DOCUMENT DE TRAVAIL

ECONOMIC GLOBALIZATION AND INDUSTRIAL RELATIONS IN EUROPE: LESSONS FROM A COMPARISON BETWEEN FRANCE AND SPAIN

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N° 26
mai 2003

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ISSN 1629-7997
ISBN 2-11-088621-8

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Abstract

This paper presents the international debate about the convergence or divergence of industrial relations and identifies the ways in which industrial relations theories have dealt with the issue of the impact economic change on the labor and employment relations. The concrete example of the industrial relations practices of Japanese multinational firms producing in Europe, and particularly in France and Spain, shows the importance of the interplay between actors' strategies and institutional factors in the determination of employment and working conditions in Europe. This interplay suggests a more dynamic relationship between economic change and industrial relations outcomes than the one prevailing in industrial relations literature. For Europe, rather than the notion of "globalization", the conclusion favors a notion of "economic integration" which would take into account not only the market but also the social and political debate, at the national and European levels, in the determination of employment relations rules.

Key words: industrial relations, globalization, Japanese management, union strategies, social regulation in Europe.

Mondialisation et relations professionnelles en Europe : les leçons d'une comparaison entre la France et l'Espagne

Résumé

Ce texte présente le débat international sur la question de la convergence des systèmes de relations professionnelles, en mettant l'accent sur la manière dont les théories en relations professionnelles ont traité le problème du changement économique et son impact sur les relations de travail et d'emploi. L'exemple des relations professionnelles dans les entreprises japonaises implantées en Europe, et plus particulièrement en France et en Espagne, démontre l'importance de l'interaction entre les stratégies des acteurs et les facteurs institutionnels dans la détermination des conditions de travail et d'emploi en Europe. Cette interaction implique une relation plus dynamique entre le changement économique et les institutions des relations professionnelles que celle qui est actuellement envisagée dans les théories prédominantes.

La conclusion préfère à la notion de « globalisation » celle d'« intégration économique » qui donne une place non seulement au marché mais aussi au débat social et politique, aux niveaux national et européen dans la détermination des règles de la relation d'emploi.

***Mots-clefs** : relations professionnelles, mondialisation, management japonais, stratégies syndicales, régulation sociale en Europe.*

INTRODUCTION[1]

Economic globalization and internationalization, but also regionalization and Europeanization, are all notions used by social scientists to analyze current changes in the world economy. As usual when using such notions, different authors mean different things or refer to different changes. A common implicit hypothesis, however, is that economic changes have an impact on labor relations, industrial relations systems, or the governance of employment and working conditions. Although this is a fairly reasonable hypothesis, the extent and nature of the impact of economic changes on employment relations is not always obvious or easy to identify or quantify. This is particularly true of Europe where, as Hyman and Traxler (2000, p.139) observe: "Economic integration has been deepening and there has been progress on building European institutions of industrial relations as well. At the same time, however, national institutions retain the principal role in regulating employment".

The issue of economic globalization and the governance of employment and working conditions evoke, in industrial relations literature, the debate over the convergence or divergence of industrial relations systems. Thus, in this paper, I will start by addressing that debate and also try to identify how industrial relations theory deals with the impact of economic change on industrial relations outcomes. I will then use the concrete example of the industrial relations practices of Japanese multinational firms producing in Europe, and particularly in France and Spain, in order to outline the importance of the interplay between actors' strategies and institutional factors in the determination of employment and working conditions in Europe.

1. THE THEORETICAL IMPACT OF ECONOMIC CHANGE ON INDUSTRIAL RELATIONS OUTCOMES

1.1. The convergence debate

The debate about the convergence of national industrial relations systems dates back to the 1960's with the publication of "Industrialism and Industrial Man" by Kerr, Dunlop, Harbison and Myers (1960, 1964). At the time the issue was not "globalization" but "industrialization", although for the authors (1964, p.3): "The twentieth century is a century of enormous and profound and worldwide transformation". Despite the wave of protest that characterized industrial relations in many countries in the 1960's, the authors chose to focus their analysis on the structures and rules of employment relations (1964, pp.8-9):

> "Instead of concentrating so much on protest, we turned to a more universal phenomena affecting workers - the inevitable structuring of the managers and the managed in the course of industrialization -. Everywhere there develops a complex web of rules binding the worker into the industrial process, to his job, to his community, to patterns of behavior. Who makes the rules? What is the nature of these rules? Not the handling of protest, but the structuring of the labor force is the labor problem in economic development. […] To examine the structuring of the labor force is thus to note the political realignments which define the respective roles of different groups in the rule-making processes of the society as well as the evolution of the substantive rules themselves which govern the world of work."

