

## ESF/SCSS EXPLORATORY WORKSHOP GRANT 2001

### European Corporate Governance and Human Resource Management

Coordinator: Prof. Andrew Pendleton, Manchester Metropolitan University, United Kingdom

#### Executive summary

##### Topics

The over-riding purpose of the workshop programme was to consider the effects of national finance and corporate governance regimes on human resource management. To this end, two workshops were held in Manchester, UK and Cologne, Germany in June and November 2001 respectively.

The specific function of the workshops was to

- 1) consider existing theoretical approaches to corporate governance and to consider the utility of these for evaluating linkages to human resource management
- 2) to consider the main features of governance and human resource management regimes in a comparative context so as to highlight key linkages
- 3) to review the state of empirical work to date

At each workshop, papers were given on corporate governance-human resource management linkages in several countries, supplemented with papers and discussion on comparative themes. The countries considered were France, Germany, Italy, Japan, Netherlands, Spain, and the United Kingdom.

A key decision taken at the Manchester workshop was to prepare a book based on the contributions to the workshop. After extensive discussion at this workshop, a detailed proposal was drawn up and submitted to Oxford University Press. At the second workshop in Cologne papers were presented in accordance with the specifications drawn up for the book proposal.

##### Outputs

The primary output from the project will be an edited volume (*Corporate Governance and Labour Management*, edited by Howard Gospel and Andrew Pendleton) containing the contributions to the workshops. A proposal has been submitted to Oxford University Press and we are currently awaiting a decision by the publisher. The referees' reports received to date have been favourable. Assuming a favourable decision by the publisher, we anticipate publication in 2003.

Participation by workshop members in the Society for the Advancement of Socio-economics annual conference to be held in Minneapolis, USA in June 2002.

Organisation of a special workshop on corporate governance and labour at the regional meeting of the International Industrial Relations Association, Berlin in June 2003 (awaiting decision).

Individual members of the workshop series have published working papers and journal papers arising from the project, as well as presenting material at conferences and seminars.

## Scientific content

The background to the workshops has been the mounting policy and academic interest in corporate governance in Europe over the last ten years. The starting point for the project was the identification by many observers of three patterns of corporate governance in Europe: the Anglo/American, the Germanic/Scandinavian, and the southern European. It has been argued for some time that distinct patterns of labour management are associated with each of these, especially the Anglo/American and Germanic/Scandinavian systems. It has also been widely observed that corporate governance systems in mainland Europe are evolving towards the Anglo/American pattern. Furthermore, some aspects of labour management systems seem to be following these changes in corporate governance, with the result that Anglo-American labour management practices are becoming more common.

The aim of the workshops was to subject these claims to critical scrutiny by evaluating existing theoretical and empirical work on corporate governance-labour management linkages, and by considering the main features of corporate governance and labour management regimes in comparative context. Accordingly, participants were invited to the workshops so that the three types of corporate governance system identified above were represented. Papers were presented on France, Germany, Italy, Netherlands, Spain, United Kingdom, and Japan.

The following key findings emerged from the papers and the discussions at the workshops

1. Understanding the relationships between finance, governance and human resource management systems can only be fully understood in historical context. Furthermore, in each national/historical context it is important to take into account broad systems of national political economies, business structures, the role of the state and law, and the structure and strategy of firms in their national product markets. In some economies, privatisation has been an important contextual development in the last twenty years. A key factor is liberalisation and internationalisation: this can reduce the embeddedness of firms in local socio-economic settings. In countries such as Germany, this is leading firms to evolve away from being quasi-public institutions.
2. Analysis of corporate governance should be conducted at two levels. There is a narrow aspect, which focuses on the relationship between suppliers of finance and firms, and also a wider set of relationships between shareholders, managers, and other stakeholders, especially labour. We need to examine who controls the firm, in whose interest the firm is governed, and the various ways (direct and indirect) whereby control is exercised.
3. To consider the effects of finance and governance on labour management it is helpful to distinguish three aspects of labour management: work relations, employment relations, and industrial relations. These are distinct but interrelated areas.
  - Work relations relates to the way work is organized and the deployment of workers around technologies and production processes. Information will be provided on divisions of labour, forms of working, and skill configurations.
  - Employment relations deals with the arrangements governing such aspects of employment as recruitment, training, job tenure, promotion patterns, and the reward of employees. This therefore touches on notions of external and internal labour markets and what is happening to patterns of employment within firms.

