Gerhard Bosch
Dynamics of national models:
Problematic of analysis and approach

DYNAMO PROJECT
1st Meeting

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DYNAMO: Problematic of analysis and approach

1 Typologies of national models

| Corporate governance / varieties of capitalism | State led / negotiated or consensual market (Coates 2000); Liberal versus trust based (Coates); Shareholder value/ Stakeholder capitalism (Hutton 1995); Business coordinated / uncoordinated or liberal (Hall and Soskice 2001); Social systems of production (Dore 1986, Lazonick 1991, Best 1990, Hollingsworth and Boyer 1997, Hollingsworth et al. 1994); National business systems (Lane 1989 and 1995, Whitley 1999) |
| Production regime/work organisation | Lean production/ diversified quality production/ flexible specialisation/ socio-technical systems (Applebaum and Batt 1994) (country level) Fordist/ post-Fordist (Sipiot 2001) Production or training oriented job structures - high/low discretion (Marxen 1999) |
| Training and education system | Internal labour market/ occupational labour market (Marxen 1986); State led/ consensus led market led (Expertenkommission 2002) |
| Employment protection / industrial relations | Corporatist/ centralised/ decentralised; Industrial relations (Visser 2001); Level of employment protection (OECD 1999) |
| Gender regime | Strong/ modified/ weak male breadwinner models (Lewis 1992); Gender order (Connell 1987); Gender arrangements (Pfaul-Effinger 1998) |
| National systems of innovation | Competitive, corporate-led, state-led, corporatist (Amable, Barré and Boyer 1997); Nelson 1993; Edquist 1997 |
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2.1 Pressures on societal systems

- Employers
- International competition, International governance, International trade
- European employment strategy, directives
- Regulatory and stability Policies of EU
- Aging
- Changes in skill formation
- New technologies
- Multinational corporations
- The state
- Changes in household formation, gender roles
- International ideologies, International consumption patterns
- Citizens

2.2 Pressures for change

- Some pressures are stronger than others
- Pressures might be complementary or contradictory or tensions between them
- Countries might be able to respond to some challenges but not to others
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2.3 Lisbon Employment Target:
Employment rate = 70% in 2010

Employment rate in 2002

Source: EU Employment in Europe 2003, Luxembourg 2004: 29

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2.4 Lisbon Employment Target:
Employment rate of women = 60% in 2010

Employment rate of women in 2002

Source: EU Employment in Europe 2003, Luxembourg 2004: 29

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2.5 Lisbon Employment Target: Employment rate of older workers (55-64 years) = 50% in 2010

Employment rate of older workers in 2002

Source: EU Employment in Europe 2003, Luxembourg 2004: 29

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3.1 Starting points for of comparative analysis

1) Capitalism always “institutionalized” order which constraints the range of change path dependency

2) Institutions have been constructed on a national basis. Does not rule out reconstruction (models have been reconstructed in the past)

3) National models generate differences in economic performance

4) Despite difficulties in re-engineering challenges require changes. International benchmarking
   - opens up possibility of identifying desirable model changes
   - contradicts the basis principles of embeddedness

OPEN QUESTION Does the state have the capacity to respond by changing priorities or by developing new institutions / instruments?
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#### 3.2 Economic Institutions – Outcome Landscapes

[![Diagram showing single peak, multiple peak, and flat peak outcomes](image)](image)


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#### 3.3 Evidence for judging the shape of the institution-Outcome Landscape

<table>
<thead>
<tr>
<th>Characteristics of N*</th>
<th>Single Peak</th>
<th>Multiple Peak</th>
<th>Flat Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. N* dominates on several key aggregate outcomes</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>2. N* has higher well-being in much of distribution</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>3. N* dominates over extended period</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
</tbody>
</table>

**Landscape near N***

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Single Peak</th>
<th>Multiple Peak</th>
<th>Flat Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Near neighbours are also high</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>5. Movements toward N raise well-being</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
</tbody>
</table>

**Landscape away from N***

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Single Peak</th>
<th>Multiple Peak</th>
<th>Flat Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Big jumps cost little</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>7. Institutions converge (or outcomes diverge)</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
</tbody>
</table>

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3.4 Model Changes: 4 different answers

1) Comparative research has a tendency to concentrate on institutional differences → **path dependency**

2) **Declining ability** of the national state – probably reconstruction with in transitional governance structures (for example: European social model)

3) Boundaries of models **change** (sector, nation, region, world economy)

4) **Convergence** in some segments (for example: money, finance) and **divergence** in others (labour market, welfare state)

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3.5 Contradictory pressures on employment policy and practice: Will the short-term dominate?

<table>
<thead>
<tr>
<th>Pressures towards high skill / high wage economy</th>
<th>Actor in the labour market</th>
<th>Pressures towards low skill / low wage economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop comparative advantage in high value added sectors</td>
<td>The state</td>
<td>Attract capital by offering low wages / regulation reduce unemployment by creating low quality jobs</td>
</tr>
<tr>
<td>Develop skills for high quality production and problem solving abilities to promote innovation</td>
<td>The employer</td>
<td>Reduce costs through work intensification and low wages; monitor performance to reduce risk</td>
</tr>
<tr>
<td>Bargain for wages to maintain or improve standards of living an as a fair reward for efforts and skills</td>
<td>The trade union</td>
<td>Make wage concessions to avoid redundancies or closure</td>
</tr>
<tr>
<td>Seek job which provides opportunities to utilize talents and offers a challenging work environment</td>
<td>The worker</td>
<td>Restrict efforts to minimum levels to deploy energies on other activities and to maintain rights to leisure time</td>
</tr>
</tbody>
</table>

Source: Rubery / Grimshaw, 2003

Source: Radice 2000
1. What form or forms of socio-economic development models are required if Europe is to simultaneously pursue competitiveness and social cohesion?
2. What are the challenges currently faced by European national models and the overall European social model?
3. How are these models responding to and adapting to these challenges, as compared to each other and to North America and Japan?
4. How far are these challenges leading to convergence or divergence within Europe?
5. How far are these developments making it more or less difficult to obtain the goals of the Lisbon strategy?

4.2 Ways of adaptation to change within EU

- National specific response, that is the continuation of path specific development by which different societal systems process the response to similar pressures differently.
- Learning and adaptation, drawing on elements of other institutional models seen as more successful than the traditional national model - this learning could occur within Europe or by reference to external models.
- Acceptance of universal market model and the deregulation of markets to facilitate adaptation at the organisation level to international “best practice”
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4.3 Dynamics of national employment models (DYNAMO)

Challenges at sector level
- Globalisation: trade, MNCs, finance
- Regulation: product market, labour market
- New technologies/new organisational forms

Challenges at national/societal level
- Ageing Society
- New gender contract
- Skill formation

Sector
- Actors respond to and shape challenges

National Model

Employment outcome-quality and quantity of jobs for competitiveness and social cohesion

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4.4 Design of empirical research

6 months
Phase 1
Development of Joint Theoretical Framework

6 months
Phase 2
Analysis of Major Changes in National Models
Draft Country Reports

WP 2:
Analysis of Major Changes in National Models
Draft Country Reports

12 months
Phase 3
Empirical Research Sector Studies
- IT Construction
- Elderly Care
- Insurances
- Public T/U
- Airports
- MNC

WP 3 - 7: Empirical Research Sector Studies

12 months
Phase 4
Completion of National Models
Country Reports

WP 8: Completion of National Models
Country Reports

WP 9: Convergence or Divergence of National Models

WP 10: Effectiveness of European Employment Strategy