
**Workplace Regimes and the Governance of the Employment
Relationship: Re-establishing the Connections
in Liberal Market Economies**

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Full paper for ILPC 2008, Dublin

Abstract

Liberal market economies used to govern workplace employment relationships through collective bargaining. This institution has been allowed, or encouraged, to wither. The assumption is that governance at the level of the workplace will produce efficiency and also fairness. The evidence for this assumption is questionable, as illustrated by the limited take-up of claimed efficiency-inducing practices and growing inequality and work pressures. Thinking in terms of 'beneficial constraints' helps to identify ways in which regulation through constraints can in fact produce long-term gains. Concrete ways of putting these ideas into effect do not necessarily imply new regulations. A key need is to make existing rights meaningful and to encourage genuine dialogue about firms' strategic options.

This paper has three key terms and one argument linking them together.

- A *workplace regime* is the set of practices operating at the level of the workplace that manages employees and promotes their active co-operation in the productive process. These practices cover pay, training, the organization of the work task, commitment and communication.
- The *governance of the employment relationship* refers to the wider system of rules that regulates workplace regimes. The most familiar governance system in many countries is that of collective bargaining. Collective agreements set pay and other terms and conditions, and often establish procedural rules as to how other matters in the workplace – the enforcement of discipline for example – are to be handled. There are many other governance systems; perhaps the most common is that of managerial authority, wherein key decisions are taken by managers alone, but many countries have experimented with works councils or other systems of employee representation.
- The term *liberal market economies* (LME) will be used to refer to countries including the US, Canada and the UK in which (1) the macro economy is run on market principles and immediate shareholder value is a central objective and (2) there is little or no direct engagement of companies or worker organizations in macro economic management and in which statutorily mandated structures for manager-worker co-operation are also weak or absent. The term is used as no more than a label here, and no position is taken on the liberal versus co-ordinated market economies model (Hall and Soskice, 2001).

The argument is that these economies have had weak – but, importantly, not wholly absent – links between the workplace and governance regimes, that re-establishing such links is important in terms of both efficiency and fairness, and that institutional action is needed to achieve this objective.

The task is a difficult one. As the UK labour lawyer Lord Wedderburn notes, ‘history shows how hard it is to reintroduce shared assumptions once they are driven off the agenda’ (Wedderburn, 1991: 225). Attention will therefore be given to barriers to change, but these barriers are not insurmountable.

In presenting an argument for reform at a labour process conference, one may appear to run against core labour process ideas such as the embeddedness of conflict in the employment relationship. But labour process theory has long recognized that workers have interests in productive efficiency and that these interests can coincide with those of managers (as formalized by Edwards et al., 2006). Recent research underlines the fact that elements of ‘high performance’ arrangements are welcomed by workers (Harley et al., 2007). Once it is accepted that there are genuine worker interests in efficiency, reforms to promote those interests make sense.

Section 1 lays out the basic argument and section 2 introduces two key frameworks of analysis. Sections 3 and 4 consider existing or recent models from the ‘governance’ side and their limitations. Section 5 examines a claimed workplace solution and identifies flaws in it. Section 6 offers a way of re-connecting governance and workplace questions. The concluding two sections recognize constraints but suggest that ways forward are still feasible.

1 The core argument

At workplace level, developments in the past 20 years reflect a profound paradox. On the one hand, there have been major developments in relation to new work practices, and the word ‘empowerment’ has entered common currency. There is also evidence that the practices ‘work’ in producing increased employee discretion and also higher productivity. Yet there is also evidence of increased work pressure and stress, of an overall decline in employee autonomy, of increased inequality, and of a growth in precarious employment.

The solution to the paradox turns on several points: new practices, though widespread, do not cut very deep; it is only where they are implemented in a substantial way that they have positive effects; and they tend to work only in parts of the economy. They may also be undermined by demands for short-term profitability, so that they may be hard to sustain. Other parts of the economy have been driven by a more direct cost-cutting logic.

Evidence shows that one key condition for new practices to work is a system of employee representation that allows meaningful voice. This result emerges from studies across several countries. There is also very clear evidence that such a system also works to moderate wider developments such as inequality and insecurity.

