absence of trust has traditionally been in the background of much industrial relations research. Based on a dataset of Korean organisations, *Kim and Kim* analyse the effect of labour-management trust, which was found to be associated with lower levels of labour disputes.

Finally, *Markey, Ravenswood, Webber and Knudsen* analyse employee preferences for workplace influence. In particular, they analyse the relationship between the degree of perceived influence and the workers' desire for more influence. According to their research, whether workers wanted more influence was not dependent on how much influence they thought they already had. Demographic variables had relatively little impact on the results, when compared to organizational variables, while length of service had a positive association. In relation to the comparative aspects, the greater the degree of representative participation in Denmark as compared to New Zealand potentially explains the significantly higher proportion of Danes who consider that they had influence in the workplace, and the correspondingly lower proportion who desired greater influence.

The papers in this panel adeptly cross the boundaries between human resource management and industrial relations, emphasizing common themes and interests. The contributions are characterized by an emphasis on issues related to employee involvement and participation and a general appreciation of the relevance of moving the employee back into the focus of management policies and practices. This is done by addressing issues such as engagement, high-performance work systems, trust, and employees' preferences for workplace control.

#### PANEL G: INDUSTRIAL RELATIONS, WORKER PARTICIPATION, AND ADAPTATION TO CHANGE

The papers in Panel G finally move towards more traditional industrial relations topics such as work quality and worker participation. Additional topics addressed by this panel include cooperation, conflict, negotiation, change, and employee well-being.

Two papers are located in the context of the current global financial crisis. The first paper, by *Felbo-Kolding and Mailand*, analyses the quality of co-operation between employees and management at workplace level in Danish manufacturing companies before, during and after the economic crisis. The paper emphasises the importance of the dynamics and the relevance and importance of informal aspects of industrial relations. The authors argue that factors such as trust and respect are important for the quality of co-operation. Further drivers would be changes in management, changes in personal relations, the economic crisis, the involvement of consultants, and the availability of training courses.

The second paper, by *Larsson and Navrbjerk*, argues that in the face of the global financial crisis, shop stewards had to negotiate wage cuts and redundancies. This contrasts with their traditional tasks of negotiating wage increases and dealing with labour shortages. The authors argue that this shift in tasks requires new skills, which many of the shop stewards felt that they lacked.

Two papers draw our attention to industrial relations in Africa and Asia. *Oladeinde* focuses on decision-making processes in Nigerian employment relations, strategic choices, and the influence of employees and trade unions in these processes. The paper by *Wei* investigates the drivers of employee involvement and participation schemes in the Chinese mining and automotive sectors and argues—on the basis of case studies—that these were largely subject to the commitment of management.

The final paper turns to a field which historically has had strategic relevance to industrial relations, namely coalmining. *Peetz, Murray and Muurlink* claim that employees in the coalmining industries nowadays have very little impact on the determination of their working hours and shift arrangements. The paper shows that this leads to disrupted sleep, feeling unsafe at work, tiredness, and feeling emotionally drained and stressed.

## DISCUSSION

Globalisation changes the parameters for the operation of governance structures and governance systems in the labour market. First, economic integration supports free trade and the free flow of capital. The latter allows MNCs to choose between an increasing number of locations for their operations, allowing them to use the increasing competition for foreign direct investment to their advantage. Second, we note a lack of congruence in the geographical scope of international markets for products and capital, while institutional governance structures and systems are operating predominantly at lower levels, be it regional, national, or sub-national. Third, even where the liberalization of trade and capital flows is matched by the free flow of labour and labour services, one might question the comparability of the genuine mobility characteristics of the production factors involved.

The new parameters affect the balance of power between the employment relations actors and thus the strategic choices that actors have at different levels of the industrial relations system. While the implications of globalization for unions and social movements are discussed in other tracks, the contributions of this track draw our attention to the emergence of new actors in employment relations, and potential new coalitions, for example between MNCs and local government agencies. In addition, contributions in this track highlight the need to acknowledge the complexity of organizational structures of production so as to include, for example, cross-border value creation networks in the analysis. This raises the issues of governability and effective regulation (Kuruvilla & Verma, 2006; Royle, 2010).

