Work and Industrial Relations
Towards a New Agenda
Russell D. Lansbury

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RESEARCH NOTE

Work and Industrial Relations: Towards a New Agenda

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Introduction

While the “world of work” has been one of the most popular topics of discussion in recent years, the field of industrial relations has frequently been dismissed as being of declining interest and relevance. This has been partly a result of falling trade union membership in a number of countries and the diminishing importance of labour market institutions which have previously regulated work and employment. Enrolments in industrial relations courses at many universities, particularly in the English-speaking world, have declined and there has been growing concern that the subject may disappear from the curricula in Faculties of Social Sciences (where it began) and Business Schools (to which it migrated). The British Universities Industrial Relations Association (BUIRA) issued a statement in May 2008 entitled “What is the point of industrial relations?” in order to refute the argument that the subject is outmoded and claimed that “the future of industrial relations remains challenging but promising” (BUIRA, 2008; also Edwards, 2005).

In the past, the most common themes discussed in the field of industrial relations included collective bargaining, trade unions and strikes. Some of these topics appear to have declined in importance in recent decades, but issues of how work is regulated, pay is determined, the views of employees are represented and how conflict at work is resolved, continue to be of significant concern to people at work, organiza-
tions, employers and governments. As the BUIRA statement points out: “the environment of employment has become more complex than in the past, with an increasingly diverse workforce, radical changes in technology and organization of work, the shift towards a ‘service economy’, new contractual arrangements and patterns of working and the pressures of a global economy” (BUIRA, 2008: 1).

**Challenges to Industrial Relations**

While challenges to the “stable state” of work and industrial relations have varied between countries, there are some trends that are similar in a number of countries, particularly in developed market economies. These have disturbed the “stable state” which characterized the field of industrial relations for many years. They include the deregulation of labour markets, the shift from centralized to decentralized systems of industrial relations, the growth of “non standard” contracts of employment (including fixed-term, part-time, on-call, freelance contracts and hiring through temporary employment agencies) which now cover around 40 per cent of workers in the European Union, the replacement of collective forms of bargaining with more individualized arrangements and a diminishing role for the traditional social partners in industrial relations as labour market coverage by unions and employer associations has declined.

As noted previously, the definition of industrial relations as a field of knowledge as well as a practice has also been subject to change. The term industrial relations is commonly traced back to the end of the nineteenth century and the publication of classic studies by Sidney and Beatrice Webb in Britain (Webb, 1894, 1897). However it did not become established as an academic subject taught in universities in the UK, US, Canada and Australia until around the 1930s (Kaufman, 2004) and did not gain widespread acceptance until the 1950s, when scholarly associations were founded in these countries. As Morris (1987, 1993) has observed, the field of industrial relations was gradually formed over a number of decades “as part of a perpetual but largely ad hoc restructuring of social science concepts.” It also appears to have enjoyed its greatest vogue during periods of labour “crises” when strikes were frequent and disruptive to the economy and society.

The principal concerns of industrial relations have altered over time as issues of concern have changed. In the US, during the immediate post-war period, according to Strauss (1987), “mainstream IR positioned itself rather narrowly, focusing primarily on the union-management relationship and its impacts. Only secondary attention was given to individual workers, individual relationships between workers and managers, and relationships between groups, except as occurred through collective bargaining.” With the decline of strikes and union coverage, “the field's reason for existence became less clear” (Strauss and Feuille, 1978). By the 1990s, according to Cappelli, “having narrowed its focus over the years to union-management relations, and having excluded consideration of other models, industrial relations researchers suddenly had very little to say that other constituent groups cared to hear” (Cappelli, 1991: 6).
There has been considerable debate about whether the field of industrial relations is either too theoretical and removed from the concerns of everyday life in the workplace to be relevant to practitioners and policy makers or, conversely, whether it has been too partisan in its relationship with unions or employers and has served the needs of one party or the other. This is not a new issue. At the first annual meeting of the Industrial Relations Research Association in the US in 1948, the sociologist C. Wright Mills warned of pitfalls if industrial relations became captive to the “sophisticated conservatism” of American managers and their enthusiasm for “human relations”, which was enjoying popularity at the time. Mills also raised concerns about narrow “molecular” social science, which focused excessively on “small scale problems and statistical models of verification.” Instead, Mills advocated the adoption of a more “macroscopic” approach which emphasized the importance of social structures and the role of institutional forces in economic and political life (Mills, 1948, 1953). This is remarkably similar to current concerns that human resource management is displacing industrial relations in many business school curricula because it “tends to accept management’s objectives uncritically (and) concentrates on activities at the company level without exploring the social environment” (BUIRA, 2008).

