



CENTRE FOR **I**NTERNATIONAL **B**USINESS **S**TUDIES

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EMPLOYMENT RELATIONSHIP:
TOWARDS AN EXPLANATORY
FRAMEWORK**

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Paper Number 4-97
**RESEARCH PAPERS IN
INTERNATIONAL BUSINESS**
ISSN NUMBER 1366-6290

GLOBALIZATION AND THE EMPLOYMENT RELATIONSHIP: TOWARDS AN EXPLANATORY FRAMEWORK*

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Abstract

A number of concerns now cluster around the study of globalization in business. Attempts to theorise and explain the diverse phenomena associated with globalization have tended to concentrate on financial changes and global markets. In the HRM/IR field, these attempts leave out some of the central variables of the subject area: most notably the actors in the field, their behaviour and the reshaping of their institutions. This paper suggests that a broader, socially based theory of globalization is necessary to explain and predict the processes and events surrounding the employment relationship. Using the main elements of Giddens' four dimensional theory of globalization, the paper traces a number of social links and relationships between transitions taking place in and around the employment relationship. It concludes that the use of such a multi-dimensional model of globalization greatly increases understanding of the interaction between globalization and the constituent elements of the employment relationship.

* Thanks to Michael Wood, Jan Toporowski, Ed Heery and Barbara Townley for comments on earlier drafts of this paper

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Introduction

Although Globalization is identified as a process, it is still subject to many interpretations. In the area of Business, economic theories have tended to dominate theory, research and explanation. This poses a problem for the academic disciplines which attempt to explain the social relationship at the centre of commerce and production: the Employment relationship. At this centre, the social and contractual relationship between management and labour is undergoing a sea change (ILO: World Employment, 1995). The social nature of the employment relationship necessitates that any theory of globalization should avoid deterministic explanations of human activity, and allow for explanations to be generated which encompass the creative capacity of the central actors in the relationship (Giddens, 1979; 1984; Whittington, 1992; Willmott, 1990; Reed, 1992, McCallum, 1993). These conceptual parameters can be expanded into three criteria which a theory of globalization should satisfy if it is to account for the particular nature of labour-management relations:

- I. The centrality of the actors, and collectivities of actors in the globalization process must be built into the theory. The theory must have the potential to generate explanations in which actors in the area of labour-management relations reflexively monitor the processes of globalization as well as interact with its structural features.
- II. The broad scope of the processes of globalization must be recognised. Therefore, the theory must enable dynamic explanations of all the social processes of globalization in which labour-management relations are involved, not only market factors.
- III. The theory must not generate functionalist and deterministic explanations of globalization. The failure of functionalist theories to explain the element of

choice in human behaviour applies as much to managers and the workforce as to other areas of social life.

Whilst acknowledging that attempts to find a conceptually adequate framework within which to understand changes to labour-management relations in the world context are still embryonic, it is argued later in this paper that some frameworks are more adequate than others. In order to show the reasoning behind this assertion, the paper proceeds by:

- 1) examining existing theories of globalization
- 2) selecting Giddens' four dimensional model as a possible means of satisfying the criteria deduced above
- 3) testing out the explanatory potential of Giddens' model with a number of examples drawn from current changes to the employment relationship

I. Existing theories of globalization

McGrew (1992a, p.69) examines two types of globalization theory:

- a) 'Those which give primacy to a single causal dynamic, such as technology or the economy'
- b) 'Those which rely on a multi- causal logic'

To these can be added a third type of theory, which can be termed

- c) Interactive process theory

While McGrew and others recognise the oversimplification in their 'somewhat crude typology', nevertheless, an amended version, including type (c) serves as a starting point at which to identify the direction in which a valid theory of

globalization and changes to the relationship between labour and management should proceed.

1.1. Theories of type (a): Single causal logic theories

Theories of type (a), which may be termed *single causal logic theories*, include a set of 'determinisms' (Hollingsworth, Schmitter and Streeck, 1994). According to McGrew, (1992a, p.69) they 'locate the causal logic of globalization in a specific institutional domain: the economic, the technological and the political, respectively'.

These theories not only select one structural aspect of a wide social process, but also the explanation that derives from them is functionalist, placing human action within a causally determined structural framework. As Hollingsworth and Streeck point out, the kind of predictions that arise from such theories do not possess the certainty claimed for them. The outcomes are dependent on the social institutions and decisions of the individuals and social groups within the globalization process (Hollingsworth and Streeck, 1994, pp283-288). "The process of globalization is often taken to be an imposed process ...in fact...social institutions do not reproduce themselves, but have to be reproduced by human beings" (Spybey, 1996, p.34).

There are a number of examples of the logic of economic forces being identified as the main causal factor in globalization. Broadly speaking, economic approaches equate the process of globalization with three main phenomena:

1. Flows of capital across increasingly deregulated world markets
2. The internationalization of trade due to the same deregulated markets

3. The internationalization of financial markets through deregulation, the integration of exchange rates and currencies (Oxelheim, 1996; Petrella, 1996).

