

# Vive La Difference? Employment Regimes in Britain and France

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NIESR



The Leverhulme Trust

# Introduction to the research

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National Institute  
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Social Research



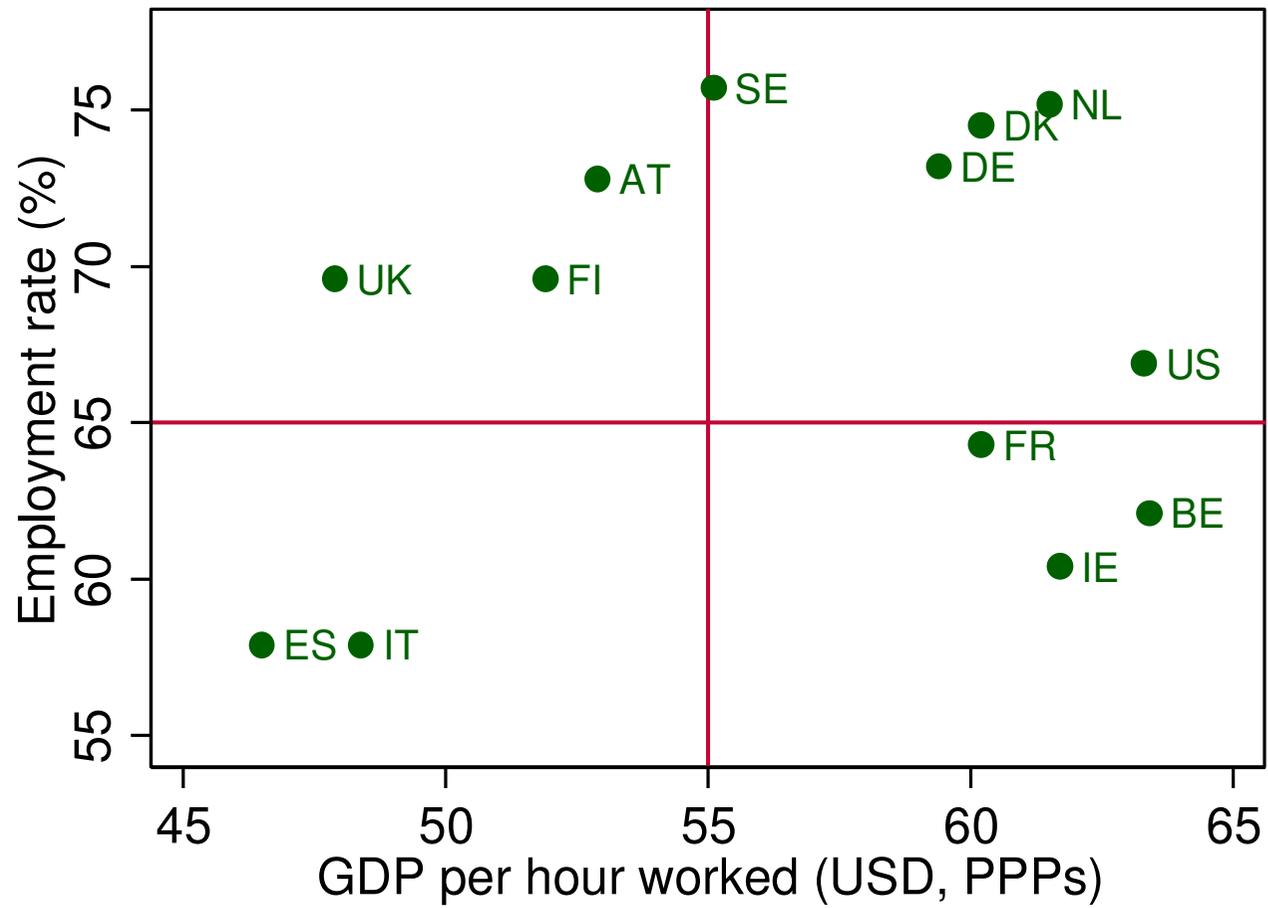
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# Our contribution

- First comprehensive analysis of WERS and REPONSE
- A complement to existing studies:
  - Broad national portraits (e.g. Milner, 2015)
  - Survey-based studies of multiple countries (e.g. ECS, ESS)
  - Previous topic-specific research using WERS / REPONSE (e.g. Marsden, 2013)
- Key questions:
  - What are the points of similarity or difference at the level of the workplace?
  - Where are the areas of convergence or divergence?
  - What is the influence of the institutional environment, and what are the implications for employers and employees?