In some other countries, with different traditions of industrial relations compared with the United States, the field has been more broadly defined. According to BUIRA (2008), “the focus of (contemporary) industrial relations is on the regulation, control and governance of work and the employment relationship. It is a multidisciplinary field of study . . . (and) provides a multi-level understanding of relationships at work.” It should be noted that industrial relations is also a policy-oriented field of study which has multiple and competing goals. Hence, while some industrial researchers regard industrial relations as essentially concerned with balancing equity, efficiency and voice (see Budd, 2004), others regard productivity and workplace justice as the key concerns of the field (see Edwards, 2007). However, in most non-English speaking European countries, industrial relations is not regarded as a separate social science discipline and the focus of research tends to reflect the discipline from which the researcher is drawn.

Is Industrial Relations Still Relevant?

Various arguments have been advanced to justify the continuing relevance of industrial relations as a field of study as well as a practice. Keith Sisson (2008) argues that industrial relations is not only a vibrant field of intellectual inquiry but that it “delivers” something of practical value: “the subject is able to impart ideas and provide insights that inform policy and practice, present evidence that tests their explanatory power and maps developments in the field that add richness to the discourse of the employment relationship as a multi-faceted phenomenon” (BUIRA, 2008). As a subject that is now taught predominantly in Faculties of Business and Schools of Management, industrial relations provides one of the few opportunities for students in these fields to examine the issue of conflict in both organizations and in the wider society. Unlike some other subjects, such as Human Resource Management, which
tend to accept a unitary view of employment relationships and do not explore the wider societal environment in which organizations operate, the pluralist approach of industrial relations regards conflict and its resolution as a natural consequence of an environment in which there are multiple stakeholders.

A number of commentators have also highlighted that employment relationships cannot be understood in isolation from wider social, economic and political developments. This provides the grounds on which it can be argued that industrial relations is not only relevant to the effective operation of organizations and the economy, but also is strongly connected to democratic citizenship (see Hearn and Lansbury, 2006). The principles developed by T. H. Marshall in his seminal work *Citizenship and Social Class* (1950) remain an influential benchmark for determining “the relative success of each western society in empowering its citizens in an equal and inclusive way throughout their lives” (Hudson and Kane, 2000: 137). McCallum (2006) has drawn on Marshall’s ideas to develop a concept of “industrial citizenship” that would establish minimum wages and conditions of employment, and protect both employees and employers from “arbitrary, capricious and discriminatory conduct” (McCallum, 2006: 6).

Industrial relations is relevant to the current concerns expressed in some countries about the decline in democratic cultures and the political engagement of citizens, which is often linked to changes in the world of work. Sennett (1998) has argued that the decline in employment security in many countries has led to a decline in social participation and active citizenship, and ultimately undermines the quality of democratic life. Uncertainty in the labour market and the intensification of work are linked by a number of studies to the decline of membership in political parties, trade unions and other community organizations which provide the basis for active citizenship (see White, 2004).

In the UK, a recent government-initiated review of skills education and development by Lord Leitch emphasized the need to reconstruct a concept of citizenship and “social inclusion” by bringing more people into the employment relationship “as the best form of welfare . . . to ensure people stay in the labour market . . . gain skills . . . and achieve wider social outcomes” (Leitch, 2006). This mirrors the views expressed by the founders of industrial relations in both the UK and the US more than a century ago, as expressed by Sisson, that “the emphasis has to shift from treating employees as a commodity to be bought and sold in markets . . . to human beings with the capacity to grow, develop and contribute” (Sisson, 2008).