Hollingsworth and Streeck identify economic functionalist explanations with a new form of convergence theory, mirroring the technological determinism of convergence theories of the 1950s and 1960s. While the early convergence theories (Kerr et al, 1960) were based on 'endogenous, evolutionary tendencies' - social organization being constrained by modern technology - convergence theories of the 1980s and 1990s suggest economic factors which drive convergence 'under a given international trade regime': 'Today, technological determinism seems to have been superseded by a form of economic determinism, reflecting the vastly increased expansion and integration of the world market' (Hollingsworth and Streeck, 1994, P.296).

The OECD (1994), for example, defines globalization within a one-dimensional model that uses trade as the 'single causal dynamic'. The model concentrates almost exclusively on the patterns of world-wide flows of foreign direct investment, and the reallocation of production between regions and countries with the consequent 'birth and death ' of firms: "(globalization) is defined by the OECD as a widening and deepening of companies' operations across borders to produce and sell goods in more markets. It involves international investment, trade and collaboration for the purpose of product development , production and sourcing, and marketing" (FT 13 June 1994).

The choices of the actors in business to shape these operations is not even considered. Even those who predict action from models similar to the above,

depict action as constrained by economic forces and the necessity of peoples' adaptation to them: 'Brown and Julius warn that manufacturing jobs will become increasingly low-paid in the mature economies ... The lesson drawn by Eresco and Brown and Julius is that the OECD countries must focus more on the provision and international trade of services' (FT 13 Jun 1994).

The inability of such economic models to generate adequate theory and explanation into the employment relationship may be due either to the fact that they are partial theoretical constructs of the process of globalization, or inaccurate constructs. In the course of this paper, we shall show that they are based on valid, but incomplete theories, and a more comprehensive model is needed to generate satisfactory explanations of globalization and its effects on business and society, especially the employment relationship at the centre of the changes.

1.2. Theories of type (b): Multi-causal logic theories

Theories of this type acknowledge both the diversity of structural factors which are contributing to the process of globalization , and the social relationships which are also a part of this process. Petrella (1996, p.64), for example, depicts globalization as a multi-factor process: 'The principal characteristics of globalization consist of the following:

- * the globalization of financial markets;
- * the internationalization of corporate strategies, in particular their commitment to competition as a source of wealth creation;
- * the diffusion of technology and related R&D and knowledge worldwide;

- * the transformation of consumption patterns into cultural products with worldwide consumer markets;
- * the internationalisation of the regulatory capabilities of national societies into a global political economic system;
- * the diminished role of national governments in designing the rules for global governance.'

However, Petrella's (1996) analysis stops short of providing a theoretical framework, since, whilst broadening the concept of globalization, it does not specify the relationship between the factors constituting globalization that he has listed. Some attempt to incorporate the role of the social relationships must include a concept of how the actors in globalization act and interact with the complex structural factors. 'To talk of globalization is to recognise that there are dynamic processes at work constructing and weaving networks of interaction and interconnectedness across states and societies which make up the world community' (McGrew, 1992).

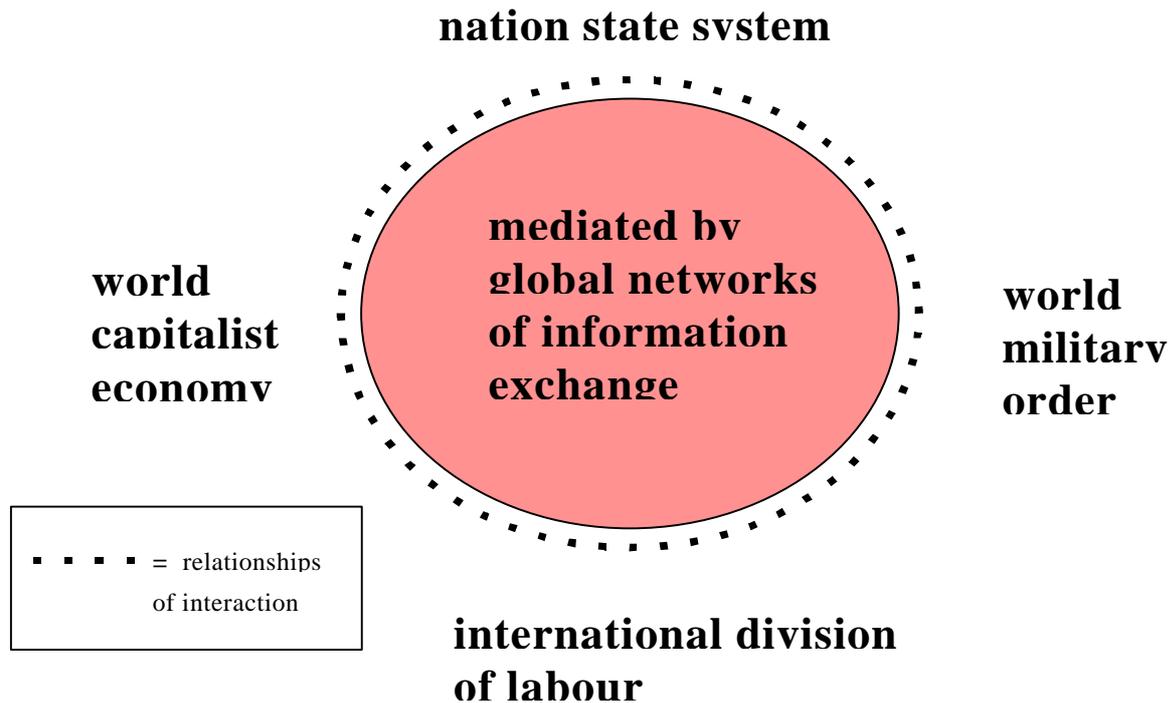
If Petrella's (1996) analysis falls short in this respect, it follows that a satisfactory theory that fulfills the three criteria outlined earlier in the paper (reflexivity and interaction, broad scope, non-functionalism and non-determinism) must also show such networks of interaction and interconnectedness.