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[1] This paper was presented at the IREC 2001 Conference "Globalisation, Competition and Governance of Employment and Working Conditions in Europe: Structures, Actors and Strategies", which took place in Madrid, 26-28 April 2001.

Among those groups, they examine the determining strategies of various types of "industrializing elites" which they fit into five categories: the middle class (and the open market); the dynastic elite (and the paternal community); the colonial administrator (and the 'home country'); the revolutionary intellectuals (and the centralized state); the nationalist leader (and the guidance of the state). There is no need here to develop the industrial relations characteristics associated with each type of elite, suffice it to say that, for the authors, the road ahead was what they termed "Pluralistic Industrialism"[2], and that they therefore envisioned a convergence towards that sort of pluralism (1964, p.233):

> "Industrialism is so complex and subject to such contrary internal pressures that it never can assume a single uniform unchanging structure; but it *can* vary around a general theme, and that theme is pluralism. While it will take generations before this theme will become universal in societies around the world, the direction of the movement already seems sufficiently clear."

The thesis of "Industrialism and Industrial Man" has been criticized mainly on the grounds of technological and/or economic determinism, but the work became a classic in the field of industrial relations international comparisons.

In the 1970's studies, such as Dore (1973) or Maurice, Sellier and Silvestre (1977, 1982), compared different countries and tried to account for their divergences using cultural or societal explanations. Even though these comparisons of "national models" didn't have the international scope of Kerr *et alii*, they seriously questioned the convergence thesis first put forward. In the 1980's a series of industrial relations studies compared the industrial relations characteristics of different nation-states, often elaborating different country typologies (Giles, 1996; Rehfeldt, 1996; Fouquet, Rehfeldt, Leroux, 2000). Many of these studies insisted on the persistence of national divergences in industrial relations systems; others focused on common trends. Thus the debate about the convergence or divergence of industrial relations, dating back to the 1960's, has been lively.

In the 1990's the debate was renewed with a new international comparison involving researchers from eleven OECD countries led by an MIT team. The first results where published by Locke, Kochan and Piore (1995). As the authors explain, the project initiated with the new method developed by MIT researchers to study industrial relations, within and between countries. This new theory of industrial relations, often termed "strategic choice", aimed at determining the impact on employment relations of changes brought about by international competition and new production techniques. It led to debate, controversy and a series of related studies, the first using a common analytical framework and the others comparing changes in different economic sectors.

The common analytical framework presented by Locke, Kochan and Piore contains four enterprise employment practices: changes in the organization of work due to new technology or new competition strategies; new wage regimes; an evolution of training and qualifications to meet the new needs of the firms; and questions of employment security. The country case studies do not show a uniform adaptation to the new conditions of international competition, but the authors outline common trends such as the decentralization to the firm level of industrial relations and human resources strategies, in which management is the initiator of change (p.158); increased flexibility in the organization of work; increased importance of training and skills in the labor market; and the decline of unionization. They then describe the

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[2] By "Pluralistic Industrialism" they meant: "This term is used to refer to an industrial society which is governed neither by one all-powerful elite (the monistic model) nor by the impersonal interaction of innumerable small groups with relatively equal and fractionalized power (the atomistic model in economic theory). The complexity of the fully developed industrial society requires, in the name of efficiency and initiative, a degree of decentralization of control, particularly in the consumer goods and service trades industries; but it also requires a large measure of central control by the state and conduct of many operations but large-scale organizations" (1964, p.232).

different ways in which the countries adapted to those pressures for change. In their synthesis, however, the authors stress three types of tensions in the modes of adaptation: whereas they consider strategies based on value added to bring about the best results both for the managers and the managed (p.168), they note that firms often combine them with strategies based on cost reduction; increased flexibility in work organization seems to bring about a polarization between workers who have access to innovative practices and those who are excluded increasing social inequalities (p.170) and the authors favor an intervention of industrial relations institutions in order to insure access to innovations rather than a return to traditional relations and labor legislation (p.171); finally, unions are losing members and power at a time when workers input is needed.