# Economy and labour market

- Large, open economies with substantial FDI
- Arms-length capital (UK) vs 'insider model' (FR)
- Larger manufacturing base in FR (14% vs 11%)
  - ... but larger public sector in GB (24% vs 20%)
- Different approaches to employment flexibility
- Stronger internal labour markets in FR
- 'Voluntarism' and 'right to manage' in GB vs state-supported 'social dialogue' in FR

# WERS and REPOSE

- Rich, comparative and generalizable data on workplaces and their employees in 2004 and 2011
- Face-to-face surveys with workplace manager responsible for employment relations
- Self-completion surveys of random samples of employees in those workplaces
- Questionnaires not harmonised, but many comparable data items

	Workplaces <sup>a</sup> (Management interview)		Employees <sup>b</sup> (Survey of employees)	
	WERS	REPONSE	WERS	REPONSE
<i>Cross-sectional samples:</i>				
Workplaces with 11+ employees in 2011	1602	3947	11581	11244
Workplaces with 21+ employees: 2004/2005	1237	2924	11066	7923
2011	1289	3321	10288	10009
<i>Panel samples:</i>				
Workplaces with 21+ employees: 2004/2005	447	840	4352	2363
2011	447	840	3986	2648

Notes: <sup>a</sup>Samples of workplaces refer to those belonging to the trading sector and operating in NACE Rev.2 Sections C-N, P-S

<sup>b</sup>Samples of employees refer to those with at least 1 year of tenure (15 months in the case of REPONSE)

# Published resources

- Translated questionnaires in English and French
  - 2011 Management Questionnaire
  - 2011 Employee Questionnaire
- Overview of topic coverage
  - Includes map to variable names
- Stata syntax to compile a comparative dataset
  - 2004 and 2011
  - MQ & SEQ
- <http://www.niesr.ac.uk/projects/employment-relations-britain-and-france>

# Workplace structure and governance

John Forth (NIESR)  
& Antoine Reberioux (Université Paris 7)



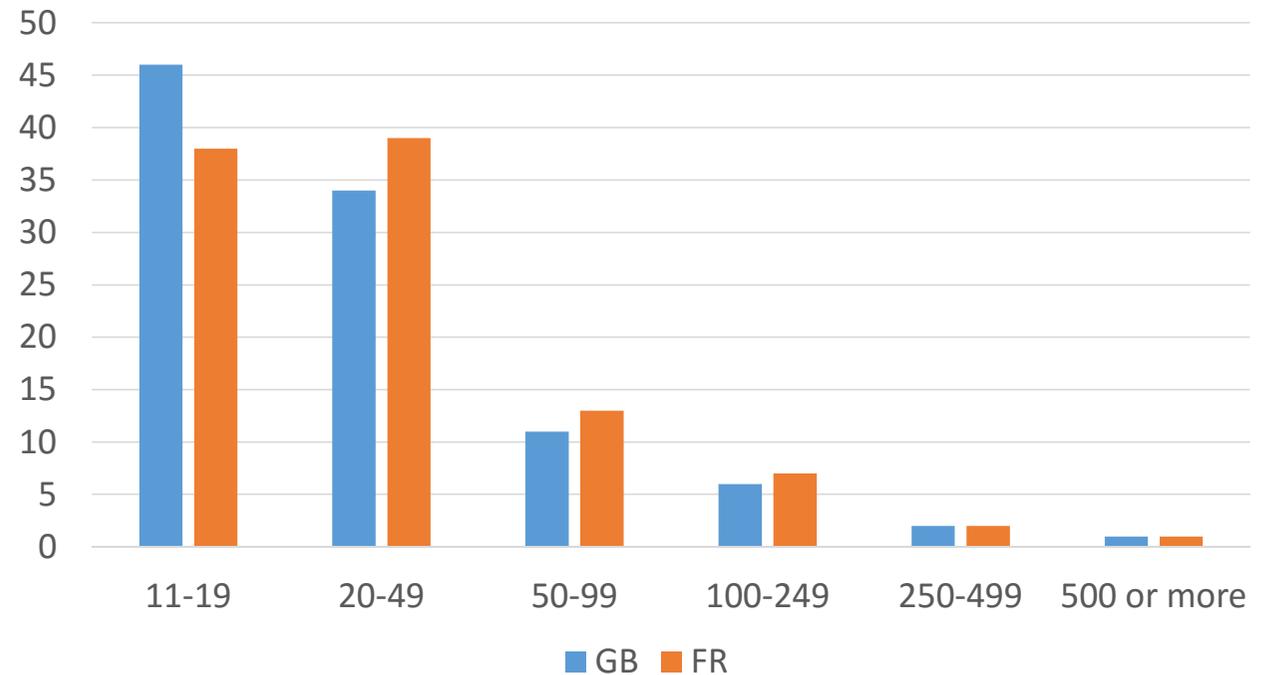
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# Our contribution