1.3. Theories of type (c): Interactive process theory

Giddens' four dimensional model of globalization

Whilst uni-causal theories simplify globalization to the point of distortion, Giddens' theory broadens the conceptual framework. Globalization is conceived not as a functionalist outcome of one or more forces such as capital flows or technology, but a process evolving from the interaction between four dimensions of world society. It is misleading, as McGrew and others (1992a) have done, to classify the theory as multi-causal. Causality does not accurately depict the relationship between the elements of the theory. Globalizing changes are continually monitored reflexively by the actors and collectivities of actors within them. Social relations constitute the centre of each dimension and changes in globalization are attributed by Giddens as much to the power of actors as to structural factors. The operation of power is explicit: 'Social systems that have some regularised existence across time-space are always "power systems", or exhibit some form of domination, in the sense that they are comprised of relations of autonomy and dependence between actors or collectivities of actors' (Giddens,1985, p.8).

Initially, therefore, the theory goes some way towards satisfying the criteria set out in the beginning of this paper for a theory of the globalization of the employment relationship. The theory provides a framework for the explanation of the centrality of managers and workers and their motives and actions, its broad scope includes social processes, and its interactionist perspective is not deterministic.



Giddens' four dimensional model of globalization
(Adapted from Giddens, 1990)

How far the four dimensions theory provides a successful theory of the employment relationship under globalization is now examined in two ways. First, each dimension is looked at in more detail. Second, the explanatory power of the theory is examined by applying it to known changes to the employment relationship.

II. Examination of the four dimensions of Giddens' model

II.1. First dimension: World Capitalist Economy

The world capitalist economy is the first dimension. Giddens defines capitalism as a system of production, at the centre of which is located the employment relationship: 'Capitalism is a system of commodity production, centred upon the

relation between private ownership of capital and propertyless wage labour, this relationship forming the main axis of a class system...' (Giddens, 1990). Giddens sees the actors in this dimension globalizing their activities and institutions through 'capital accumulation in the context of competitive labour and product markets'. (Giddens, 1990, pp.59;70).

In direct contrast to economic determinism, the role of the actors, or 'collectivities of actors' within this dimension is both to shape and be influenced by the globalizing of the capitalist economy: 'The world capitalist economy, like all social systems, involves relations of power, their distribution being highly unequal' (Giddens, 1985, p.278). It may be deduced from the notion that the actors in this dimension are wielding power, that the world capitalist economy can also be conceived as both fashioned and shaped by the global players. This begins to satisfy the first set of criteria outlined earlier in this paper that a satisfactory social explanation of the employment relationship should allow for the centrality and reflexivity of labour and management.

Giddens, while acknowledging that the main centres of the world economy are capitalist states, makes a distinction between the economy and the state. The dominant agents within the world economy dimension are corporations within these main state centres. However great the economic power of corporations through global trading, states still hold another source of power which corporations cannot compete with: territorial/military. The territorial and military power of states is greater than the economic power of corporations: 'their power cannot rival that of states', because states hold territories over which they exercise control, and hold the means to control violence within their own territories' (Giddens, 1985; p.277). However, in the global arena, the balance of

power is in flux. These two sources of power, territorial/ military and economic, are in a state of change under globalization. The growing separation of the economic from the political is enabling the principal actors - the corporations - within the dimension of world capitalism to globalize regardless of 'local' considerations of nation states: 'Whether they are small firms or large transnational corporations, most business enterprises are slotted directly or indirectly into economic relations stretching beyond the confines of any particular state' (Giddens, 1985; p 277).

According to the theory, the fundamental globalizing influence of capitalism is due to the fact that capitalism is an economic, rather than a political order (Giddens, 1990, p.69).

II.2. Giddens' model: Second dimension

The Nation State system

Nation-states are the principal 'actors' in the world political order (Giddens, 1990, pp.70; 71). The changing nature of nation-state autonomy is explained by Giddens as an interaction between all the dimensions of globalization: it becomes a key factor in understanding how globalization is progressing. Diminishing nation-state autonomy reflects not simply a strengthening of the international economic dimension at the expense of national controls, but the globalizing of national societies into a 'world system' (Giddens, 1990). The world system in the model is contingent and a matter for empirical observation, not functional or holistic: 'That a world system exists, influencing the development of particular states, does not imply that there is a single dominating dynamic in its

development or that the 'whole' somehow has primacy over the 'parts' (Giddens, 1985, p.277).