In their conclusion Locke, Kochan and Piore acknowledge three main results from this study. First, the evolution of the theory through debates over whether the strategic choices of the actors or the institutional structures determine the changes and the models observed in the different contexts. Secondly, the fact that there is no unique response to increased market competition questions neo-liberal models of the market economy for the market does not determine the results since employment relations are systematically shaped by institutions which reduce external pressure and influence actors' strategies (p.174). Finally, more micro-economic research is needed to build new theoretical models or to help give advice in the political arena. They also hope that the old debate over the convergence of employment systems will come to an end.

But is the work of Locke, Kochan and Piore entirely devoid of convergence shortcomings? Actually, through their insistence on the decentralization of industrial relations to the firm level - which other studies such as the OECD (1994) do not find -, and their tendency to favor a new model or "one best way" - strategies based on value added; innovations with flexibility rather than a return to traditional relations and labor legislation - that strongly resembles the American model of employment relations, their contribution is more to a renewal of the debate than to its end.

1.2. The interplay between strategies, institutions and economics

An important shortcoming of mainstream industrial relations theory and literature is that the economic environment is generally taken as a given, an external force that induces change in the system, whose rules are supposed to adjust to it. When the authors manage to avoid the pitfalls of economic determinism - which is often the case when the analyses are based upon serious empirical data or case studies - they invariably come to the conclusion, as Locke, Kochan and Piore did, that employment relations rules are not determined by the market but rather by industrial relations institutions which influence the strategies of the actors.

However, a more dynamic interaction between the economic and the industrial relations systems, with the possibility for the industrial relations system to influence the economic system is seldom considered (Michon, 1996; da Costa, Murray, 1996), whereas industrial relations rules could conceivably influence economic growth and competitiveness in a variety of ways (da Costa, 1998) and in several European countries the existence of social pacts would tend to point in that direction.

One of the consequences is that instead of focusing their analyses on the interplay between the strategies of the actors and institutions - particularly those dealing with labor and social protection legislation and policies - industrial relations studies in the field of international comparisons put forward "convergence" theses which can be criticized for their economic determinism or for their lack of realism - one can always find examples of countries which do not fit the typologies or which do not follow the common trends identified -.

Despite efforts to link economic changes with employment relations outcomes by putting forward similarities - such as, for example, a decentralization of industrial relations induced by globalization - the empirical evidence is often hard to muster, given the persistent divergence of the arrangements and institutional characteristics of national industrial relations systems. This is particularly true when considering Europe. As Jacques Freyssinet (1993, p.12) points out:

> "European construction is first the reunion of heterogeneous social spaces under a common market regulation. It is secondly the setting up of an additional institutional level which will be articulated to the already existent ones and will give itself specific rules and means of intervention. It is finally, the framework for the potential genesis of new actors through the reunion and/or recomposition of the existing actors…
>
> Experience as well as analysis lead to the rejection of the presupposed or explicit hypothesis of the makers of Europe, according to which economic unification would by itself be a factor of convergence of the social modes of organization. The pressure of common economic constraints is certainly brought to bear upon the different national systems of industrial relations but their reactions show above all the amplitude of heterogeneity."

A less deterministic and more dynamic interaction between economic change and industrial relations outcomes is thus a major question that needs to be further explored in industrial relations theory if it is to be able to integrate Europe as a new level of analysis (da Costa, 1999).

One way to deal with this issue is to take into account different levels of impact of economic change. In fact, the same type of economic change doesn't always have the same impact at the workplace, enterprise, industry, national, regional or international levels. For instance, if Japanese methods of production are capable of increasing productivity at the plant level threefold - as Womack *et alii* (1991) suggest - and the demand for the goods produced does not increase proportionally, the result might be the lay-off of part of the labor force and increased unemployment at the industry level, which will then have to be dealt with through the collective bargaining and/or the social protection arrangements prevailing in that industry. Thus the articulation of different levels of collective bargaining or industrial relations and its interaction with social policies should not be neglected but rather paid special attention to.

Kochan, Katz and McKersie (1986) when analyzing the transformation of American industrial relations enlarge the traditional sphere of industrial relations, which they identify as that of collective bargaining at the enterprise level, to include two extra tiers, for they consider that the process of collective bargaining is now being influenced by and forced to adopt to forces which operate both at a superior and an inferior level of its traditional structure. These forces are the strategic decisions of management, on the one hand, and the daily interactions in the workshops, on the other hand. The traditional field of collective bargaining is thus placed at the median level. It loses its character of privileged object of study in industrial relations for it can no longer, by itself, explain the current practices or the result of the interaction between the actors of the system of industrial relations, whereas, for the authors: "The task of institutional industrial relations theory is to identify the key variables or institutional forces that determine the outcomes of labor-management relations" (p.16).