- Industrial economics - role of small and young establishments
- Boundaries of the firm – direct vs arm’s-length contracting
- Business ownership and capital structures – role of stock markets, family and foreign ownership

# Workplace employment size

Mean size	GB	FR
Manuf	61	64
Construction	33	33
W'sale/Retail	40	43
Hotels/rest.	29	29
Bus. services	51	59
Comm. services	46	43
ALL	48	53



Base: all private sector workplaces with 11+ employees

# Use of subcontracting

Subcontracted activity	Column percents	
	Britain	France
Cleaning, caretaking, or security	82	60
Recruitment*	15	7
Transportation	30	27
IT services	32	26
Pay**	29	29
Any items subcontracted	88	75
Mean number of items subcontracted (range: 0–5)	1.9	1.5
<i>Number of observations</i>	<i>1600</i>	<i>3811</i>

Base: All private sector workplaces with 11 or more employees

# Nature of product markets

- Less restrictive product market regulation in GB
  - OECD PMR (2013): FR=1.47, DE=1.29, IT=1.26, UK=1.08
- Less market dominance in GB
  - 75% of workplaces with market share of <25%, c.f. 63% in FR
- Broader geographical focus in GB
  - 47% of single-independent workplaces have national / international market, c.f. 29% in FR
- Younger age profile in GB
  - 35% of workplaces <10 years old, c.f. 15% in FR

# Workplace management of HR

- Greater prevalence of specialist HR managers in GB
  - 26% of workplaces have such a manager in GB, c.f. 15% in FR
- Share of workplaces belonging to larger firm is identical (55%). But branch sites have greater autonomy over pay and employment in GB
  - 30% have autonomy over pay in GB, c.f. 15% in FR
  - 87% have autonomy over employment in GB, c.f. 30% in FR
- Looser ties to external networks in GB too
  - 6% of workplaces belonging to an employers' association, c.f. 52% in FR

# Capital structure and ownership

	Britain	France
Listed on stock market	13%	14%
Family-owned	34%	44%
Foreign-owned	15%	8%

Base: all private sector workplaces with 11+ employees

# Listing and target-setting

	Total costs	Quality	Sales	Labour costs	Profits
<i>Britain:</i>					
Part of a listed company	0.244***	0.314***	0.169***	0.286***	0.164***
Number of observations	1309	1309	1309	1309	1309
R <sup>2</sup>	0.15	0.13	0.18	0.15	0.17
<i>France:</i>					
Part of a listed company	0.126***	0.069***	0.110***	0.012	0.150***
Number of observations	3199	3195	3181	3197	3187
R <sup>2</sup>	0.08	0.04	0.15	0.05	0.13