- Industrial relations is defined to cover the representational and collective aspirations of employees and the resulting arrangements which may exist such as joint consultation, works councils, and collective bargaining. It therefore covers notions of industrial citizenship.
4. The key distinction in much of the literature between Anglo-American 'market-based' models and Germanic 'relationship-based' models does not do justice to the complexity of the governance-HRM linkages across Europe. There appear to be several dimensions relevant to understanding differences, and these do not readily collapse into two categories. Marketisation of both capital and labour is a useful dimension of analysis, as is one relating to inclusion/exclusion of labour. Three groups should be the subject of analysis: management, capital, and labour. Each has different interests, though a variety of alliances are possible. For example, labour and capital may form alliances against management. The role of the state is important too, and it is possible to discern major differences in the extent of state involvement in 'industrial life' within clusters of countries that are usually grouped together (eg Germany and Japan).
  5. Analysis of governance-HRM linkages should be wary of presenting an over-deterministic picture. Different national systems may exhibit variations in the tightness of coupling between governance and HRM. Furthermore, causal linkages may operate in the reverse direction to that assumed in the Anglo-American literature, and this is illustrated by the experience of countries in mainland Europe.

## MANCHESTER WORKSHOP - FINAL PROGRAMME

**13-15 June 2001**

Wednesday 13<sup>th</sup> June 2001

Late afternoon Arrive Chancellor's (University of Manchester  
Conference Centre, Manchester)

18-30 - 19-45 Welcome and introduction to the Workshop

Thursday 14<sup>th</sup> June

09-30 - 11-00 'Setting the scene: observations on linkages between  
corporate governance and human resource management  
regimes'  
(Howard Gospel)

'Corporate governance in Germany: problems and  
prospects'  
(Bernd Frick and Erik Lehmann)

11-30 - 13-00 'Corporate governance and labour relations in France  
1990-2000'  
(Bob Hancke and Michel Goyer)

'Corporate governance and labour relations: Spain in the  
context of Europe'  
(Ruth Aguilera)

14-00 - 15-30 'Finance, governance, and labour management in the  
United Kingdom'  
(Andrew Pendleton)

'Corporate governance up and down: developments in  
the Netherlands'  
(Erik Poutsma and Paul van der Heijden)

16-00 - 17-00 Discussion: drawing out comparative themes

19-30 Workshop dinner at Yang Sing Chinese restaurant

Friday 15<sup>th</sup> June

09-30 - 11-00 'Ownership structure and labour relations in Italian  
industry'  
(Sandro Trento and Marco Magnani)

'Labor under shareholder-value: a positive or negative  
sum relation? A view from Germany and Japan'  
(Gregory Jackson)

11-30 - 12-15

Discussion: drawing out themes

12-15 - 13-00

Future plans: workshop, publications.