At the superior level, even though the authors take other actors into account, they chose to place management values and strategies at the center of their analysis because for them labor and government strategies have remained unchanged (p.12-13). Their reformulation of Dunlop's theory of industrial relations systems (1958), often labeled "strategic choice theory", has been widely debated among industrial relations specialists internationally (da Costa, 1990) and has given impetus to a series of studies dealing with the diffusion and the

performance effects of human resource management innovations. However, one of the problems with this literature - besides the fact that the quantitative performance results are not always easy to measure nor conclusive - is that the impact of these new employment policies on workers and unions is often neglected. As Godard and Delaney (2000, p.491) point out: "By focusing on economic performance outcomes valued by employers, research has overlooked the effects of new work and HRM[3] practices on workers, work and society". Furthermore, the research has also neglect the interplay between human resource and other management strategies, which is important especially when the companies are multinational firms operating in different national contexts or when they have to restructure and chose to give more importance to factors other than productivity when deciding to close a site in a particular country.

Above all, management innovations and strategies do not function in a void. Our own research on the management and human resources practices of Japanese transplants in Europe suggests that economic change should not be taken for granted and that industrial relations outcomes are not determined by management strategies alone but rather by the interplay between those strategies and those of the other actors involved, as well as by the industrial relations institutions in which those strategies take place.

2. INDUSTRIAL RELATIONS IN JAPANESE MANUFACTURING FIRMS IN EUROPE

Japanese management strategies and practices have been widely debated in Europe and North America. An abundant literature viewed them as the source of a new model of economic growth. Whereas the first studies of the "Japanese model" stressed cultural factors and outlined diversity, the success of Japanese transplants, functioning in the same socio-institutional environment as other firms, called attention to organizational innovations such as just-in-time or lean production as well as to cooperative and long term relationships which could foster employee involvement and change industrial relations systems. This is not the place to review the theoretical analyses of the Japanese model (da Costa, 1994). The issue is what can be learned from management practices and industrial relations in Japanese manufacturing firms in Europe in terms of the impact of economic change - in this case globalization through multinational direct investment - on employment relations.

I have conducted, together with Annie Garanto, a survey of production organization and industrial relations management practices in Japanese manufacturing firms in Europe (da Costa, Garanto, 1993a; 1993b). We used two main sources: a statistical survey of all Japanese manufacturing firms producing in Europe and a series of interviews conducted at a sample of such firms. Our quantitative analysis is based on partly unpublished detailed data from the JETRO[4] survey of Japanese Manufacturers in Europe, which the JETRO offices in Tokyo were kind enough to make available to us. This data breaks down by country, industry, size of the firm, capital ownership and starting year three questions of the survey that were of particular interest to us: management practices, labor relations and union presence. The qualitative analysis is based on a survey on human resource management, work organization, and labor relations; we conducted at a sample of twenty Japanese manufacturing plants in France and Spain in different industries: metal, chemical and

[3] Human Resource Management.

[4] Japan External Trade Organization.

electrical widely defined. We visited both small and large plants (see Table 1) and interviewed Japanese and local executives as well as union representatives. The results of our research deal with some of the theoretical questions that have been outlined and bring forth not only the importance of the interplay between the strategies of the different actors involved but also of the institutional factors in industrial relations, particularly those relating to workers' representation.

2.1. The diffusion of the "Japanese model" in Europe

The statistical data from the JETRO and our own survey show that Japanese transplants in Europe do not fit the typical image of the "Japanese model". The characteristics most often attributed to that model, such as lifetime employment relations, just-in-time (JIT) production organization or even quality circles (QC), are not predominant among Japanese manufacturers in Europe. Employment security exists in only 11% of the firms and human resource management is one of the divisions in which power to make decisions is most often delegated to local management and which has the largest number of locally recruited executives. Decisions on production organization are less often delegated (60% of the firms) to local management. However, only 13% of the firms use JIT and only 38% have QCs. Furthermore, the last two practices are more characteristic of joint-ventures than of fully owned Japanese transplants as if the European partners of Japanese concerns were more eager to introduce "Japanese methods" than the Japanese themselves, the reference to the "Japanese model" having replaced the 1980's "participative management" fad...