Base: All private sector workplaces with 11 or more employees

Notes: OLS regression, controlling for workplace size, age, industry, market share, market geography, and franchise

Key to statistical significance: \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$

# Ownership and wages

	Log of gross hourly wages					
	Britain			France		
Family ownership	-0.209***	-0.120***	-0.091***	-0.135***	-0.084***	-0.077***
Foreign ownership	0.249***	0.191***	0.127***	0.150***	0.066***	0.008
Observations	7852	7852	7852	8322	8322	8322
R <sup>2</sup>	0.05	0.29	0.38	0.04	0.53	0.57
Individual controls	No	Yes	Yes	No	Yes	Yes
Workplace controls	No	No	Yes	No	No	Yes

Base: All private sector workplaces with 11 or more employees

Notes: OLS regressions. Individual controls include gender, age (9 categories), education (6 categories), tenure (4 categories), and working hours (5 categories). Workplace controls include industry (11 categories), age (5 categories), size (6 categories), market geography (5 categories), market share (4 categories), and stock market listing

Key for statistical significance: \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$

# Summary

- Organisational structures similar in some key respects
- But market dynamics stronger in GB, with implications for workplace size
- More HR specialism and autonomy in GB
- Different patterns of ownership – despite globalisation, with implications for business strategy and the structure of wages

# Employee Expression and Representation at Work: Voice or Exit?

Thomas Amossé (CEE) and John Forth (NIESR)



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of Economic and  
Social Research

CEE

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# Broad institutional/historical background

- Since the 1970s, similar economic trends (deindustrialisation and decline of large industrial plants; development of smaller workplaces in retail, finance, and other services)
- Also similar trends in the labour force (men vs women; blue- vs white-collar workers; growth of part-time contracts)
- A common decline of union rates
- But two very different legal and institutional answers
  - Strong vs weak State support to unions and employee representation in France vs Britain (mandatory vs voluntarist system; national level, branches, firms)
  - Different issues raised: legitimacy of unions 'without' members vs union's efficacy and survival

# WERS/REPONSE's contribution

- Behind the national trends, a workplace perspective
  - To map the heterogeneity of voice organization at that level
  - To assess the social and economic effects of the union vs direct form of voice
- A transversal question referring to the opposition set by Freeman and Medoff (1984):
  - Is Britain really an exit country and France a voice one?
  - To what extent are workplace voice regimes symptomatic of, and contributors towards, this functioning of their respective economies

# Institutional context

- In France,
  - A strong legal support: *comité d'entreprise* in 1945, *section syndicale* in 1968, annual collective wage bargaining in 1982, *délégation unique du personnel* in 1992
  - An obligation made to employers to organize elections in 11 employees or plus workplaces with a priority given to recognised unions, a branch coverage of nearly 100%
  - The 2008 reform of union recognition criteria, since based on workplace elections
- In Britain,
  - The collapse of the post-war collective agreements due to a combination of competitive pressures, legislative restrictions on trade unions (1980s and 1990s)
  - A growing ambivalence towards union representation on the part of employers and employees
  - A voluntarist system with limited effects of the introduction of a statutory right to union recognition (1999) and of the right to information and consultation (2004)

# Union membership and representation at the workplace

- Fewer unionised employees in France (9% vs 15%) but more union representatives (31% vs 7%)
- Behind the average union rate, the leopard skin: only 2% of all workplaces with a density of at least 50% (in France) vs 7% (in Britain)
- The ratio of union representatives to union members at the workplace: 1/30 in Britain vs only 1/2 in France
- The higher incidence of union presence in France partly due to compositional factors (age, size, industry): from 24 pts of percentage to 19 pts, *intel alia*