II.3. Giddens' model: Third dimension

World Military Order

The dimension of world military order involves the globalizing of military power. Through the ownership of military strength, states such as the United States build military alliances 'of truly global scope'. Amongst the implications for the employment relationship Military power may be seen as backing the globalization of trade and the use of global resources, including human resources, for the expansion of corporations. It becomes apparent that States with less economic power in the developing world are able to control the patterns of the employment relationship through military and para-military force. Hence, issues such as the imprisonment and suppression of independent trade unions are achieved through this dimension.

II.4. Giddens' model: Fourth Dimension

International Division of Labour

The fourth dimension of the International Division of labour is conceived by Giddens as part of Industrial Development. It is highly significant for an analysis of the global aspects of the employment relationship. Giddens points to a shift in the division of labour from within nation-state boundaries to a global location. The global division of labour encompasses industry, production, jobs and skills, and technology: 'the shifts taking place in the world-wide distribution of

production', 'regional specialisation in terms of ... job tasks, type of industry, skills and the production of raw materials', as well as 'the world-wide diffusion of machine technologies' (Giddens, 1990, p.73).

In the application of the model that follows, the manner in which the theory links the levels and aspects of industrial production helps to explain major trends in the employment relationship such as 'flexibility'.

II.5. Mediation of the four dimensions: Global networks of information exchange

Each of the four dimensions are mediated through global networks of information exchange, which provide both the necessary conditions for globalization and the means by which it continues to evolve and change. Kaldor (1995) suggests these globalizing information technologies would include micro-electronics, telecommunications, fibre-optics and satellites. She also elucidates the manner in which the mediation of networks of information exchange takes place: 'I do not want to suggest that political institutions are determined by technology. The technology itself is a consequence of wider economic, social and political trends - the capitalist drive for ever-increasing productivity, the need to save space, energy and raw materials and to find new market niches' (Kaldor, 1995, p.79). Held takes the view that the mediation of technology speeds up the integration of economies (Held,1995).

III. Application of Giddens' model to changes in the employment relationship

What, then, is the value of the four dimensional model in generating explanations of the globalizing of the employment relationship? So far, this paper has argued that the fundamental conceptual features set out in the criteria at the beginning of this paper are accommodated by Giddens' theory. This is in contrast to the deficiencies of uni-causal and certain multi-causal theories.

To test the explanatory power of the theory on empirical examples of actual changes to labour-management relations, this paper will examine some of these examples. In order to avoid a 'shopping list' of events, the device of examining these events in categories will be used. The categories will be those most commonly employed in the analysis of labour-management issues. No great claims are being made for the simple model that emerges from the use of these categories; it is intended as a device with which to explore the four dimensional theory. The traditional approach to the analysis of the employment relationship looks at the context of the employment relationship and that is taken to be the State, and elements of the State that notably impinge on the employment relationship. In this model, economic policy and employment law are selected as examples of contextual factors. The approach narrows down to organizational or corporation level, and finally focuses on the workplace. The role of the actors and their institutions is considered as a separate unit of analysis, but within the context above. The categories are grouped in the diagram below.

ANALYTICAL CATEGORIES OF THE EMPLOYMENT RELATIONSHIP

A: *The Context: The State*

- (i) Government economic policies
- (ii) Employment law

B: *Organizational and Corporate Factors*

The company/the corporation and the workplace

C: *The Actors and Their Institutions*

- (i) The role of labour
- (ii) Trade Unions and Trade Union Strategies
- (iii) The role of employers and managers

Each of these categories is examined in more detail in the application of Giddens' theory which follows.

III.1. A. The context: The State

State institutions and procedures provide the structural framework for the processes of labour-management relations. First, respective rights for both parties are enacted through State legislation and constitutions. Second, the legal framework is supported and enforced by the law enforcement arm of the State: the police, the para-military and ultimately the military. Individual nation states have traditionally been empowered to enforce the views of different components of the State, for example, the Government, on employee relations. Thus the role of the State in all its forms has rightly been accepted as a key contextual factor in analysing the employment relationship.

With globalization on all four dimensions taking place, the role of the State is in transition and must be reinterpreted. The transition raises two important questions: first, how much power does the State retain over economic policies that directly affect the employment relationship such as control over unemployment levels? Second, what is the changing role of State employment legislation?

A (i) Government economic policies

Traditionally, it has been held that the governmental and economic components of the State can control relative power levels between employers and employees by keeping unemployment within certain boundaries. High levels of unemployment diminish the bargaining power of collective labour. The OECD, (1994) thinking along traditional lines, blames member States in the European Union for allowing unemployment to grow because of 'an insufficient capacity among the industrialized countries to adapt to change', citing as examples of change 'globalization and the new technologies' (FT, 08 JUN 94). The implication is two-fold. First, the assumption is that States have the independent power to regulate levels of unemployment through policy making. Second, the OECD is suggesting that global forces constrain Governments to respond in a particular pattern. According to the OECD, the Japanese method of job creation supersedes that of the US and European States whose method is judged by the OECD as in some way incorrect: 'Europe's weak employment growth but high productivity and the US experience of creating large numbers of low- skilled, low- productivity jobs' are undesirable patterns. The solution, according to the OECD, is for OECD countries to 'review social security systems and some

cherished rights', and to view the labour market in terms of highly technological job opportunities, constantly changing.

