Integration 1

Comparing Employment Relations Systems

What the Chapter Covers

This is the first of four integrative chapters in the book, all of which deal with interconnections between important aspects of employment relations. While it has some similarities with the previous chapter, in that it largely focuses on the effects of contexts on the nature of employment relations, there is also an important difference. Whereas Chapter 2 confined itself to describing the effects of changing contexts in Great Britain, this chapter illustrates the idea that because different countries have to contend with different sets of contextual circumstances, they are likely to develop their own unique systems of employment relations. Thus employment relations elsewhere can be very different to employment relations in Great Britain.

To address this matter the chapter adopts a comparative perspective, and makes use of the same conceptual model that was applied in Chapter 2. However, it extends the application of the model to three additional countries: America, Germany and Japan. As in Chapter 2, the model is used to analyse the changing effects of the political-legal context, the economic context, the socio-ideological context, and the technological context of each country, and the effects of these on matters within firms is then described in terms of the general characteristics of employees and their associations, employers and managers, and cultures and climates. Finally, a brief description of the employment relations systems that result is given in terms of the nature of their processes and outcomes.

Towards the end of the chapter two major themes emerge from this analysis. These are: that the general characteristics of a country’s employment relations system are those that match its particular environmental circumstances; but that these characteristics are not only a response to the changing environment, because they also reflect certain inbuilt features such as national cultures, which change more slowly.
New Concepts Introduced in Chapter

Business unionism: a type of unionism that is non-idealistic and which strictly confines itself to the improvement of wages and working conditions

Co-determination: a system based on legal rights for workers (at enterprise level) and unions (at national level) to participate in decision making

Concession bargaining: a practice used in America, where, because a negotiated contract is legally enforceable, the employer needs to engage in bargaining with a trade union to be able to obtain concessions over matters such as wage rates in order to vary the contract during a recession.

Enterprise union: a union in which membership is restricted to employees of a particular firm

Gerontocracy: government by and respect for older people in society

Industrial union: a trade union organised on the basis of representing all grades of workers in a particular industry

Organising unionism: a type of trade that focuses strongly on recruiting and training members, with the aim of leaving in place a strong, self-reliant cadre of workplace activists

Quality of working life (QWL) movement: a campaign that concerns itself with measures to improve the experience of working life for American workers, often by placing emphasis on such matters as job design and the use of participative management techniques

Works councils: a joint council of workers and management, established in Germany under the Federal Works Constitution Acts (1952 and 1972) as a vehicle of co-determination
Teaching Materials in Textbook

There are no case studies, or pause for reflection exercises in the chapter, but for self-assessment purposes, a short battery of multiple-choice questions (and answers) are provided later in this website chapter.

Useful Sources of Additional Material

Books and Journal Articles


Addison, J.T., C. Schnabel and J. Wagner (1997) ‘On the determinants of mandatory works councils in Germany, Industrial Relations, Vol. 36 (4), pp. 419-45. Although the existence of works councils in German firms in underpinned by the law, they are not mandatory. The paper reports the results of a survey to examine why they exist in some firms, but not in others.


Fuess, S. M. and M. Millea (2002) ‘Do employers pay efficiency wages? Evidence from Japan, Journal of Labour Research, Vol. 23 (2), pp. 279-91. A paper that investigates whether it is likely that the Japanese system of sharing information with workers in the wage-setting process has an impact on productivity. In broad terms the answer would seem to be yes, this effect does exist.

Gow, D. (2004) ‘Chill enters cosy German boardrooms’, The Guardian, 25 October, p 22. A newspaper article that comments on the apparent desire on the part of German firms to abandon the co-determination principle, which has for many years been a fundamental feature of German employment relations.

Hassel, A. (1999) The erosion of the German system of industrial relations, *British Journal of Industrial Relations*, Vol. 37 (3), pp. 483-505. A conceptual paper which argues that the institutional stability of the German system of industrial relations has been undermined by two parallel developments: a decline in the use of works councils; an increasing level of decentralisation in collective bargaining, which has undermined the division of labour between co-determination (in works councils) and collective bargaining.