## Union membership and representation in 2011, by country

	<i>Britain</i>	<i>France</i>
<i>Union membership density:</i>		
Average (percentage of employees, when known)	15	9
Banded (percentage of workplaces)		
Less than 5 per cent	81	65
5-20 per cent	7	19
20-49 per cent	4	3
50 per cent or more	7	2
Unknown	1	10
<i>Presence of union representatives on site:</i>		
Percentage of workplaces	7	31
Percentage of employees in such workplaces	29	62
<i>Among workplaces with a union representative:</i>		
Percentage of workplaces with union density of less than 5 per cent	2	29
5-20 per cent	16	44
20-49 per cent	24	9
50 per cent or more	54	6
Unknown	5	11

# Bargaining rights and workplace representation

- In France, due to the legal framework, on-site representation and bargaining rights are closely linked (when not, representatives are most often at a upper level in the firm, but agreements are effective for the workplace)
- In Britain, more recognised unions may have no representative on site.

	<i>Britain</i>	<i>France</i>
<i>Union right to bargain over terms and conditions:</i>		
Percentage of workplaces	14	37
Percentage of employees in such workplaces	35	65
<i>Among workplaces where unions have bargaining rights:</i>		
Percentage of workplaces with a union representative on site	46	77
Percentage of workplaces with union membership density of at least 50 per cent	40	5

# On-site non-union representation

- In 14% of British workplaces (against 7% with union representatives), with around two-thirds sitting in a consultative committee (the remainder as stand-alone representatives)
- In 34% of French workplaces (against 31% with union representation), all elected by employees at the workplace with their roles strictly defined in law

	<i>Britain</i>	<i>France</i>
<i>Non-union representation:</i>		
Percentage of workplaces with a non-union representative on site	14	34
Percentage of employees in such workplaces	28	32
<i>Among workplaces with non-union representatives, percentage with ...</i>		
A joint committee / 'comité d'établissement' or 'comité d'entreprise'*	63	33
A 'délégation du personnel'	/	78
An election to appoint non-union representatives	53	100

# Patterns of union and non-union representation

- Similar patterns for on-site union representative in the two countries (size and industry; large listed vs single independent organisation; age and skill of the workforce)
- Different correlation with age (younger workplaces less often unionised in Britain) and a stronger association with size in France (uniformity vs heterogeneity)
- Only in France, an opposite picture of non-union representation (vs union): more prevalent in medium size and age workplaces, multi-site unlisted organisations, with middle-aged workers and high proportions of managers or professionals

# Direct communication and consultation

- ‘New’ forms of voice that did not involve indirect contact via representatives (Forth and Millward, 2002)
- Here constrained by few comparable questions (a notion rather not used in France)
- These forms of direct voice largely more common in Britain than in France

	<i>Britain</i>	<i>France</i>
<i>Direct voice mechanisms:</i>		
Regular departmental meetings (percentage of workplaces)	75	77
Employee attitude survey (percentage of workplaces)	45	21
Suggestion scheme (percentage of workplaces)	27	25
Both face-to-face meetings and attitude surveys/suggestion scheme		
Percentage of workplaces	44	32
Percentage of employees in such workplaces	65	45

# Complementarity vs substitution

- In the two countries direct voice positively associated with both union and non-union representatives: no strong sign of direct forms of voice replacing representative ones
- Union and non-union representation are positively associated in Britain and negatively in France (due to the legal frame in this last case)

	<i>Britain</i>		<i>France</i>	
	% <i>workplaces</i>	% <i>employment</i>	% <i>workplaces</i>	% <i>employment</i>
Representative and direct	13	39	22	40
Representative only	6	9	37	43
Direct only	31	26	11	5
Neither	50	26	30	13

# Social functioning

- In the two countries, fewer resignations and more disputes when there is a union representative on site; more quits with direct voice in Britain
- The differing prevalence of union and direct: a partial explanation of why labour turnover is higher in Britain (one sixth)

	<i>Average...</i>		<i>Net effect of union representative...</i>		<i>Net effect of direct voice arrangements...</i>	
	<i>in Britain</i>	<i>in France</i>	<i>in Britain</i>	<i>in France</i>	<i>in Britain</i>	<i>in France</i>
<i>Resignations<sup>a</sup></i>						
% of employees one year before	9.7	3.4	-2.3**	-1.0***	+2.2**	+0.1
<i>Collective disputes</i>						
% of workplaces during the last / three last year/s	1.8	20.5	+4.8*	+18.3***	-0.1	+1.7