The message of the OECD reforms contains two conflicting assumptions about the local power of nation states, reflecting the real world dilemma they face. The OECD (1994) is acknowledging that, on the one hand, States need to make decisions to adjust their labour market and social policies, and yet stating on the other that States will have to deregulate and abandon social protection: since Global forces leave them no choice but to do so. As globalization progresses, so State autonomy in this area seems thrown into question. The extent of the autonomy of States in an interdependent global system is the issue at the heart of the OECDs contradictory message: 'The internationalization of production, finance and other economic resources is unquestionably eroding the capacity of an individual state to control its own economic future. At the very least, there appears to be a diminution of state autonomy...' (Held, 1991, p.216). Held suggests democracy in nation states can only be maintained by the creation of a global system of governance that sustains the power of individual states. This conclusion is of no less importance for the issue of general democracy than for democracy in the employment relationship. The conclusion is that labour rights, for example, can only be maintained if nation states 'co-operate with each other to control policy outcomes' (Held, 1991). The notion that the State regulates areas of the employment relationship in advanced Western democratic nation States is thrown into question by the nature of globalization: 'Regional and global interconnectedness contests the traditional national resolutions of the central questions of democratic theory and practice' (Held, 1991, p.204).

A (ii) Employment law

Modern western advanced industrial States have in varying degrees created a basic 'floor of rights' (Kahn Freund, 1983; Wedderburn, 1985; Lewis, 1981, 1986) for its citizens in the employment arena. Globalization puts this traditional State role into question. As trade in world capitalism floats free of State political control and autonomous economies, protected labour becomes separated over time from State systems of employment rights, eventually to become part of a global division of labour, unregulated by anything (Held, 1991, Giddens, 1990).

Does it make sense any longer to examine the role of employment law within the confines of nation-states? 'The very process of governance seems to be "escaping the categories" of the nation -state' (Held, 1991, p.204). The dimensions of globalization are at the least, altering the impact of national employment laws, throwing into question 'the relevance of the nation-state, faced with unsettling patterns of national and international relations and processes, as the guarantor of the rights and duties of subjects' (Held, 1991 p.204).

The debate about the ability of States to protect the rights of their employees under globalization is illustrated in microcosm by the EU. There is a long history of debate as to whether States with strong labour rights legislation, such as Germany and France, face downward pressures on their labour standards despite their autonomous legislation. The forces are deemed to come from globalizing pressures firstly, within the deregulated markets of the EU, and secondly, from outside these markets at the interface between the EU and the global markets (Teague, 1989, Bercusson, 1986).

There are indications that the dimensions of globalization may provide conditions in which labour standards could be forced down unless some European-wide legal agreements impose upward standards on member States. 'Social Dumping' in the case of Hoover, (EIRR, 1993, 230, 14-20; The Economist, 24th July 1993) shows the erosion of the power of the State of France to protect their citizens' rights to standards of working conditions laid down in their employment laws.

The process by which these trends are occurring may be understood through the four dimensions model. The world capitalist economy operates independently of nation state labour laws, corporations trade in a globalized labour market which offers them choices outside nation-state confines, and hold together an independent network of locations using the mediating networks of information exchange. The process known as 'social dumping' and its ramifications for the nature of the employment relationship is a function of the interaction of all four dimensions, not simply of one such as world capitalism.

If Europe were to adopt European-wide social measures the business of predicting their success in maintaining higher level labour standards would depend on many measures of the relative strength of the combined States of the EU in the changing arena of globalization. Streeck (1996, p.314) points out that the possible outcome is by no means certain to be socially favourable: 'While we may be beginning to grasp the contours of the fragmented international-cum-national order governing, or not governing, the new global economy,... (this) ... offers no assurance that it may not be fundamentally deficient with respect to the secular task of domesticating and civilising global capitalism'.

Outside the EU, the role of the State is a key factor in the creation of Export Processing Zones, or EPZs. These are in themselves a creation of the dimensions of globalization. The nation States of the developing nations voluntarily place outside State law an area which is then opened to transnational corporations to invest in and make use of the international division of labour created by the world capitalist economy and facilitated by global networks of information exchange (Parisotto, 1993, Shoesmith, 1987). The IFCTU report published 8th March 1996 (Worlds Apart, FT, March 08 96) shows how young women workers are selected in EPZs as the preferred labour force (Rowbotham and Mitter, 1994). Many zones have an 80% female labour force (O'Brien, 1996) and are devoid of the most basic employment rights. 'Pregnancy means dismissal ... anti-union repression is an integral part of the employment strategies of transnational investors' (FT March 08 96).

A multi-dimensional model is the only framework within which such State strategies for the employment relationship can be interpreted. The EPZs in more than 50 countries are a result of low economic power of States in a global labour market, subject to the demands of transnational corporations in an increasingly global capitalist economy. The States in less developed nations may have the military and coercive power to impose unfavourable employment conditions on their workforces, and lack the economic power to resist these conditions. A previously socialist State such as Sri Lanka set up EPZs in the 70s. A government official explained that to gain jobs through transnational investment: 'It was decided: Let the Robber Barons come and do their worst.' ('The People Trade'; Channel 4 documentary series, 1986).