13-00 - 14-00

Lunch

**End of workshop**

## **COLOGNE WORKSHOP - FINAL PROGRAMME**

**November 25-27 2001**

Sunday 25<sup>th</sup> November

20-00 Arrive and dinner at Mercure Hotel, Cologne

Monday 26<sup>th</sup> November

09-30 Welcome and introductory comments  
(Wolfgang Streeck)

10-0 Corporate governance and labour: comparative  
overview  
(Howard Gospel)

Finance, labour and corporate governance in the UK  
(Andrew Pendleton)

11-30 – 13-00 Corporate governance in Germany: problems and  
prospects  
(Bernd Frick and Erik Lehmann)

14-00 – 15-00 New directions in corporate governance and labour in  
Germany  
(Gregory Jackson, Martin Hopner, and Antje  
Kurdelbusch)

15-00 – 16-00 Corporate governance, labour and employment relations  
in Japan  
(Takashi Araki: presented in his absence by Howard  
Gospel)  
Trade unions and corporate reform in Japan  
(Fujikazu Suzuki)

16-00 – 17-00 Discussion and reflections

20-0 Workshop dinner

Tuesday 27<sup>th</sup> November

09-00 – 10-00 Labour in French corporate governance: the missing  
link  
(Michel Goyer and bob Hancke)

10-00 – 11-00 Corporate governance and industrial relations in Italy  
(Sandro Trento)

11-30– 12-15 Comparative observations  
(Gregory Jackson)

12-15 – 13-00 Reflections  
(Wolfgang Streeck, Andrew Pendleton)

14-00 – 15-00

General discussion: where next for finance, governance and labour?

15-15-16-30

Discussion of book project

**End of workshop**

## **List of participants - cf workshops**

### **Dr Ruth V Aguilera,**

Assistant Professor

Department of Business Administration and Institute of Labour and Industrial Relations

University of Illinois at Urbana-Champaign

1206 Sixth Street

Champaign

Illinois 61820

USA

Tel 217 333 6661

Fax 217 244 9290

E-mail [ruth-agu@uiuc.edu](mailto:ruth-agu@uiuc.edu)

**(Manchester workshop)**

### **Professor Bernd Frick**

Professor of Personnel and Organisation Economics

Ernst-Moritz-Arndt-Universität Greifswald

Rechts-und Staatswissenschaftliche Fakultät

Friedrich-Loeffler 70

17489 Greifswald

Germany

Tel. 49 38 3486 2471

Fax 49 38 3486 2470

E-mail [frick@mail.uni-greifswald.de](mailto:frick@mail.uni-greifswald.de)

**(Manchester and Cologne workshops)**

### **Dr Julie Froud**

Senior Lecturer in Accounting and Finance

Manchester School of Accounting and Finance

University of Manchester

Oxford Road

Manchester

M13 9PL

Tel: 44 (0) 161 275 4018

Fax: 44 (0) 161 275 4023

E-mail [Julie.froud@man.ac.uk](mailto:Julie.froud@man.ac.uk)

**(Manchester workshop)**

### **Dr Howard Gospel**

Emeritus Professor of Management and Senior Research Fellow

King's College

Franklin-Wilkins Building

150 Stamford Street

London SE1 8WA

Tel 44 20 7848 4121

Fax 44 20 7848 4121

E-mail [h.gospel@kcl.ac.uk](mailto:h.gospel@kcl.ac.uk)

**(Manchester and Cologne workshops)**



**Goyer, Michel,**  
Research Fellow  
Max-Planck Institut für Gesellschaftsforschung  
Paulstr.3  
50676 Köln  
Germany  
Tel 49 (221) 2676 160  
Fax 49 (221) 2676 555  
E-mail: [Goyer@mpi-fg-koeln.mpg.de](mailto:Goyer@mpi-fg-koeln.mpg.de)  
(Manchester and Cologne Workshop)

**Gregory Jackson**  
Research Officer  
Max-Planck Institut für Gesellschaftsforschung  
Paulstr.3  
50676 Köln  
Germany  
Tel 49 (221) 2676 160  
Fax 49 (221) 2676 555  
E-mail: [Jackson@mpi-fg-koeln.mpg.de](mailto:Jackson@mpi-fg-koeln.mpg.de)  
(Manchester and Cologne workshop)