# Economic functioning

- A clear link with the way wages are settled (bargaining when there is union; appraisal meeting with direct forms of voice) but wage levels do not differ, *inter alia*, across voice regimes
- Only small effects, when any, concerning the economic situation: not the main dimension concerning the influence of voice regime, especially representative one

	Average...		Net effect of union representative...		Net effect of direct voice arrangements...	
	in Britain	in France	in Britain	in France	in Britain	in France
<i>Log of individual hourly wage<sup>b</sup></i> In Euros 2011	2.56	2.53	+0.03	+0.01	-0.01	-0.01
<i>Management assessment of labour productivity</i> Average on workplaces, from 1 (low) to 5 (high)	3.56	3.12	+0.02	-0.09**	+0.12**	+0.07*
<i>Management assessment of financial performance</i> Average on workplaces, from 1 (low) to 5 (high)	3.62	3.22	+0.06	-0.06	+0.03	+0.08*

# Attitudes and selection into 'voice'

- In both countries, managers and employees have more positive views of unions when there is a on-site representative
- At the same time, also in both countries, only a small share of managers express their clear preference for unions
- In Britain, positive opinions in favour of union membership tend to have *inter alia* at least as much influence as the presence of a union representative per se on social and economic outcomes
- This is not the case in France, where effects mainly rely on the union presence
- Unions mainly thus perceived by managers as a constraint (more in France, but on a larger scope), but possibly a beneficial one (more in Britain, selection processes being stronger)

# Conclusion

- Strong differences a voluntarist Britain and a legally-framed France: attitudes and practices more linked to union presence in British workplaces, unions more uniformly present in French ones
- Workplace characteristics and social outcomes associated with direct vs union regimes of voice are similar in the two countries
- These common traits and the higher prevalence of unions in France, and of direct voice in Britain, contribute to a characterisation of France as a union and voice-focused country, and Britain as one focused on direct communication and exit.

How to compete

# Work organisation and HRM

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*cee*

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# Two competing views

- High-involvement work practices, technology
  - Incentives
  - Performance targets
- Versus*
- Universal best practices (Bloom and Van Reenen...)
  - Diversity of capitalism and multiple of optima (Hall and Soskice...)

## But similar priors on correlates

- Britain: lower level of product and labour market regulations

*Versus*

- France: larger workplaces, collective organisation of employers  
=> prevalence of practices?

## Our contribution

- REPONSE + WERS: we can compare a dozen of practices, explore their determinants and their correlates with performance

# 3 dimensions, 12 practices

- Work organisation and ICT:
  - Autonomous work teams
  - Problem solving groups
  - Just-In-Time
  - 'ICT-intensive'
- Incentives and appraisals:
  - Share ownership plan
  - Profit-sharing scheme
  - Individual performance-related pay
  - Performance appraisals for non-managerial employees
- Targets
  - Profitability
  - Costs
  - Sales
  - Quality