Strategic choices, no matter what governance mechanism is used to achieve them, have implications for employee, organizational and societal outcomes. A unifying theme of many papers of this track is the focus on working conditions. At a more general level, this applies also to the issue of skill and its impact on individual well-being and economic and social development, and also—emphasizing the dynamics of industrial relations systems—to innovation, no matter whether it is related to technological innovation, product innovation, organizational innovation or social innovation. The almost unanimous evidence concerning the negative impact of trade unions, an organizational form established to further social progress—on research and development, the adoption of technologies, and innovation—is stunning, shocking and devastating at the same time. How should these findings be addressed? Instead of first accepting them and then turning our back on them, their centrality and political relevance deserve further investigation. I would like to recommend that we use existing research as a starting-point and an incentive for further research in the area on employment

relations, human resource management and innovation. One silver lining may be the finding from cross-national research that institutions play an important role in moderating the union-innovation relationship. We may also need a wider definition and better measures of innovation, for example to cover social innovation, which has always aimed at social progress and social change.

Turning from positive analysis to normative assessment, we might wish to have a look at the objectives of efficiency, equity and voice. For example, should we limit ourselves to defining the implications of innovation purely in terms of efficiency, or should we go beyond that in relating innovation to equity and voice at a societal level?

The analysis and assessment of the actors and their activities, especially with respect to coalition building, need to be assessed against the outcomes of those activities. While there are legitimate hopes that economic integration and the free flow of capital will support local development and wealth, governance actors should beware of narrowly-defined definitions of efficiency according to the perception of business and capital, and thus running the risk of ignoring efficiency considerations relevant to their constituency and social unit. In addition, the actors need to be aware of the dynamics and long-term perspectives. It may well be that multinational business, driven by profit considerations, uses predatory opportunistic strategies to benefit from arbitrage rather than showing an interest in investment and a longer-term development of either their subsidiary and/or the social environment, potentially at the expense of third parties.

As far as equity is concerned, globalization outcomes need to be assessed with respect to the balance of power, the distribution of the value added, and the winners and losers in the globalisation process. The heterogeneity of labour allows capital to use complex divide-and-rule strategies. These strategies may also involve the capture of public policy actors, to the detriment and disadvantage of specific occupational social groups and/or the environment. As far as labour is concerned, it appears to be at the receiving end in the power relationship.

This, too, raises the questions of voice, legitimacy and democracy. At the micro level, formal and collective employee voice mechanisms have been in decline for several decades in many countries. As the contributions to this track indicate, we might have to rethink the notion of voice, which some define as a democratic right and responsibility, to see it as an individual right which might or might not be exercised, depending on personal preferences. However, what needs to be established is that those who want to exercise their right can do it without being suppressed.

Now, what about the implications and policy options? An important task is to carefully re-examine and possibly redefine the concept of efficiency. There is a lot of discussion about corporate social responsibility, social entrepreneurship, and sustainability. Much of it focuses on the business perspective. What I feel has become marginalised is the strategic focus and relevance of the human being and of social units. These are areas where, on a global scale, effective answers to existing social questions would have a very large impact. My second point relates the balance of power between capital and labour. In line with the pluralist approach to employment relations, I subscribe to the view that the balance of power needs to be restored through efficient and effective governance mechanisms, structures and systems. However, the design of such systems is far from trivial. Even so, it is possible to identify some of the parameters for such governance systems. In terms of output, the system should focus on balancing efficiency, equity, and voice. As the governance system needs to be a multilevel system, one has to identify the level at which issues are being governed and regulated. To this end, one may draw upon the subsidiarity principle used in federal political systems, according

to which issues should be regulated at the level at which regulation is efficient, effective, and legitimate. The voice principle, interpreted on a broader scale in terms of democratic legitimacy, maybe implemented by establishing a floor of human and labour rights, which affects the decision-making processes at all governance levels.

## CONCLUSION

Let me conclude with a few personal observations. When reading through the 35 submissions for the first time, I was overwhelmed by the sheer quantity and breadth of the research done and the variety in topics, approaches, academic disciplines, theories, and research methods, as well as their practical and policy implications. Working through the papers a second time for organizing the plenum sessions made me aware of the main themes emerging from the submissions. During the third round, when trying to identify the papers for the plenary and the 'best papers' competition, I realized the quality and depth of the analysis of the contributions and the potential of employment relations as a field. Writing the review, and looking at many papers for the fourth time, made me aware of the connections that exist between them, the unifying theme being to shed light on issues relating to govern the employment relationship in ways that balance efficiency, equity and voice. Finally, when focusing on the essence of the submissions for preparing the rapporteur's report, I felt energized by the critical analytical thinking, enthusiasm and engagement of all the people who filled this track with life, an energy which I am sure will continue to spread in the panel sessions.

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