In fact, the predominant management practices among Japanese manufactures in Europe are the ones related to "internal communication" fostering a collective identity with the firm. We interpret the importance given by the firms to internal communication as an overall strategy of worker motivation aiming at obtaining the workers active cooperation in production. However, that strategy is not always successful. Our study shows that cooperation is sometimes induced by the fear of unemployment and does not always reflect self-accomplishment at work. Moreover, the JETRO data on absenteeism and separation rates shows a certain form of worker resistance, and the data on hours of work shows the difficulties encountered by Japanese firms in obtaining the worker mobilization they wish: 32% of the firms find it difficult to impose overtime work and 31% to make their employees work during such periods as weekends and holidays (da Costa, Garanto, 1993a). These difficulties could be interpreted as a cultural reticence of European workers who would value leisure more than their Japanese counterparts, but they can also be viewed as a refusal to question their social arrangements since rules about working time exist in different national legal settings in Europe and are also the object of collective bargaining agreements.

In our study, we compared the specific changes in management practices and labor relations in two Japanese concerns producing the same type of product in France. The management practices to induce worker cooperation were somewhat similar and there was more than one union present in both cases. However, the first was an example of the persistence of conflictual attitudes ("them and us" style) mainly because the communication strategy of the firm was not upheld at all hierarchical levels (in particular middle-management and foremen) and was in contradiction with the wage formula and the shop floor practices of work intensification. The second, on the contrary, showed how a cooperative team spirit was achieved, in a pragmatic way, with constant hierarchical attention, through a coherent coordination between innovations such as JIT and TQM[5], the wage formula, and a deliberate

[5] Total Quality Management.

effort to involve unions in the process of change. Nevertheless, from the workers perspective, even this ideal-type example is not flawless since the workers new flexibility has not been negotiated into the job classifications of the collective agreement and there was an auto-regulation by the work teams which tended to exclude the less efficient workers.

Therefore, the main strategy of Japanese firms might entail internal communication and their major strength might be worker motivation, or the way in which those firms try to obtain workers' cooperation, but the process by which they do so requires a long term coherence between their internal communication strategy and everyday shop floor practices and its success depends on the interaction between the different actors or groups inside the firm.

Table 1
Sample of Japanese Industrial Transplants Visited in 1992

Industry	Size	Date	Japanese Capital	Type of Transplant	Union Presence
FRANCE					
Chemical					
C1	<49	1978	100%	New site	
C2	50-99	1966	100%	New site	
C3	500-999	1984	100%	Site bought	CGT, CFDT
C4	>1 000	1984	100%	Site bought	CGT, CGT-FO
C5	>1 000	1988	100%	Site bought	CGT, CFDT
Metal					
M1	50-99	1983	100%	New site	
M2	50-99	1972	95%	Site bought	CGT-FO
M3	100-199	1987	55%	Site bought	CGT, CFDT
M4	300-499	1985	100%	Site bought	CGT, CFDT
Electrical					
E1	100-199	1988	100%	New site	CFDT
E2	200-299	1990	75%	New site	
E3	300-499	1986	75%	New site	
E4	300-499	1980	100%	New site	
E5	500-999	1981	96%	New site	
SPAIN					
Chemical					
C1	<49	1979	100%	Site bought	
C2	>1 000	1988	100%	Site bought	ELA, CCOO, UGT, LAB
Metal					
M1	50-99	1976	100%	New site	CCOO
M2	>1 000	1980	68%	Site bought	CCOO, UGT, Company-union
Electrical					
E1	50-99	1986	80%	New site	CCOO, UGT,
E2	500-999	1982	100%	New site	CCOO, UGT,

Source: da Costa, Garanto (1993a, p.112).

2.2. Industrial relations outcomes: institutions matter

New strategies and practices fostering employee involvement and inducing a common identity between the interests of the firm and those of the workers could be a problem for labor unions. Some of the literature on this topic reveals a fear of the "Japanisation" of Europe with particular forms of industrial relations that would leave unions out, which we found rather exaggerated. Japanese manufacturing transplants in Europe seem on the contrary to have adjusted to the European context in their relations with union organizations since unions are present in 46% of all the Japanese manufacturing firms in Europe and in 64% of those with more than fifty employees, even though more than half of those firms was established after 1986 during a period of crisis for unions in many European countries. The rate of union presence in those concerns is primarily influenced by the size of the firm and the date of its inception (the larger and older they are the more likely they are to have a union) as is also the case of European firms in general (da Costa, Garanto, 1993a, pp.105-9). There are also notable country and industry differences that could be traced to the interaction between the particular histories of the labor movement, the institutional arrangements, and the specific forms of Japanese implantation. Among the four major countries in which Japanese firms are present, we chose to compare France and Spain because France had the weakest (28%) and Spain the highest (64%) rate of union presence in Japanese manufacturing firms, whereas these two countries have quite similar national unionization rates and forms of unionism.