The impact of these aspects of globalization on the workplace are documented in Belanger, Edwards and Haiven's (1994) edited collection of case material, and especially in Harley Shaiken's study of a US transnational car firm's operations in a Mexican plant in that volume.

II.2. B. Organizational and Corporate factors

B The Company/Corporation and the Workplace

With the advent of globalization, transnational corporations and multinational companies are becoming increasingly dominant in the world capitalist economy. Their influence on the role of labour in the company and the working practices that occur within it is emerging as a key factor in labour-management relations. The four dimensional model provides a framework within which to investigate the phenomenon that the globalizing structures of transnationals are reducing the possibility of nation-state control (Hammill, 1992, 1993). Kobrin comments on the questions highlighted by mergers, acquisitions and alliances amongst MNCs: 'Without the headquarters subsidiary hierarchy, how do national governments exert control over 'their' multinationals? If the IBM-Toshiba-Siemens alliance is successful, is the technology American, Japanese or German? Who gets to control it and what are the control mechanisms?' (Kobrin, FT, p.13, Mar 15 96).

The growing importance of transnationals for labour-management relations can only be partly understood within the dimension of the world capitalist economy. All the other dimensions of globalization are also vital to this understanding. The flow of capital from transnationals across the globe is facilitated by the separation of economic activity from the control of individual States. The Nation State dimension is therefore relevant. Held sees transnationals as: 'organizations

which can ... systematically distort democratic processes and hence outcomes ...' with the power 'to constrain and influence the political agenda' (Held,1991).

The changing nature of the balance of power within the employment relationship is a feature both of transnationals overriding state controls and of the ability of transnationals to utilise the international division of labour within their economic and industrial strategies. Transnationals can act across all these dimensions of globalization only through the mediation of global networks of information exchange, which enable them to unite and coordinate and control their operations to an extent undreamed of in the 1960s. The four dimensional theory provides the conceptual framework with which explanations of MNC strategies and their impact on labour across the globe may be generated.

From the early 1980s, MNCs have begun to establish 'co-ordinated and integrated global strategies' (Hammill, 1993). Competing against one another within a global framework, MNCs are using global scope as a 'weapon in global industries involving specialisation and interdependency'. They have devised ways of playing across all the dimensions of globalization, using the global market as a giant planning ground for their production strategies. MNCs both create and utilise the international division of labour to out source, employ a flexible labour force, and introduce flexible labour practices and production methods on a global scale (Hammill, 1993). Ozawa provides a telling analysis of how Japanese MNCs are bringing their sub-contracting dependent industries out of Japan into Europe, and through joint ventures exporting their home based system of closely linked tiers of production to Europe and beyond. In Mexico, for example, Yazaki operates a factory which supplies the whole US market with component parts (Ozawa, 1991).

III.3. C. The Actors and their institutions

C (i) Labour

The impact of globalization upon labour in the employment relationship may be most closely located in the dimension of globalization concerned with the international division of labour. However, it is also important to consider how the nation state system ranked by the world military order, and the operation of the world capitalist economy, illustrated for example, by MNCs globalizing strategies, all interact to alter the role of labour. The application of the four dimensional model and the interaction between the dimensions sheds light on events in the position of labour world-wide which are becoming the subject of experience and analysis. As the control of the nation state over internal systems of union management regulation weakens in global markets, so the relative power and bargaining positions of individual and organized collective groups of workers are irreversibly changed. For example, MNCs now locate production not simply according to low labour costs of unskilled labour, but according to low labour costs of skilled workers. The theory has the potential here to generate a number of testable hypotheses.

EPZs provide the most explicit example of the changing relationship between management and labour under globalization. 'Organized labour and enforcement of labour protection can be weak, so that in addition to cheap labour MNEs can find opportunities to maximise profits which are ruled out in their home countries by the different organization of the labour market' (Parisotto, 1993, p.61). All workers skilled, unskilled, from developed industrialized societies and from developing nations, now compete with each other in the globalized market.

The global division of labour does not always necessitate the physical location of plant and equipment. Mediated by 'global networks of information exchange', (Giddens, 1990), labour can be utilised anywhere in the world: "'body shopping" - the seconding of Indian programmers abroad - has been replaced by direct satellite linkages. An Indian programmer can work directly on a computer located in the UK or the US' (Kobrin, FT, 96 Mar 15). Labour is now utilised through location and through technological link-ups, thus enhancing the divisions in the global labour pool, and accentuating the unevenness of economic development (Towers, 1996). 'In Jamaica, thousands of people working in 'office parks', which are connected to the US by satellite dish, process all kinds of ticket reservations and credit card requests submitted by Americans ... they do this for a quarter of the usual wages paid in the US for this type of work ... Bangalore is one of dozens of cities in southern and particularly eastern Asia where hundreds of Western and Japanese companies have set up operations in order to profit from a hard working, increasingly skilled and very cheap labour supply' (NRC Handelsbad, 19 Jun 1993; quoted in Harzing, 1995).