LMEs lack the embedded institutions of workplace partnership of some other countries. But they can devise ways forward that are consistent with their own traditions. The fundamental need is to re-connect workplace issues of efficiency with systems of employee voice. The UK has now enacted a statutory system for information and consultation of employees, though it is not mandatory to use it. This and many other initiatives miss their full potential because they are structured in a minimalist fashion. Governments need to present them in a more positive light, underlining the productive improvements of an integrated workplace regime. Companies and trade unions need to work together to make 'partnership' real. If this is done, workplaces can become more satisfying places to work and also more efficient.

There is thus a clear logic in favour of enhanced arrangements for employee representation. Some scholars argue that representatives can move beyond traditional areas of pay and working conditions to play a role in the management of companies.

Yet such ideas are deeply opposed to long-established assumptions that the owners of companies have the sole right to make decisions, assumptions that have been greatly strengthened by the rise of 'shareholder value'. Proposals for reform, however strongly grounded they may be, do not win the day through logic alone. Conditions may be more conducive than they have been for some time.

- Companies have indeed established the right to manage, and they have less to fear than they did in the past that sharing control might lead to further demands that they cannot contain.
- Workplace-level change, substantial as it has been, may also have reached capacity: as innovations become common, their contribution to competitive advantage wanes. In particular, reliance on hard performance standards may be becoming increasingly incompatible with the need for skills and innovation. Firms often speak the rhetoric of skills and knowledge, but they practise performance management. This position is proving increasingly hard to sustain.
- Then there are external pressures. Companies face growing pressures on how they manage themselves, from legislation and from pressure groups. They may find it in their interests to reform themselves in a coherent way. As the idea of governance and

stakeholders takes root, they have to respond to broader expectations of them, and doing so voluntarily may be desirable.

Yet pure free choice is unlikely to work. National-level institutional change is needed to alter the ways in which companies think. A package of reforms is needed, aimed at both minimum standards and high performing companies. These reforms are not necessarily substantive: many countries have legal protections in relation to wages, equal opportunities, and so on. It is more a question of mechanisms: establishing arrangements that allow the positive effects of legal rights and new work practices to be realized.

2 Thinking about reform

Two conceptual frameworks help in thinking through these issues. Budd (2004) argues that an employment relations system has three products: efficiency, equity (fairness in the distribution of rewards but also the procedures used to arrive at a given distribution), and voice (ability of employees to have a say in their work). There is a trade-off between these products, and Budd's main concern is to argue that there needs to be a balance and that recent approaches have privileged efficiency. It is certainly the case that economic competitiveness has dominated the concerns of many governments in advanced industrial economies, and that equity and voice have either been ignored or seen merely as means through which efficiency can be pursued. Fairness has certainly featured, and it was for example a term explicitly used by the Labour Government in the UK elected in 1997. Yet, as argued below, its role has been distinctly subsidiary to other objectives.

The second framework helps us move beyond the essentially static idea of a trade-off. At any one point in time, fairness may come at a cost in terms of efficiency. But in the longer term these outcomes can go together. Streeck (1997) analyses this issue through the idea of beneficial constraints: limits on the authority of managers that lead to a system that generates benefits on all three of Budd's dimensions. His example is Germany where, as is well known, works councils and other institutional arrangements constrain managerial authority in many respects. The result is that workers are more willing to cooperate in change and that low-cost routes to competitiveness are blocked off. But the same idea can also operate within a company. A simple illustration is the right to hire and fire. Constraining the right, through law or a collective agreement, limits 'flexibility', but

it also means that decisions have to be considered and justified, with the potential result that a better quality of decisions is produced. It is also worth noting the issue of externalities. Consider the famous debate about the hidden costs of Wal-Mart's efficiencies – notably around the fact that some employees were on welfare programmes, so that state support in effect subsidized the company. The point here is that regulation is needed to contain such externalities, and that 'market' solutions create external costs that society has a right to manage.