# Adoption is higher in France

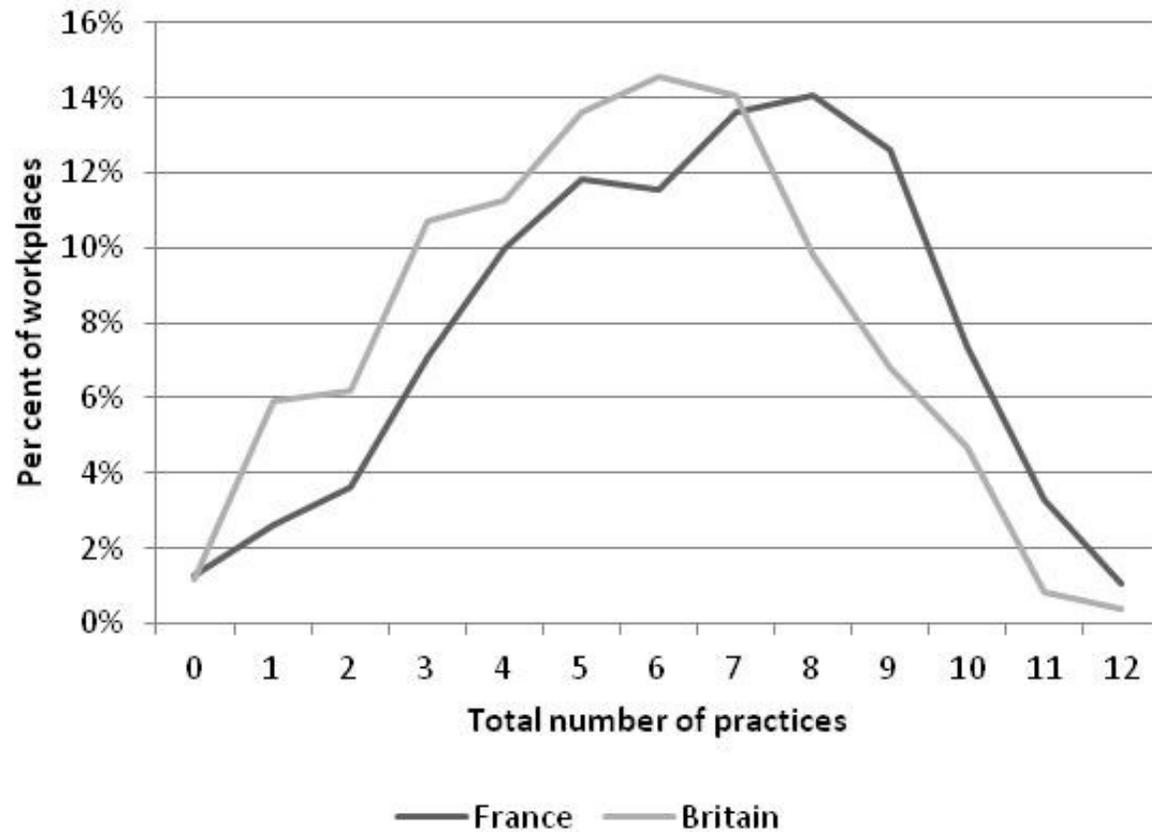
- Except the use of sales targets, adoption is either at least as high in France as in Britain or more commonly higher

	<i>Britain</i>		<i>France</i>	
	<i>Workplaces (%)</i>	<i>Employment (%)</i>	<i>Workplaces (%)</i>	<i>Employment (%)</i>
Share ownership plan	17	28	18	27
Profit-sharing scheme	46	53	54	71
Individual performance-related pay	37	48	61	71
Performance appraisals for non- managerial employees	77	83	80	87
<i>Number of observations</i>	<i>1,585</i>	<i>1,585</i>	<i>3,895</i>	<i>3,895</i>

~~Base: all private sector establishments with 11 or more employees~~

Numbers of observations cited are the minimums across the listed items

# Adoption is higher in France



# How to explain the gap?

- It is observed across industries, so industry composition explains little
- ‘Universal’ workplace characteristics
- Labour relations
- Spatial divide

	<i>Work organisation and ICT</i>		<i>Incentives</i>		<i>Targets</i>	
	<i>Britain</i>	<i>France</i>	<i>Britain</i>	<i>France</i>	<i>Britain</i>	<i>France</i>
<b>Basic characteristics</b>						
Workplace size	+	+	+	+	+	+
Organisation size	Ns	Ns	+	+	+	+
<b>Market characteristics</b>						
National/international market	+	+	+	+	+	+
Market share	+	+	Ns	Ns	Ns	Ns
Expanding market/turnover	Ns	Ns	Ns	+	Ns	+
Price-focus	-	-	Ns	-	Ns	Ns
<b>Human capital</b>						
Skill composition	+	+	+	+	+	Ns
Training	+	+	+	+	+	+
<b>Control/Ownership</b>						
Listed	+	Ns	+	+	+	+
Family owned	Ns	Ns	Ns	-	+	Ns
Foreign owned	Ns		+	-	Ns	Ns