Our comparison of these two countries, based on a sample of twenty case studies of Japanese manufacturing firms, brought to the fore the importance of a factor seldom considered in analyses of the diffusion of Japanese methods: the need to distinguish between brown sites bought by Japanese groups and greenfield sites newly set up. Issues such as the transformation of management practices or employee involvement are different in these two settings. Recently created firms, in the current context of unemployment and union decline in many countries in Europe, can be highly selective in their labor force choices, whereas at old sites the new management inherits an already constituted community of work with its own traditions and past history of hierarchical relations which can be hard to change. As Table 1 shows, in our French sample unions were present in all the old sites but were almost non-existent at new sites, which can be accounted for by the global decline of unions, particularly at new sites (Japanese or not) in France. In Spain, however, unions were present at almost all the sites we visited, which can be explained by the legal structure of union recognition and collective bargaining and by the active strategy of union organizations for whom the number of elected delegates at the works councils, every four years, determines the rate of representation for the signature of collective bargaining agreements. Thus institutional factors and the way in which the actors use them in industrial relations systems seem to be determinant in order to explain the differences observed in our comparison.

Japanese transplants in France and Spain seem to have adjusted well to the union pluralism which characterizes these two countries. The firms we visited didn't consider union pluralism as a problem. In most cases there were several unions present in our sample of firms and we found no case of union elimination as a result of management strategies. If certain Japanese firms (and other multinationals…) have been able to get "single union" contracts in the United Kingdom, for example, it might be because they were greenfield sites started in a difficult period for the unions rather than because these firms would absolutely insist on applying specific "Japanese" industrial relations practices. Thus, we believe that there is no more organizational determinism than there is a technological determinism in industrial

relations at Japanese transplants and that the national frameworks of collective bargaining are an important factor in accounting for union presence and industrial relations outcomes.

At the local level, there is a great diversity in the situations and a large pragmatism. Among the Japanese manufacturing firms we visited in Europe some did not use "Japanese" methods, in the same way that Volkswagen or Renault when they set up production sites abroad do not necessarily try to transfer the German or French models. There were also some firms whose strategy was to transfer the "Japanese model" but, even when they successfully managed to motivate the workers and obtain their cooperation in the workshop, that didn't seem to imply the elimination of the traditional roles of unions.

When trying to analyze strategies, if one refers to military or political strategies, it is easy to understand that the result of those strategies, their actual application or the actions that stem from them, can be different from what was intended. Industrial relations are no exception. Management has marketing, production, human resource and other strategies, of course, but competitors, consumers, unions, workers, and public representatives also have their own strategies. It is the interaction of these different strategies, which may or may not be similar or compatible, that accounts for the final results. These results are in general, as in the battlefield or the political arena, seldom identical to early strategies and planning.

Our research shows that the main strategy of Japanese firms might be worker motivation through internal communication but also that the success of that strategy in not to be taken for granted. Employee involvement and identification with the objectives of the firm is a long term process which must take into account not only management's strategy - and the strategies of foremen, executives, local directors and Japanese directors are not always identical - but also the strategies of other actors: unions, workers and even local political representatives; these are often involved at the regional level in the implantation of new firms or the buying out of older ones in order to create or save jobs. Furthermore, local strategies are conceived in specific institutional contexts which constraint the actions of the actors.

In the same way that the introduction of either taylorism or mass production did not bring about a homogenization of union and employer organizations, collective bargaining rules or industrial relations and welfare systems, the introduction of lean production and employee involvement should not imply the "Japanisation" of industrial relations in Europe. Given the interplay of the actors at different levels of the diverse national industrial relations systems, their institutional structures and existing rules, enterprises or management are likely to adapt to the local contexts, even if trying to foster their evolution. Such is at any rate the type of dynamics which we have observed in our research on the management practices of Japanese manufacturing firms in Europe.