Matters now become more complex but also more interesting. A simplistic view of beneficial constraints says that they are desirable and that they should be introduced widely. There has certainly been considerable interest in North America in German works councils, but they have sometimes been presented as a ready-made solution. This has allowed them to be dismissed as foreign to national traditions. Moreover, the popularity of the German model probably peaked in the early 1990s, at which time it was possible to argue that the constraints were genuinely beneficial: rates of economic growth and of unemployment were better than they were in the liberal market economies. But subsequent poor performance has thrown this view into question, and there is now substantial debate in Germany about the reform of institutions whose constraints are no longer seen as beneficial.

Constraints are also far from automatic in their effects. Hence the word 'potential' above. Constraints depend on the context in which they are embedded and a set of taken for granted assumptions. German managers have learned to live with works councils and to find their benefits. Imposing a works council system in a different context may not have benefits and may provoke negative reactions.

The core idea of beneficial constraints or shock effects remains important, however. It is the case that work can be configured in different ways and that existing structures are not necessarily the most efficient. What is needed is a means of releasing the effects in ways that make sense in a given context.

3 Whatever happened to collective bargaining?

Collective bargaining was the standard LME workplace governance institution. Yet the familiar story about trends in collective bargaining is that the institution has declined

steadily in the past 25 years. In the US, private sector unionization (which is largely coterminous with bargaining coverage, whereas in other countries agreements are commonly extended to non-union members) is 10 per cent or less. In the UK, the proportion of employees covered by collective bargaining fell from 70 per cent to 39 per cent between 1980 and 2004. And, as in other countries, collective bargaining was an increasingly public sector phenomenon: in 2004, 77 per cent of public sector workers were covered, but the figures for private manufacturing and private services were only 38 and 21 per cent respectively.ⁱ

But there is a wider question of the role of collective bargaining. When the institution was being popularized in the US in the 1920s, it was seen as more than a way of setting pay and other conditions of work. It was discussed as a form of industrial governance or jurisprudence: as a means of establishing and managing a framework of rules for the workplace (Slichter et al., 1960). But this potential role was largely lost. Employers in the US and the UK in leading sectors such as metal and engineering feared challenges to the ‘right to manage’ from workers at workplace level. And it was rational for them to do so: in Britain in particular, shopfloor custom and practice on such key issues as working rules and the allocation of tasks challenged managerial rights of decision. The inventors of collective bargaining hoped to establish a more systematic approach, replacing both unilateral managerial authority and informal custom and practice. But adversarial traditions remained influential, and collective bargaining developed as a way of managing adversarial approaches rather than overcoming them.

4 Difficulties of developing beneficial constraints

The UK offers two warnings in relation to imposed constraints. The first is the attempt in the 1970s to develop a system of industrial democracy based on worker representatives, chosen through the ‘single channel’ trade union route, on the boards of (large) companies. The attempt ran out of steam, but there was one experiment based on the idea, in the then state-owned Post Office (which also at the time owned the country’s telephone network). Even in the apparently conducive atmosphere of a public corporation, managers found it impossible to work with the idea of worker representatives as co-equals, and German-style codetermination failed to take root.

The second example is the raft of legislation passed since 1997 on subjects including working time, the National Minimum Wage, trade union recognition, and statutory works councils. This legislation establishes important rights, and in some areas clear effects can be demonstrated. The Minimum Wage, in particular, has raised the pay of people at the bottom of the labour market and helped to reduce the gender pay gap while having minimal effects on employment levels. Yet, even here, the potential shock effect of productivity enhancement has been small. In other areas, effects have probably been weaker still. The reason is that legislation has been cast in terms of minimal compliance rather than as a device that firms can use to improve practice.

To give just one example, European Works Councils. These were required in multinational companies of a given size and international spread by an EU Directive of 1994; the UK initially opted out of this provision, but was covered by it in 1997. EWCs entail European-level information and consultation arrangements. Reviewing evidence on the practice of EWCs, Hall and Marginson (2005: 213) show that the effects on managerial decision-making remain weak. Managers in firms with EWCs report that the councils are useful in promoting corporate communication, but their role in promoting organizational change or increasing productivity was much more limited. One study found that very few firms had accepted suggestions from their EWCs. Companies have found it possible to live with EWCs but have been able to treat them as external to normal managerial activity and have not been required to think constructively about how the councils might enhance decision-making.