Williams, K. and M. Geppert (2006) ‘The German model of employee relations on trial: negotiated and unilaterally imposed change in multi-national companies’, *Industrial Relations Journal*, Vol. 37 (1), pp. 48-63. A commentary on employment relations in Germany, and in particular how and why one large multinational company appears to have some desire to abandon the traditional German system of employment relations.
Web-based Materials

For those who enjoy exploring study materials on the internet, given below are a number of potentially useful websites that give further information on the topics and issues covered in the chapter.

http://www.answers.com/topic/japanese-management-culture
A useful and informative site that gives a brief picture of some of the fundamental principles that underpin Japanese management practices.

http://www.countrystudies.us/japan/103.htm
A very brief site, written from an American perspective, which gives useful comments on Japanese management practices.

An interesting report on a policy seminar held under the auspices of the Research Institute of Economy, Trade and Industry (RIETI) to address the question of ‘Japanese-style Management: Has it Survived? Will it Survive? The seminar included an extended ‘question and answer session at its end, which reveals clues about several significant changes that may come about in the future.

http://www.findarticles.com/p/articles/mi_m1038/is_n3_v39/ai_18348267
A very brief comparison of the different assumptions that underpin German and Anglo-American managerial practices.

A very useful paper entitled the ‘Culture of German Management’. It explores attitudes to a wide variety of industrial features that are said to give rise to a distinct management style in German industry.
Multiple Choice Questions

Try the following multiple choice questions to test your knowledge of this chapter. You should note that each question has only one correct answer, and this is one of the four alternatives (a), (b), (c) or (d) listed below the question. When you have answered the questions move to the grid at the end of this chapter to see the correct answers.

This activity contains 12 questions.

1. Which of the following characterises the stance of the German State towards direct intervention in employment relations?
   a. having legislated in the past to establish dual representative structures in firms, the State refrains from further direct intervention
   b. occasional intervention
   c. only intervenes in the event of industrial action by workers
   d. all of the above

2. Which of the following best describes the state of the American economy over the last two decades?
   a. buoyant and prosperous
   b. strong recessionary pressures and rising unemployment
   c. a highly unstable currency and low growth rates
   d. near to national bankruptcy

3. Which of the following is a pressing economic problem that Germany has had to face in the last two decades?
   a. difficulties in persuading East German workers to abandon communism
   b. the productivity of West German workers has been outstripped by that of East German workers
   c. little market demand for the outputs of East German firms
   d. resentment by West German workers for having to subsidize workers in East Germany

4. Which of the following is said to characterise social values in Germany?
   a. a strong sense of national identity
   b. a strong sense of community
   c. a thorough absorption of the Protestant work ethic
   d. all of the above
5. Which of the following is **NOT** a characteristic of Japanese social values?
   a. a male dominated society  
   b. people avoid uncertainty  
   c. a youth oriented culture  
   d. a society in which individualism is rarely encountered

6. Which of the following is a characteristic of American trade unions?
   a. a business unionism approach  
   b. strong affiliations to left-wing political parties  
   c. racism  
   d. lack of interest by employees

7. At workplace level in Germany, the pivotal institution for representing workers’ interests is:
   a. the workplace trade union  
   b. the grievance procedure  
   c. the works council  
   d. shop stewards

8. Which of the following is one of the three pillars that are said to support Japanese employment practices:
   a. enterprise-based unions  
   b. egalitarian management practices  
   c. lifetime employment (the ‘living guarantee’)  
   d. all of the above

9. Which of the following is said to characterise the attitudes of American managers towards trade unions:
   a. a welcoming and tolerant stance  
   b. deeply ingrained hostility  
   c. slight suspicion  
   d. friendliness

10. Japanese managers are said to have an approach to managing that is:
    a. egalitarian and paternalistic  
    b. authoritarian and status conscious  
    c. highly elitist  
    e. individualistic
11. In American firms, agreements made between unions and management are:
   a. legally enforceable
   b. complex and highly detailed
   c. run for up to four years
   d. all of the above

12. In Germany social values in the population are said to promote the idea of the firm as:
   a. a family
   b. a collection of individuals
   c. a community of interests
   d. a large social club
### Answers to Multiple Choice Questions

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