Although strikes have declined in many countries, conflict still exists in the workplace in various manifestations. In Britain, the Thatcher government’s tough legislation was widely hailed as having curbed union power and industrial disputes. Before the Thatcher era, approximately 40,000 claims per year were submitted to employment tribunals for resolution, but these had risen to more than 140,000 per year by the time of the Blair Labour government (BUIRA, 2008). In 2008, striking nurses in the Nordic countries in the public health sector demonstrated that European countries which formerly were almost strike-free were becoming more like other countries in
the region in terms of industrial conflict. In more recently industrialized economies, such as China and Vietnam, where unions are more like an extension of the government and workers are forbidden to strike, there have been record numbers of unofficial and illegal strikes in recent years (Cooke, 2008). Hence, industrial conflict remains a fact of life in many countries irrespective of their political systems.

The decline in unionization rates in many countries has meant that collective bargaining coverage has also fallen. While collective agreements remain the bedrock of industrial relations, other forms of employee representation and voice have emerged. The European Union (EU) has been at the forefront of creating new institutions, such as the European Works Councils (EWC), to provide an additional channel for employee participation in decision-making. The EU has also established statutory mechanisms for information and consultation between employers and employees. In some countries, where unions have strong coverage at the enterprise level and experience with works councils, the unions have been able to take advantage of opportunities offered by EWCs.

Research gathered by Huijen, Whittall and Knudsen (2007: 226) led them to view the EWC Directive as “a window of opportunity”, and they concluded that since the directive came into force in 1996, a number of EWCs have played a relevant role and offer the trade unions and worker representatives an opportunity to influence corporate decision-making. Furthermore, the EWCs provide a platform for the development of EU-level bargaining and industrial relations.

**Globalization and Industrial Relations**

Changes in the world economy, that are commonly referred to as globalization, have had significant consequences for industrial relations, but have also provided the opportunity to reassert the relevance of the discipline in understanding the impact of these changes on the nature of work, people and organizations (Lansbury, 2004). Globalization has been defined as “a process of rapid integration between countries . . . driven by the liberalization of international trade and by freer capital flows (Torres, 2001: 8). Globalization has exerted pressures on job security in a number of countries as workers have been displaced by shifts in the competitive position of enterprises in world markets and by the position of countries in the international division of labour.

There are competing views about the effects of globalization on the labour market. Some analysts argue that globalization produces convergence in labour standards across countries and regions, while others suggest the pressures associated with globalization are refracted through national level institutional arrangements, resulting in continued diversity (see Katz and Darbishire, 1999). Clearly, however, the impact of globalization on industrial relations is an important recent development and there is a need to take into account the influence of international economic forces as well as the role of nation states and their institutions in shaping labour markets, as well as economic and social outcomes.
Although multinational enterprises (MNCs) have existed for many decades, their influence has increased with the growth in foreign direct investment (FDI) and the growing “interconnectedness” of the world economy. As noted by Wedderburn (2007), in relation to the impact on labour law, “what we underrated was . . . the power of emergent globalised capital.” According to UNCTAD (2005: xix), the number of MNCs has grown exponentially over the past three decades. MNCs currently account for about two-thirds of world exports of goods and services, of which a significant share is intra-firm trade. This form of trade is less subject to external market prices and is determined by internal decisions of the MNCs.

As the production networks of MNCs have become more complex, involving multiple tiers of suppliers around the world (such as the auto industry), it has become more difficult to determine where decisions on work and employment relations are made (Dicken, 2007). The internationalization of production organization and supply chains, together with the liberalization of cross-national capital flows, has made it increasingly difficult to identify the owners of productive assets and companies as employers of labour. As noted by White (2004): “shareholding, as the dominant form of ownership has turned into a jungle of equity ownership relations in funds and funds of funds, making it virtually impossible to know what is owned by whom.”