5 Are 'high performance' practices the answer?

Debates on employment relations have been dominated by new workplace regimes. A bewildering array of new practices, ranging from total quality management and lean production to share ownership schemes, has emerged. Some writers try to maintain a distinction between these new practices and an old world of adversarial industrial relations. But the practices are so varied that to lump them together simply causes confusion. Co-operation was also far from uncommon in the past. Drawing sharp lines has a paradoxical effect. Those who follow this approach try to portray the 'modern' workplace as one based on co-operation and trust, with conflict being dismissed as a

thing of the past. This may serve an ideological purpose, but it is hardly likely to convince sceptics, and indeed their scepticism will be increased through fear that the new language is simply a way to re-assert managerial authority.

New work practices are now discussed under the rubric of High Performance Work Systems (HPWSs). This term, though now having very wide currency, had uncertain origins. According to Cappelli and Neumark (2001), it seems to have been popularized in a US government report of 1989, and its intellectual grounding is at best uncertain; as they remark, the label assumes what in fact needs to be demonstrated.

Debate on these systems may be reaching some kind of consensus, at least among those who adopt a sceptical view and who are aware of the complexities in practice of changing workplace behaviour. A few key points are as follows (see Murray et al., 2002; Godard, 2004; Hesketh and Fleetwood, 2006).

- The label 'HPWS' is applied to such practices as team work, high levels of training, and contingent pay. The most coherent model categorizes the components in terms of the ability of employees to participate (e.g. skills), opportunities to do so (through team work or similar practices), and incentives (such as job security and contingent pay).
- The broad idea is that the combination of abilities, opportunities and incentives encourages workers to offer more 'discretionary effort' which feeds through to the economic performance of the organization.
- Systems are widespread, but they often lack depth. In the UK, which has good survey data over time, there is little evidence that they have become more common.
- The specific components of a system remain in dispute, which means that it is hard to know what concrete activity a firm might introduce and whether it will have desirable effects.
- It is not clear whether it is the HPWS itself that is having an effect or whether this is simply a reflection of a management that is concerned about worker interests. The specific practice may be less important than how it is put into effect. Searching for particular keys to success may thus be futile. It is increasingly argued that success depends on idiosyncratic abilities that are hard to copy, rather than sets of well-known tools.

- HPWSs have costs for firms, in terms of their direct costs and the effort and commitment that they entail. These costs may outweigh the benefits. There are also costs to workers.
- The systems appear to work when underpinned by wider contextual factors. A key one is a degree of job security for workers.
- Despite a mass of research studies, an inconsistency of measurement and lack of evidence of truly causal relationships mean that the evidence for effects on performance is only ‘circumstantial’ (Wall and Wood, 2005: 453).

If we stand back from these debates, an important element of context stands out. As is widely remarked, the relevant practices took off, in North America and the UK and somewhat later in other countries, in response to perceptions of competitive pressure from Japan. A positive aspect is that employee involvement is no longer seen as a woolly worker-oriented idea, but as a means to improve performance. But the irony is that the focus on worker interests, which had dominated earlier quality-of-work-life experiments, is neglected or reduced to a means to an end. This in turn may mean that the real value of worker engagement is lost, because workers know that they are being viewed as a means.

Summing up a number of US and Canadian studies, Kumar (2000: 1) concludes that:

The introduction of high performance work practices in a lean production environment is generally associated with downsizing, increased work loads, long hours, a higher pace of work, and a loss of control and autonomy.

The key point here is that ideas based on the HPWS have often been introduced alongside with lean principles, with the results that Kumar notes, but that in other circumstances they can bring benefits to workers. The problem is that proponents focus only on the positive, and critics on the negative. The high performance idea is a contribution to debates about efficiency, equity and fairness – not a technical solution that can ignore those debates.

This is not to say that workers resent high performance models. They can gain from improved discretion as long as supporting conditions are in place. Ethnographic researchers have found that even quite limited ‘empowerment’ can be welcomed if it replaces previous command-and-control systems (Graham, 1993).

At least two reviews conclude that the systems may simply be the contemporary manifestation of good management. Thus it is not the specifics of the systems that are important but simply attention to good practice. Yet we also have to stress that such good practice is hard to sustain in the light of pressures for immediate financial returns (Edwards and Wright, 2001; Godard, 2004).