C (ii) Trade Unions and Trade Union strategies

Trade Union moves towards a globalized response to the changing structures of the employment relationship produced by the internationalizing of the division of labour can be illustrated in Europe and internationally. Within Europe, the formation of alliances of national Trade Union movements within the ETUC are echoed globally by strategies within the International Trade Union movement.

Robert Taylor describes a number of campaigns by International Union organizations to target 'some of the world's largest companies. 'The International

Federation of Commercial, Technical and Clerical Employees are campaigning to unionize employees in Toys R Us, the US based retailer, across 20 countries. The Postal, Telegraph and Telephone International, which represents unions in the sector across the world,' is 'involved in international action against Sprint, the US Company, after it dismissed Hispanic workers trying to organize a union in ... San Francisco' (FT, 96 Jan 16). Taylor also shows proactive strategies by Unions to sign agreements with employers that uphold basic labour rights across the globe.

Information exchange through the Internet and the use of information technology - the mediation centre of the four-dimensional model - is enabling unions to 'forge corporate strategies that go beyond resolutions'.

At the 1996 Conference of Free Trade Unions (ICFTU) a number of resolutions indicate representatives' awareness of the process of globalization. O'Brien (1996) highlights four of the responses the International Trade Union movement raised at the conference. The four-dimensional model can be employed to elucidate each one.

(1) Unions proposed that campaigns, communication and use of the media should be employed to pressurise governments to legislate in favour of measures to protect the labour force. Corporations should also be pressurised to change their behaviour. An example of such a campaign would be against child labour. Under the four dimensional model, this proposal can be seen to act across several dimensions of globalization. The use of child labour is a product of the interaction between the nation-state system in which the rule of law and human rights have been influenced by the growing globalization of the world economy.

Actors - in this case entrepreneurs and MNCs - utilise the international division of labour which pays dividends back to the world capitalist economy.

(2) The proposal was made to make the ICFTU a clearing house for information on matters relevant to the union movement, with an Internet address. Here the mediating role of global networks of information exchange plays a part in globalizing the strategies of trade unions. As they monitor the position of labour, their strategy becomes reflexive and feeds back into the power base of international Trade Unions. Their strategies will then impact on the nature of globalization in the world capitalist economy and the international division of labour.

(3) Unions proposed to push for an international form of regulation of labour conditions in the face of weakening national regulations. The four dimensional model would further explain this by showing the links between labour regulation and the weakening of nation state autonomy that is taking place under globalization.

(4) Delegates proposed that Trade Unions should work with European Works Councils. Even though EWCs are, from a union perspective, consultative bodies outside independent Trade Unionism, the four dimensional framework generates the hypothesis that the recognition of weaker nation state autonomy means that any pan-European consultative mechanism may become valuable to labour interests in the Employment relationship. European Works Councils make inroads, however minimal, into the increasing power of MNCs in the international capitalist economy and affect the balance of power in the employment relationship.

C (iii) The role of employers and management

The role of employers and management in the employment relationship is acted out through control and planning of capital and resources, the corporation, and labour.

The interaction with globalization takes place at three main levels at which the managerial role takes place: strategic, company, and in management practice and techniques in the organization. There is a close relationship between these three.

The dimensions of globalization provide conditions for managerial decision making which, although they should not be understood as predetermining employers' courses of action, certainly constrain the choices they make. The slowly increasing distance of business from nation - state controls means that managerial action is tending to be located in the dimension of world capitalism, with the relative economic power vis a vis states that this confers. At the same time, employers are subject to intensified global competition, and their relationship to the world capitalist economy differs with the power and size of their companies. For managers within MNCs and in small and medium sized companies, strategy has to be directed towards meeting global competition. MNCs have the power to utilise the international division of labour as a means to achieving this aim. The trends toward the restructuring of firms, the introduction of 'innovative' work practices, are all ultimately part of the interaction with the dimensions of globalization.

This goes some way to explaining why managerial literature on globalization is dominated by a wealth of prescriptive literature urging managers towards flexibility and change in the face of global competition (Peters and Waterman, 1986, Moss Kanter, 1983, 1989, 1996). In Human Resource Management based literature, managers are advised on techniques on how to handle expatriate staff, whether to staff 'global or local'; how to respond to conditions in foreign countries, how to understand diverse cultures (Shenkar, 1995; Hendry, 1994; Briscoe, 1995; Celeste, Richard 1996; Bourne, Wiley, 1996).

In business schools, the burgeoning of literature and studies on strategic management in a globalized economy is symptomatic of the awareness of managers and academics that globalization is transforming accepted techniques and managerial needs. Global competencies, however, are active choices managers make to deal with globalization, and reflect changes in both the balance of power in, and the nature of, the employment relationship.

On each dimension, the impact of globalization has been a freeing up of the power of employers and managers in relation to their labour force. The weakening of autonomous State controls over the employment relationship has enabled employers to shape globalizing firms to maximise their hold in the world capitalist economy: 'At issue here are such matters as ...the restriction of the activities of powerful transnational interest groups to pursue unchecked their interests, through, for example, the regulation of bargaining procedures to minimize the use of 'strong-arm tactics' within and between public and private associations ...' (Held, 1991).