**Dr. Robert Hancke**  
Lecturer in European Political Economy  
London School of Economics  
Houghton Street  
London  
WC2A 2AE  
United Kingdom  
E-mail [R.Hancke@lse.ac.uk](mailto:R.Hancke@lse.ac.uk)  
(Manchester workshop)

**Dr. Martin Hopner**  
Research Officer  
Max-Planck Institut für Gesellschaftsforschung  
Paulstr.3  
50676 Köln  
Germany  
Tel 49 (221) 2676 160  
Fax 49 (221) 2676 555  
E-mail: [Hopner@mpi-fg-koeln.mpg.de](mailto:Hopner@mpi-fg-koeln.mpg.de)  
(Cologne workshop)

**Antje Kurdelbusch**  
Doctoral student  
Max-Planck Institut für Gesellschaftsforschung  
Paulstr.3  
50676 Köln  
Germany  
Tel 49 (221) 2676 160  
Fax 49 (221) 2676 555  
E-mail: [Kurdelbusch@mpi-fg-koeln.mpg.de](mailto:Kurdelbusch@mpi-fg-koeln.mpg.de)  
(Cologne workshop)

**Dr Andrew Pendleton (Convenor)**  
Professor of Human Resource Management  
Manchester Metropolitan University  
Aytoun Street  
Manchester M1 3GH  
Tel. 44 161 247 3974  
Fax 44 161 247 6304  
E-mail [a.d.pendleton@mmu.ac.uk](mailto:a.d.pendleton@mmu.ac.uk)  
**(Manchester and Cologne workshops)**

**Dr Erik Poutsma**  
Assistant Professor, PARTNER  
Nijmegen Business School  
Thomas van Aquinostraat 1  
PO Box 9108  
6500 HK Nijmegen  
Netherlands  
Tel 31 24 677 8978  
Fax 31 24 677 8978  
E-mail [e.poutsma@mailbox.kun.nl](mailto:e.poutsma@mailbox.kun.nl)  
**(Manchester workshop)**

**Professor Wolfgang Streeck**  
Director  
Max-Planck Institut für Gesellschaftsforschung  
Paulstr.3  
50676 Köln  
Germany  
Tel 49 (221) 2676 160  
Fax 49 (221) 2676 555  
[streeck@mpi-fg-koeln.mpi.de](mailto:streeck@mpi-fg-koeln.mpi.de)  
**(Cologne workshop)**

Fujikazu Suzuki  
Visiting Professor  
East Asian Studies Seminar  
Free University of Berlin  
Germany  
E-mail [Sfujikazu@aol.com](mailto:Sfujikazu@aol.com)  
**(Cologne workshop)**

**Sandro Trento**  
Senior Economist  
Banca d'Italia  
Servizio Studi Ufficio Analisi Settoriali e Territoriali Via Nazionale  
91 00184  
Roma  
Italy  
Tel 39 06 47924120  
Fax 39 06 47923720  
E-mail [trento.sandro@insedia.interbusiness.it](mailto:trento.sandro@insedia.interbusiness.it)  
**(Manchester and Cologne workshops)**

**Dr Richard Warren**  
Principal Lecturer  
Department of Business Studies  
Manchester Metropolitan University  
Aytoun Street  
Manchester  
M1 3GH  
Tel: 44 (0) 161 247 3837  
Fax: 44 (0) 161 247 6307  
E-mail [r.warren@mmu.ac.uk](mailto:r.warren@mmu.ac.uk)  
**(Manchester workshop)**

## Information on participants

Gender:	Female	3
	Male	12
Country of origin:	Belgium	1
	France	1
	Germany	4
	Italy	1
	Japan	1
	Netherlands	1
	Spain	1
	United Kingdom	4
	USA	1
Age profile:	20-29	1
	30-39	7
	40-49	4
	50+	3

Academic disciplines represented in the seminar:

personnel economics, corporate governance, industrial relations, human resource management, economic sociology, business ethics, political economy, comparative management, industrial economics, economics of law, industrial sociology, labour economics.