As Godard (2001: 80) concludes from a critical appraisal of North American and European research, high performance practices often bring costs to workers in terms of heightened effort levels, and they may not do anything for long-term job security: 'for those genuinely concerned with quality of employment issues, advocacy of more broad-based institutional reforms may be called for'. In other words, isolated solutions are hard to generalize, and wider structures are needed.

The debate thus needs to move on. High performance systems have been around for at least 20 years. Even where they work, their benefits must be coming to an end. And there is little evidence of deep elaboration in firms not yet using them. They cannot be the 'answer' alone.

6 Re-enter involvement and participation

A broader set of conditions concerns the workplace regime. In a remarkable statement of agreement, the main employers' and trade union organizations in the UK, the CBI and the TUC, stated that 'optimal results are achieved where there is a mix of direct employee involvement *and* indirect participation . . . through a trade union or works council' (2001: para 31). They were drawing on a range of academic research which reaches similar conclusions. One study, reviewing financial participation schemes across Europe concluded that they work best when 'integrated with other participative information and consultation arrangements' (Pendleton et al., 2001: 5).

Two examples illustrate what this argument means. They also underline the complexities of the issue.

The first is the Saturn Corporation, the General Motors subsidiary established in Tennessee in 1992. The unique feature of Saturn was that workplace reforms such as team work were embedded in a system of joint decision-making between

management and union representatives. In contrast to traditional arms' length relationships, local managers and shop stewards co-operated closely in all aspects of the running of the plant. Performance in terms of quality and productivity were good. Yet the lessons of Saturn were not generalized to the rest of the company because they seemed to be too radical and because of the high levels of commitment to the process that Saturn entailed. The system 'worked' but its creators had made something so distinctive that it could not be copied elsewhere. Some wider institutional support mechanisms would have been needed (Rubinstein and Kochan, 2001).

The second example is the Alcan aluminium smelter at Laterrière, Quebec. Here, an advanced form of team work was introduced embracing the elimination of much supervision and the use of self-governing teams. There were clear benefits to workers in terms of autonomy and improved levels of trust in management. But two key points stand out from this case. First, it was highly unusual in the extent to which the trade union was actively involved in designing, as opposed to simply responding to, the team system; and there were several other conditions that together underpinned the experiment. Second, team work did not mean a wholly shared view between managers and workers. On the contrary, workers maintained a very clear distinction between managerial functions and their own roles, together with a robust sense of independence. The import of this case is that it shows how a sense of collective solidarity can co-exist with a HPWS, but also that such a situation is very unusual.

In short, and consistent with labour process analysis, 'involvement' has to be based on genuinely independent worker voice. It can then promote common benefits, but it can remain an isolated approach without supportive institutional mechanisms.

7 Constraints and possibilities

There is growing recognition of the limits of a workplace regime based on cost minimization and short-term results. As Green (2003: 145) puts it, workplace organization based on 'intensification of effort is hardly viable as a long-term strategy for sustainable growth' (also Green, 2006). But it has been hard to connect this idea to the

contemporary policy agenda. Governments have tended to think in terms of free markets and have turned their faces against anything that looks like an industrial policy or dirigisme. Companies have focused on short-term efficiency and financial returns. Much of their rhetoric about the workplace turns on the (genuine) elimination of old barriers to change, but it fails to see the down sides. Many managers have now grown up in an era where negotiating change and discussing options with employee representatives is simply outside their experience. Trade unions have remained in a largely defensive posture and have found it hard to engage constructively with the new workplace. Reasons for resistance to co-operation in LMEs are deep-seated but not unchangeable.

Underlying issues in the liberal model

There is in the liberal market economies a well-established pressure to meet short-term targets together with the absence of the governance institutions of countries like Germany. As Paul Thompson (2003) puts it, there are many reasons why employers cannot keep their promises to their workers. I want to highlight just two underlying issues.