The problem for analysts is to depict the interplay between structural forces unleashed by the globalization of the economy and the extent to which employers actively shape the outcome of these economic forces. Policies of management associated with global competition display the nature of their ambiguous role. The maximum use of flexible labour practices at all levels, from the international to the workplace, are both an active response to market pressures and a pattern of constrained behaviour. Flexibility in all its manifestations is the characteristic managerial choice, from the strategic to the company to the workplace level. Combined with a lessening of 'cumbersome' democratic structures shared with labour, flexibility is seen by management as the way to become a global player (Porter, 1986, 1990; Pollert, 1991; Piore and Sabel, 1984).

In cases where the economic sector dominates the political, such as Korea, the need for managerial control may be used to legitimate the growing inequality in the employment relationship. O'Brien cites the testimony of the recently imprisoned leader of the Korean Confederation of Trade Unions that: 'The Korean Government has taken globalization as its central ruling ideology' (O'Brien, 1996).

IV. Discussion and Conclusion

This paper has presented an examination of globalization theory, in order to establish which type of theory is likely to provide a satisfactory conceptual framework within which to explain global changes to the employment relationship. An analysis of the four dimensional theory, firstly as a whole and secondly through each dimension of the theory and its application to the employment relationship, shows that this 'Interactive process theory' fulfils the

criteria set out at the beginning of the paper. The four dimensional theory is capable of generating explanations of the central role of the actors in labour-management relations, and their ability to reflexively monitor the process of globalization, primarily through the concepts of interaction and power built into the theory. Globalization is also conceived by the theory as consisting of multifaceted social processes, which are contingent aspects of changes to the employment relationship.

A major problem with the theory, however, concerns its application to 'real world' events. Here the theory lays itself open to criticisms which have been levelled at other aspects of Giddens' work, notably his theory of structuration (also applied in part in the first section of this paper). Some critics, especially those with an empiricist agenda, find Giddens' theory reaches such a level of abstraction that its links with empirical roots are broken. According to this view, the theory thus ascends into relativism (Gregson, 1989). In discussing Giddens' theory of structuration Gregson makes the point that not only is it generally true that any form of social theory must engage with the concrete social world if it is to have meaning, but Giddens also takes this view. Her criticism that structuration theory lacks the ability to 'touch ground', and connect with the concerns of empirical research projects can equally be considered as applying to the four dimensional theory (Gregson, 1989, p.241). It is true that the four dimensional theory, like structuration theory, is ontological in character. It creates ontological categories within which trends of globalization may be interpreted. As such, the connections of the theory to the empirical world and its possibilities for empirical research are not immediately apparent. However, to assume connections to empirical reality do not therefore exist is to miss a vital point. The criticism arises from a misunderstanding of the very nature of theory

in social science. A good theory in both natural and social science offers ' a systematically unified account of quite diverse phenomena' (Hempel, 1966, p.77). It may come from intuition, some inductive procedure or 'jumping to unwarranted conclusions' (Popper, 1957, p.135). Theory is valuable to the understanding of social processes because it contains more than can simply be derived from observation of regularities in empirical phenomena. A theory's insight and explanatory import comes from its creative, innovative aspect, which does not simply correlate data, but enshrines it in other concepts which illuminate the significance of the data. The four dimensional theory is as Popper describes social science theory: 'of a hypothetical and conjectural character' (Popper, 1969, p.116). But theory is linked to the empirical phenomena it illuminates via bridges of hypotheses. The four dimensional theory has sufficient explanatory import, as has been shown in this paper, to generate testable statements or hypotheses, which are the classic bridges between good theory and the 'real world' (Lessnoff, 1974). The four dimensional theory provides creative and innovative insight into the diverse social phenomema which are being identified as globalization. As such, it is a necessary (in the logical sense) precursor to further empirical research. It is somewhat of a truism that only good theory can generate good research: 'No improvement in the collection and handling of data can make up for conceptual deficiencies' (Allen, 1971, p.231). Knowledge of this makes theories such as the four dimensional theory of great importance.

The four dimensional theory when applied to the constituent elements in the employment relationship allows for hypotheses on a range of major issues. Managers and workers and their collectivities may be understood not as in the grip of the inevitable forces of capital flows, but as decision makers helping to shape the processes of globalization. Thus the pitfalls of determinism and

reification are avoided. The pragmatic implication of such an academic understanding is to draw attention to the notion that strategic management never simply 'responds ' to the forces of globalization: managers have a range of choices within which they decide how, for example, they will utilise labour as a resource and what ideology they will adopt to guide their decisions.

The theory stresses the connection between the global and the local, through the concept of global interconnectedness. Micro and macro explanations of society are linked under conditions of globalization, thus enabling a framework within which the local/global nexus can be understood: 'Domestic developments in one society are in some sense contingently related to developments within other societies in distant parts of the globe' (McGrew, 1992b, p.315).

Finally, and most importantly, by providing valid concepts within which the vast social processes that constitute the globalizing process may begin to be interpreted, the theory also provides a starting point from which further understanding of globalizing changes to the employment relationship may begin.

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