Moreover, the issue of the benefits workers derive from an increased participation is a crucial one not only for the efficiency of those strategies and methods of management but also for their impact on industrial relations. If the workers are motivated by the hope of a promotion or by wage increases, those are traditional themes of collective bargaining. One could even make the hypothesis that the more the unions were able to obtain wage increases and advantageous job classifications, the more the workers would be motivated and productive. If it's the fear of job loss that motivates the workers, then the shop delegates (for individual dismissals) and the works councils (for collective lay-offs or social plans) definitely have a role to play in France, as well as the national mechanisms for social protection. Therefore the national institutional contexts of industrial relations and social protection must always be taken into account when dealing with employee involvement or worker participation as well as economic efficiency.

Besides ours, a growing number of international comparisons also stress that "institutions matter" (Van Ruysseveldt, Visser, 1996). A future challenge for industrial relations theory then is to elaborate new concepts to deal with institution building and evolution. Furthermore, since comparative studies at the European level tend to show that the countries which are most successful in dealing with employment problems and intensified economic competition are the ones that have strong unions and industrial relations systems (Auer, 2000), future research in industrial relations also needs to explore the dynamic interplay between economic change and institutions of industrial relations and social protection taking into account different levels: workplace, enterprise, industry, national, regional and European.

3. CONCLUDING REMARKS ON ECONOMIC GLOBALIZATION AND INDUSTRIAL RELATIONS IN EUROPE

3.1. Globalization or economic integration?

In the same way that the diffusion of the Japanese "model" and its impact on industrial relations in Europe is not to be presupposed but carefully assessed, the impact of other forms of "globalization" in Europe should not be taken for granted.

First, researchers remain divided over the convergence or divergence of national institutions facing the pressure of international competition, as Berger and Dore (1996, p.viii) point out: "In time it became clear that our questioning and our differences revolved around whether international economic flows and the market would produce the convergence of national institutions. We are still divided on this issue".

In fact, seen from the point of view of economic statistics, globalization doesn't seem to present a serious threat to European competitiveness for the moment. According to Kleinknecht and ter Wengel (1998), geographic patterns of foreign trade and foreign direct investment do not show that European economies are experiencing a process of increasing "globalization". They conclude that internationalization is taking place as economic integration within the European Union bloc (p.638):

> "The European Union can be characterized as a closed economy and its relative dependence on trade with the world's other trade blocs has not increased since the early 1960s. Furthermore, to the extent that trade exceeds the frontiers of the European Union, the lion's share of transactions still takes place among the rich OECD countries, notably with the US. Looking at long-run trade figures, one can also question the proposition that we are currently experiencing an historically unique stage of internationalization."

Secondly, concerning the impact of "globalization" on industrial relations in Europe, there seems to be no evidence of converging trends. Such was the conclusion of our study of Japanese transplants in Europe but other recent studies also point in the same direction. Traxler and Woitech (2000) have showed that whereas transnational firms could conceivably have the opportunity to target investment towards countries where labor standards are low and regulatory institutions least restrict management prerogatives, those are not priorities when investors select locations and that such a strategy doesn't seem to be pursued. Sabine Blaschke (2000) when using a multivariate regression analysis to investigate trends in union density in Europe from 1970 to 1995 found that the most important variable accounting for union density increase, stability or decrease was institutional, namely the existence or not of union-administrated unemployment schemes, the Ghent system. Economic factors, especially shifts in the structure of employment also influence union density, but the evidence is ambiguous as to whether these developments can be attributed to European economic

integration (p.231). Alber and Standing (2000) when trying to determine whether increased economic liberalization and capital flows have forced governments to roll back social spending and social legislation put forward the importance of domestic policy developments (p.112):

> "The basic message of our studies is, then, that there is marked heterogeneity in recent welfare policy developments with an astounding degree of country-specific variations. This insight almost immediately leads to the second basic idea suggested by our findings: to the extent that functional imperatives related to globalization do exist, they are mediated by nation-specific structures and politics. Policy outcomes are thus primarily influenced by domestic political conflict, and this is particularly true for nations which experience the transition from dictatorship to democracy and where policymakers must be concerned with legitimizing the new order."

If the empirical evidence, particularly that examining Europe, most often identifies diverging patterns of adaptation, why do so many researchers still focus their analyses on possible convergences presumably induced by global market changes? Furthermore, why presume that there should be a universal "one best way" type of adaptation applicable to all sorts of production sites, industrial sectors, regions and countries? Technological advances, economic niches, sheltered public sectors - to mention just a few elements of economic diversity - all co-exist in market economies. Why shouldn't we then consider the existence of different ways to adapt to change and different regulations of employment relations at different industrial relations levels as a pragmatic and even useful resource for continuing transformation in the new millennium?