Management resistance. A common argument is that managements resist new work practices because the practices threaten their own position. Giving workers control of their own jobs, for example, can remove the need for some layers of management. Yet this argument tends to find a new bogeyman to replace the equally mythical figure of the shop steward bent on destroying his employer. Studies suggest that middle managers welcome 'empowerment' initiatives in general terms. The problem is different, and has at least three elements (Worrall et al., 2000; Fenton-O'Creevy, 2001; Hales, 2005). First, they simply lack time to deal with the many and growing demands that are placed on them. Delaying tends to mean a widening of responsibilities and hence the absence of the resources necessary to give detailed attention to empowerment. Second, they are under pressure to deliver on performance objectives and they may doubt that imprecise ideas such as involvement will help them to meet these objectives. Third, they have never been exposed to a consultative style and will tend to take for granted a short-term achievement-oriented approach.

There is, then, 'resistance', but it is built into the structure of how organizations work and not into the belief systems of individual managers. Serious attention would entail consultation in advance and then finding the time and money for the necessary training. New initiatives take time, moreover, to show their benefits, and increasingly mobile managers may well be in new jobs before any benefits appear.

Existing assumptions about employment relations. In Britain, there has been growing interest in 'partnership' deals, which generally involve co-operation in change in exchange for some job security promises, though the depth of partnership is much more limited than it is a case like Saturn. Terry (2003: 493) has dissected partnership deals in relation to what such key terms as consultation really mean. British managements and unions lack a tradition of giving life and meaning to the concept. Hence for example in much of Europe unions are seen as having expertise and technical competence in certain key areas, with German unions being well-resourced to deal with such issues as group working. Yet 'no British partnership agreement . . . indicates an awareness' of this issue. More generally, consultation has tended in the UK to mean a watered down version of negotiation, whereas in Europe it has a clearer meaning as a form of shared discussion of a common problem with the expectation of serious engagement.

British legislation has since the 1970s contained the phrase 'with a view to reaching agreement' in the requirements of consultation over such things as redundancies. Yet the phrase seems to be largely empty since there are no structures or existing practices in which to embed it. It can mean something close to the European meaning of consultation, but it seems generally to mean getting the workers to accept decisions already made, and not a process of more open problem-solving. Much the same is probably true in North America in view of the tradition of adversarial bargaining; witness the difficulties that American labour law has had with allowing involvement schemes while outlawing company unions.

Possibilities for change

Managements do not give up existing modes of control unless under pressure to do so. The past century has seen swings towards and away from worker involvement, driven by fear of alienation and even shopfloor rebellion (the 1960s) or concerns about

competitiveness (1990s). Where might there be pressure to move towards an integrated approach embracing institutionalized worker voice?

First, competitive pressure is continuing, and arguments about the need for workers to be knowledgeable are growing. Related to this, the high performance model, it was argued above, may be running out of steam. Second, there is also concern about the governance of companies and the need for a stakeholder approach, and many large companies now embrace corporate social responsibility. This concern has been voiced through consumer, environmental, and human rights organizations, and not trade unions. But the argument to treat employees as key stakeholders is readily made. Third, in Europe a number of statutory requirements have been introduced without firms noticeably suffering. These include requirements that large cross-national firms have European Works Council and the new requirement – salient in the UK and Ireland, but less so in countries long accustomed to formal consultation arrangements – for information and consultation bodies at national level.

Such pressures may be far from decisive, but they suggest that constraints are not immutable. As political scientists increasingly argue, institutional change occurs as much through incremental evolution as it does through sudden shifts.

8 Involvement and participation in a liberal market manner?

There are two distinct issues around a reform project. Much debate has focused on high performance models and the knowledge economy. The UK government for example aims to create ‘a modern labour market fit for the twenty-first century’ so as to ‘provide incentives for businesses to raise productivity and to follow best practice’.ⁱⁱ Yet inequality has risen, as has insecurity at the bottom of the labour market. There is evidence in both the US and the UK of the emergence of an ‘hourglass’ economy. Reforms need to address both parts of the hourglass.

It is also important to recognize the specifics of individual countries. Ireland, a ‘liberal market economy’, has developed national-level co-operation and an extensive industrial policy in ways that would be hard elsewhere. The following comments are thus developed at the level of principles and illustrations rather than concrete proposals.

In relation to the knowledge economy, commentators have naturally been attracted to a German works council model. But this is arguably foreign to the traditions of the LMEs and also, perhaps, based on an old model of blue-collar workers. It may be preferable to think in terms of a mix of measures.