The ability of trade unions, at the national and industry level, to negotiate effectively with MNCs has become increasingly limited. Globalization was described by the International Confederation of Free Trade Unions (1996) as “the greatest challenge facing trade unions.” As noted by Kyloh (1998), trade unions have adopted a multi-level strategy, with varied success. At the national level, many unions have been devoting resources to recruitment and organizing, providing additional services to members, and joining forces with NGOs and community groups in particular campaigns. At regional and international levels, unions have established information networks about bargaining practices and agreements reached with MNCs in an effort to coordinate bargaining. In some industries, such as clothing and textiles, unions have been able to achieve agreements with employers on codes of conduct and social labeling which are aimed at getting employers to adopt acceptable labour practices and to abide by international employment standards established by the ILO. Recently, some global union federations have been successful at negotiating international framework agreements with MNCs, but these are still few in number and at an early stage of development (Papadakis, 2008).

The Roles of International Organizations in Industrial Relations

Globalization has also afforded opportunities for international organizations such as the International Labour Organization (ILO), other United Nations agencies and NGOs to influence the global debate on work and employment practices. The ILO is the longest-established and most authoritative organization in this field, and has a mandate from all of its members worldwide to a set of core principles on labour standards. The ILO’s “core” labour standards include “the four freedoms of labour”:
the elimination of child labour, the abolition of forced labour, the encouragement of non-discrimination in employment, and freedom of association and collective bargaining. The ILO’s Declaration on Fundamental Principles and Rights at Work and its Follow-up have provided a framework to move forward on this issue, and all member States have endorsed the Declaration. Promotion of these core labour standards has been a priority of the ILO in recent years. However, the ILO lacks any powers of enforcement and must rely on persuasion to gain compliance of its member States with core labour standards.

The linkage between international trade and labour standards has been a vexed issue which has brought the ILO into conflict with some other international organizations such as the World Trade Organization (WTO), as well as the International Monetary Fund (IMF) and the World Bank. At the WTO ministerial meeting in Singapore in 1996, the ILO’s competence in relation to core international labour standards was explicitly recognized, but the WTO Ministerial Declaration also noted that “we reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question” (WTO, 1996). Furthermore, the WTO has continued to oppose the insertion of “social clauses” in trade agreements. The ILO’s research on the Social Dimensions of Globalization, however, has argued that while “it is difficult to discern a strong empirical link across countries between the degree of enforcement of core standards, on the one hand, and trade performance, on the other . . . the relationship is a mutually enforcing one” (Torres, 2001: 65).

Another recent initiative which has sought to improve labour standards, particularly in relation to MNCs, has been the promotion of corporate codes of conduct. Murray (1998) notes that there are two kinds of codes of conduct. First, there are informal codes which are created out of the interaction between employers and workers and are a “de facto” system of actual labour standards. Second, there are formal policies which explicitly set out fundamental conditions which should apply across all workplaces. While codes of conduct are not enforceable at law and are limited in scope, they have become more widespread. A number of leading MNCs have signed voluntary codes of conduct and produce annual corporate social responsibility (CSR) reports, Nike and Gap being among some of the more high profile cases. The UN has established a Global Compact, which a large number of MNCs have joined, which sets out ten principles, six of which relate to human rights and labour standards. While there is considerable skepticism about the impact of voluntary codes, especially in relation to the difficulties of monitoring compliance, they are a response to pressure on MNCs from a variety of interests, particularly in relation to labour standards.

A recent initiative by the ILO, as part of its campaign for “Decent Work”, is the “Better Work Global Program.” This began as the “Better Factories” project in Cambodia in 2000 aimed at improving working conditions in the textile and garment industries through cooperation between the ILO, the Cambodian government, leading MNCs and unions. The project has been credited with boosting the competitiveness of the Cambodian industry, while improving wages and working conditions and
reducing child labour. The Better Work Global Program has now been extended to the textile and garment industries in a number of other developing countries. The key elements in the program include: a framework for assessing compliance with core international labour standards and national labour laws, and for assisting enterprises to improve their quality and productivity throughout the global supply chain. The program is a partnership between the ILO and the International Finance Corporation (IFC), the private sector arm of the World Bank Group. It involves cooperation between governments, international buyers, employers’ and workers’ organizations to strengthen the competitiveness of industry in combination with high labour standards. The program has received the endorsement of key government, employer and union representatives at both the national and international levels (ILO, 2008).