3.2. Collective bargaining and social policy or the market?

May be the answers have less to do with scientific analysis than with politics, and particularly the blind acceptance of the neo-liberal creed that would have us believe that there is no alternative to the economic dictates of the market, which is in fact an ideological justification for social and labor policies that could (and should) otherwise be questioned and democratically discussed in the political and social arenas. As Richard Hyman points out (1999, pp.2-3):

> "As with the notion of globalization itself, that of deregulation is heavily imbued with ideological bias. Typically it implies that 'liberating' market forces is an alternative (a superior alternative) to social regulation; but in fact, the 'free market' is not an alternative to regulation but rather an alternative form of regulation. […] It would be dangerous and wrong to embrace too economic-determinist a reading of current tendencies, which contain ambiguities and contradictions. The transnational intensification of market forces has real and important implications which challenge the regulatory capacity of industrial relations regimes at national level; but ideological deployment of ideas of deregulation (as, more generally, that of globalization) help create a fatalistic and self-fulfilling presumption that 'there is no alternative'. Discovering alternatives is, on the contrary, the proper task of industrial relations analysis."

I hope this paper has remained true to that task and modestly contributed to the emergence of alternative ways of thinking. In effect, if institutions matter and if they mediate market forces, then it's not the invisible hand of the market that would determine a presumed convergence of employment relations but rather the interplay of the strategies of the actors within the constraints set by the institutions, institutions which can in turn be changed and reshaped by the action of the actors. This approach implies that industrial relations rules, people and politics matter and that they can influence economic outcomes - wages, social security benefits, public spending, taxation, etc. - which help explain the persistence of the observed diversities in the different levels of the systems of industrial relations. But if such is the case, then the goals and orientations of economic policies need not necessarily be those most valued by employers, such as increased efficiency, profitability or competitiveness. They can also be those most valued by other groups in society, such as full employment, high

social protection, good education and other public services, or even a clean and safe environment.

An element of change that has influenced the academic and political debate about the evolution of employment relations has been the impact of neo-liberal thought. According to Susan George (1999, p.1):

> "In 1945 or 1950, if you had seriously proposed any of the ideas and policies in today's standard neo-liberal toolkit, you would have been laughed off the stage at or sent off to the insane asylum. At least in the Western countries, at that time, everyone was a Keynesian, a social democrat or a social-Christian democrat or some shade of Marxist. The idea that the market should be allowed to make major social and political decisions; the idea that the State should voluntarily reduce its role in the economy, or that corporations should be given total freedom, that trade unions should be curbed and citizens given much less rather than more social protection – such ideas were utterly foreign to the spirit of the time."

In the period after World War II, industrial relations specialists helped shape industrial relations systems and foster macro-economic policies by putting forward ideas such as: unions should be recognized and, as defenders of the interests of the workers, play a role in the determination of the conditions of work and employment; collective bargaining is a form of industrial democracy as opposed to the unilateral power of the employer over labor relations; government intervention in the economy is needed in order to bring about economic stability, full-employment, labor legislation, social protection, etc.

In that period of industrialization, industrial relations theories gave economic change an important impact in the explanation of industrial relations rules. Today a more dynamic perspective is needed. Industrial relations and social protection systems are well established in most western countries and particularly in Europe. Despite common economic pressures, particularly those brought about by European economic integration, national responses vary and diversities persist. Future research should thus investigate the contribution those diverse industrial relations systems can make to economic growth and market outcomes, especially those having to do with the evolution of employment in the labor markets. Since employment has emerged as a major issue in Europe (Freyssinet, 1998; Gilot, Saussu, 2000), future research also needs to explore the consequences of different types of interconnections between industrial relations and social protection systems on the regulation of employment relations at different levels: workplace, enterprise, industry, national, regional and European. Last but not least, especially with the development of social pacts in Europe, the issue of the interactions between collective bargaining and national and European social policies needs to be better understood both empirically and theoretically. Such a research agenda would help industrial relations thought to build new theoretical models and elaborate different and more democratic ideas and policies than the ones stemming from neo-liberal thought and may be also help bring about changes contributing to the triumph of social regulation over the market in Europe.

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