- A first approach, certainly pertinent in the UK, is to pursue actively the possibilities in existing legal rights. Rather than simply give workers a right to be consulted on certain issues, it would be easy to give examples of good practice and why this consultation is in the interests of managers and workers.
 - Managers have been found to welcome clarity, in preference to the apparent freedom of finding their own solutions, and some consultation does genuinely improve decision-making (Hall and Edwards, 1999).
 - This is also important for workers, particularly those with no experience of collective organization: they, too, may need some education in what consultation means and why they may find it useful.
- Second, and switching to arrangements within a firm, commentators speak of 'interlocutors' of management: elected representatives whose task, on the works council model, is to engage in constructive criticism of key elements of a firm's policy. The difference from a works council is that one can imagine different interlocutors with different expertise, and a less structured and 'them and us' model than works councils imply.
 - If for example the firm has an equal opportunities policy, is the policy honoured in practice and are line managers kept on their toes?
 - Related to this, Wedderburn (2004) has suggested, building on the corporate governance debate, that representatives be on key company committees, with his first example being remuneration committees that set the pay of senior managers.
- Between legislative exhortation and in-company reforms, there may be other devices suited to certain national contexts. The UK debate thus includes reference to 'sector forums'.

- Though the exact meaning of the term lacks definition, the core idea here is to develop discussion about employment issues at the level of an economic sector: ‘high performance’ ideas mean different things in different contexts, and the generation of good practice needs to be related to specific locales. The forums have some precedent, in that in the 1970s the country had a National Economic Development Council (‘Neddy’) with sector-level bodies (‘little Neddies’) beneath it. It is true that these quasi-corporatist institutions had, at best, a patchy record, but at least they offer some kind of model.
- In the present context, their purpose would not be planning a sector, but something more concrete: developing models of skills, teamwork, and employee participation relevant to their sectors.

Whether they would work in other countries is not the point here: the issue is finding mechanisms that suit the context.

- As for the bottom of the hourglass, it is worth reiterating that many of the relevant jobs, notably in personal care and other parts of the service sector, will continue to be carried out in the advanced economies, for they cannot be outsourced but need to be performed where the customers are. Many countries have legislation on wages, hours, safety, and so on. Yet there continues to be a need to ensure that vulnerable groups have effective protection.
 - Employers also need to have the principles of participation constantly drawn to their attention. They are the most likely to face short-term pressures, and to manage on hire-and-fire principles. And one irony of the high performance model is that it erects such a high standard that it is likely to be dismissed as wholly irrelevant. Yet the principles apply anywhere, and research suggests that managers are not resistant to all regulation but rather seek advice that is relevant and targeted. There is thus an opportunity to work with these firms.
 - Given also that in many countries there are tax concessions and other incentives to business start-ups, it is reasonable to expect that firms taking public money are required to pay attention to the public interest, at

minimum by having to listen to advice on good practice and perhaps also by demonstrating that they have thought about work design, pay systems, and so on.

None of these ideas is a simple or total solution. But the fact that workplace governance issues are on the agenda at all is encouraging, and there are reasons why they may take on increased salience. The hourglass economy may be inevitable, but it heightens the need for equity and fairness, if only because those at the bottom are needed by those at the top, and their consent is important for political stability. There are ideas for new workplace regimes that meet the new realities of work in globalized markets.

A final comment is needed. The term 'beneficial constraints' implies benefits for all. But people have differing interests in the balance of efficiency, equity and voice. Negotiating a way forward is not a matter of finding a 'win-win' solution but one of recognizing competing and shared interests and then negotiating mutually acceptable arrangements. This is what partnership is all about.

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Notes

ⁱ These figures are for workplaces with at least 25 employees. Coverage is lower in smaller workplaces: Cully et al., 1999; Kersley et al., 2006.

ⁱⁱ The then Secretary of State for trade and Industry, Patricia Hewitt, introducing the Employment Act 2002 in the House of Commons. Cited in B. Hepple and G. S. Morris, 'The Employment Act 2002 and the Crisis of Individual Employment Rights', *Industrial Law Journal*, 31 (2002), p. 246.