The Need for a Multi-level Approach to Industrial Relations

While globalization has become the focus of attention in recent years, there is ample evidence that national and, in some cases, sub-national factors continue to play an important role in structuring relationships between employers and employees. Thelen’s work on Germany provides a good example of this phenomenon as she demonstrates that despite the pressures associated with globalization, distinctive features of German industrial relations, notably the two-tiers system of employee representation, have prevented the wholesale deregulation of the German labour market. Indeed, Thelen has argued that the increased competitive pressures associated with globalization have encouraged German employers to renew their commitment to aspects of employee representation at the enterprise level and to industry-wide bargaining (Thelen, 2000; Thelen and Kume, 2003). The Danes have also strengthened their particular approach to industrial relations through the determination of the unions and employers to maintain a collective bargaining system which is independent of the state and the development of the Danish “flexicurity” concept, which has attracted widespread international attention (Auer and Cazes, 2003, Due and Steen Madsen, 2008).

Yet there have also been significant developments in regional approaches to industrial relations, most notably in the European Union. The “Europeanization” of industrial relations among member states received strong impetus during the 1990s due to strong support from the European Commission and a number of Directives on issues such as informing and consulting employees, works councils, health and safety at work, working time and collective redundancies. However, the advancement of collective bargaining at the European level has proven to be quite slow and a new system of industrial relations regulation within the EU has not yet been developed. However, Martinez Lucio and Weston (2007: 226) are cautiously optimistic and argue that “as regulatory approaches have become softer, organized labour has been granted a much more promising role in EU social regulation.” They also point to greater coordination across borders by European industry and union federations and argue that European Works Councils represent one aspect of “new complex interactions between supra-national regulations… involving international labour structures.” They
outline the emergence of new forms of regulation within the EU, of which EWCs are a part, and suggest that “there is a new dynamic of transnational worker representation emerging.”

There is also recent literature which rejects the notion that globalization creates irresistible pressures for convergence of capitalist economies on a neo-liberal model. Most notable is the “varieties of capitalism” (VoC) approach advocated by Hall and Soskice (2001) among others. They argue that it is possible to identify at least two institutional equilibria which resolve the coordination problems associated with a market economy. First, “liberal market economies” (LMEs) rely on markets and hierarchies to resolve coordination problems, and the United States and the United Kingdom are prime examples. Second, “coordinated market economies” (CMEs) use greater non-market mechanisms to resolve coordination problems internally and externally. Germany is the prime exemplar of CMEs, but other northern European countries also fit this category. The VoC approach highlights the causal significance of national level institutions in shaping national responses to international pressures. While increased competition is associated with globalization (and individualization) of bargaining in LMEs, this does not necessarily follow in CMEs. The VoC’s focus on national level institutions helps to explain why globalization does not appear to be associated with significant declines in union density in some countries (such as Australia and the US), but has not produced the same outcomes in others (such as Germany or Sweden) (see Frege and Kelly, 2004).

Among the criticisms of the VoC approach is that it does not contain enough variety and focuses only on those countries to which the model can be applied (Allen, 2004). Not only are there other European countries which do not fit easily into either the LME or CME categories (see Hancke, Rhodes and Thatcher, 2006), but Asian countries such as Japan, Korea and China appear to combine elements of both categories (see Lansbury, Wailes and Kirsch, 2008). Furthermore, systems of multi-level governance such as the European Union pose significant challenges to the nationally-bounded and distinct description of institutions on which the VoC approach is based. Deeg and Jackson (2007) argue that the increasingly international character of institutional actors, notably capital, means that the national level institutions create fewer constraints than depicted by the VoC approach. Wailes (2007) builds upon these arguments to suggest that national forms of capitalism are “institutionally incomplete.”

