



Chp. 10: Role of the State in ER

✚ Overview

- ✚ Public interest – theories & concepts
 - Often 'drives' public policy arguments
- ✚ ER & economic performance
 - Has been & still is crucial in ER debates in NZ
 - Other countries as 'models' can be flawed
 - Measurement problems & 'star' countries changing
- ✚ Wither the nation state?
 - Rise in international firms & regulation



Public interest: theory & concepts

- ✪ See table 10.1 for a quick overview
- ✪ Large literature in philosophy, political science
- ✪ From laissez-faire pluralism to corporatism
 - ▣ Provide different justification for state intervention
 - ▣ Ascribe various roles to government
 - Creates different conditions for interest groups
 - Often has direct implications for ER public policies
 - Public interest arguments often resurface in modern ER debates
 - ▣ Sets context for individual-group-state interactions
 - See Fig 10.1 regarding rights & responsibilities



ER & economic performance

- ❖ NZ state: often involved in wage setting
 - ❖ Pay-fixing processes under the IC&A system
 - ❖ IC&A allowed indirect state intervention
 - This became direct at certain times, esp. from mid 1970s
- ❖ Less active state role after 1984
 - ❖ This only applies to pay-fixing processes
 - Decentralised wage setting has become more important
 - ❖ However, ER regulation has increased in other areas, making 'deregulation' a slight misnomer
- ❖ Integration of public policies after 1999?



ER impact on economic performance

- ❖ This has been a long-running issue
 - ❖ Comparison of national economic growth increases the emphasis on ER as an 'economic issue'
 - Prompts debates in the UK already in the 1950s & 1960s
- ❖ Economic crisis & high unemployment post 1973 brings further emphasis on ER
 - ❖ Neo-corporatism argues for integration while neo-liberalism argues for deregulation & flexibility
 - Emphasis on continuous adjustments
 - Emphasis on the role of institutional arrangements



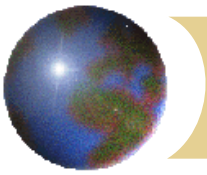
Seeking new ER models

- ❖ Certain countries & prescriptions surface at various time in ER reform debates
 - ❖ Incomes policies were the flavour of the 1960s
 - ❖ Neo-corporatism recommended integration in the 1970s – Sweden & Germany as examples
 - ❖ 'Japanese model' was hailed in the 1970s-1980s
 - ❖ Neo-liberalism dominated 1980s & 1990s debates
 - Anglo-American countries were often examples
 - ❖ Small countries appear to be 'hot' in the 2000s
 - The Irish, Danish & Finnish 'models' were popular



Are ER really that important?

- ❖ Work organisation, wage setting, & other ER features can't be bypassed re: eco. growth
- ❖ However, the links are often difficult to assess & economic 'problems' keep changing
 - ❖ Issues of time-lag & cultural setting of 'models'
 - ❖ It is often neigh impossible to transfer models
- ❖ Still, focus on 'models', institutional settings & 'star countries' continues unabated
 - ❖ International relativities have become more vital



Wither the nation state?

- ❖ It is argued by some that internationalisation & workplace regulation have 'hollowed out' the regulatory role of the nation state
 - ❖ For example, traditional collective bargaining is often less effective if firms can shift profits, production, tax payments, etc. overseas
 - ❖ Sometimes international regulation will override national regulation – this is the case in the EU
- ❖ Growing influence of multinational enterprises (MNEs) & supra-national regulation



International influences 1

- ❁ The contested role of MNEs
 - ❁ This goes beyond the household names of MNEs
 - MNEs employ directly over 60 mill employees but their indirect influence on employment standards are more important as they often set industry standards
 - MNEs are often used as HRM benchmarks
 - MNEs are often faced with clashes between firm-preferred HRM practices & national traditions/culture
 - Firm practices are often influence by MNEs national heritage
 - Non-union culture of US firms are often impossible elsewhere
 - Norms about seniority, redundancy & non-wage benefits may cut across the standard firm HRM practices



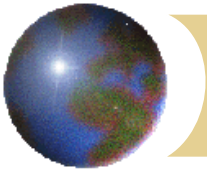
International influences 2

❖ Supra-national regulation

- ❖ This has changed dramatically in the EU
 - See overview of European Works Councils in chp. 17

❖ International Labour Organisation (ILO)

- ❖ ILO tries to set international labour standards
 - Impact through national government regulation
 - Have a significant impact on regulations & gathering of statistics
 - Fundamental employment rights to be uphold
 - Often these rights are pretty basic & have limited relevance
 - Attempts to align with trade agreements haven't worked



International influences 3

- ❖ Self-regulation has become more important
 - ❖ Corporate Social Responsibility & codes of practice
 - This has become built into standard reporting systems
 - There are also various forms of accreditation
 - But link with ER practices are often unclear or ineffective
- ❖ Voluntary adherence is often problematic
 - ❖ However, 'brand' value has become crucial
 - This opens for considerable grass-root pressure
 - Contracting out is no longer seen as a 'way out'
 - ❖ Adherence is also a problem for ILO regulation