Wailes (2007) argues that it is necessary to rethink the relationship between the international and the national levels when seeking to understand current developments in industrial relations, especially in order to include the effects of a regional dimension such as the European Union. He notes that recent literature on employment relations practices in MNCs provides a concrete example of how this form of institutional incompleteness can affect national patterns of industrial relations. Almond and Tempel (2006) have demonstrated that while the institutional context of host nations and the power relations within MNCs help shape the employment relations practices across their subsidiaries, MNCs also exhibit a strong “country of origin” effect. This supports
an earlier research study by Ferner (1997) which found that the tendency for MNCs to diffuse key employment practices across their subsidiaries reflected the extent to which MNCs and their management were embedded in the institutional context of their home countries.

Wailes (2007) cites criticisms of the institutional approach in comparative capitalism to show how the concept of institutional incompleteness can be used to bring international and European-level developments into the analysis of industrial relations, while at the same time remaining attentive to the enduring and significant role played by national-level arrangements.

The complex inter-relationships between the national, regional and international dimensions of industrial relations is illustrated by the implementation of an autonomous framework agreement on telework across five European countries. A study of this framework agreement was undertaken by Larsen and Andersen (2007) in order to examine whether a new mode of European regulations was emerging. Their study showed that national industrial relations traditions were not the primary determinant of how the tele-work agreement was implemented in different member countries. Rather, their analysis revealed that the form that the policy took, with its emphasis on voluntarism and self regulation, had a major influence on the process of implementation. This enabled the Danish employers’ association to avoid implementing the agreement while the Confederation of British Industry took the unusual step of participating in tripartite negotiations. Larsen and Andersen concluded that the way in which the autonomous agreement was developed, and the form which it took, influenced the power balance between the social actors at the various national levels. This study supports the contention of Wailes (2007) that empirical work that explores the complex interaction between different levels is likely to produce “a more nuanced and sophisticated understanding of industrial relations processes and outcomes.”

Conclusions

Industrial relations faces a number of challenges in the context of changes to the “stable state” which existed for many years, when unionization rates were relatively high across the developed market economies, and collective bargaining was well-established in key industries, such as manufacturing, and in the public sector. As union membership has fallen, bargaining coverage has declined and there has been the replacement of collective labour-management relations with more individualized forms of employment contracts. Labour markets have been progressively deregulated in many economies, and the proportion of the workforce undertaking contingent forms of work on non-standard employment contracts has grown. Laws have become more restrictive in relation to collective action such as strikes, and the number of formal industrial disputes has declined. This has meant that industrial relations which was too narrowly focused on collective bargaining and industrial conflict has become a less popular field of study, even though issues related to work and employment relations have become increasingly important to economic and social progress.
While the regulation of the workplace and interaction between employers and unions remain key concerns to the field of industrial relations, other issues related to people at work, employment and organizations are important in bringing a broader perspective to the subject. Industrial relations needs to maintain a multidisciplinary approach to issues at work and in the employment relationship, and to connect the micro-level issues at the workplace level with macro-level issues in society and the economy. It needs to combine its concern for the traditional social partners—unions, employers’ associations and the state—with newer actors such as NGOs and community organizations which are actively concerned with issues at work and in the workplace. The expertise which industrial relations scholars and practitioners have developed in dispute resolution between unions and employers can be applied to other areas of conflict in the workplace. Alternative methods of providing a voice and influence for employees at their place of work should be a natural province of industrial relations specialists.

While the national or sub-national level will remain the focus of industrial relations in most countries, new developments at the regional and international levels will require a multi-level approach to the subject. Globalization of the economy means that industrial relations will continue to interact with issues of international trade. International organizations, such as the ILO, WTO and World Bank have an opportunity to play an increasingly significant role, along with international employers’ groups, global union federations and a growing variety of NGOs. However, MNCs are likely to be the locus of employment for growing numbers of people and will exert considerable influence on the future of industrial relations.

Although North American and European systems of industrial relations will continue to be important, the newly industrializing countries in Asia and elsewhere will develop their own approaches and institutions to regulate work and employment which reflect their own traditions and needs. However, if the field of industrial relations is to remain relevant to social and economic interests of people at work and contribute to improving both business and public policies around the world, it must maintain its long-held concern to achieve a balance between equity and efficiency in work and employment.

Bibliography