	<i>Work organisation and ICT</i>		<i>Incentives</i>		<i>Targets</i>	
	<i>Britain</i>	<i>France</i>	<i>Britain</i>	<i>France</i>	<i>Britain</i>	<i>France</i>
<b>Labour relations</b>						
Unionised	+	+	-	+	Ns	+
Member of employers association	Ns	+	Ns	+	Ns	ns
HR manager	ns	ns	ns	+	-	ns
<i>R-squared</i>	<i>0.25</i>	<i>0.20</i>	<i>0.37</i>	<i>0.41</i>	<i>0.27</i>	<i>0.15</i>
<i>Number of observations</i>	<i>1,453</i>	<i>3,587</i>	<i>1,478</i>	<i>3,641</i>	<i>1,478</i>	<i>3,644</i>

Base: all private sector workplaces with 11 or more employees

Notes: (i) Regressions include industry dummies and region; (ii) + indicates positive relationship, - indicates negative relationship, Ns indicates no statistically significant relationship.

- Cannot kill the French lead but consistent with...

# ...more productivity and flat profitability in Britain?

	<i>Financial performance</i>		<i>Labour productivity</i>		<i>Hourly wages (log)</i>	
	<i>Britain</i>	<i>France</i>	<i>Britain</i>	<i>France</i>	<i>Britain</i>	<i>France</i>
<i>Management scores:</i>						
Work organisation	0.017	0.018	0.014	0.006	0.010	-0.001
Incentives	0.024	0.188***	0.106**	0.142***	0.033***	0.008
Targets	0.022	0.001	0.014	0.021	0.007	-0.006
<i>Number of observations</i>	<i>1,266</i>	<i>2,670</i>	<i>1,266</i>	<i>2,670</i>	<i>8,731</i>	<i>7,429</i>

Base: all private sector workplaces with 11 or more employees (financial performance and labour productivity), or all employees with at least one year of tenure in such workplaces (wages)

Notes: Regressions include workplace characteristics. Regressions of financial performance and labour productivity conducted via ordered logits; regression of employee wages conducted via ordinary least squares in the case of France and interval regression in the case of Britain.

# London looks like France but an acute spatial divide in Britain

	<i>Capital regions</i>		<i>Other regions</i>	
	<i>London</i>	<i>Paris</i>	<i>Britain</i>	<i>France</i>
<b>Mean scale scores:</b>				
Work organisation and ICT	1.50	1.52	1.31	1.60
Incentives	2.29	2.28	1.68	2.08
Targets	2.82	2.77	2.31	2.74
Composite scale	6.63	6.56	5.29	6.41
Above median on all three dimensions	16%	16%	7%	15%
<i>Number of observations</i>	<i>224</i>	<i>693</i>	<i>1,301</i>	<i>2,950</i>

Base: all private sector establishments with 11 or more employees

# Conclusion

- ‘High-performance’ practices seem more common in France
- Context matters but cannot significantly account for the gap between Britain and France... outside capital regions

# The experience of work: HRM, job quality and employee well-being

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❑ Tenure, Skill Development, and Pay: The Role of Internal Labour Markets (Chapter 4)

❑ Job quality (Chapter 6)

➤ Employee's experience of work

# Job quality

## Non-pecuniary measure of job quality based on employee ratings

Table 6.1 Job quality in 2011, Britain

	Employees (%)
Believes job is not secure	17
Work adversely affects private life	29
Free to decide how to work	85
Working under time pressures	41
Manager pays attention/understands employees	55
Able to learn or develop skills	56
Skills matched to job	44
Training received	53
<i>Number of observations</i>	<i>10592</i>

Base: All employees with at least 1 year of tenure, in private sector workplaces with 11 or more employees, with no missing data on job quality

Notes: The specific question wording for each item is explained in the text

Table 6.2 Job quality in 2011, France

	Employees (%)
Believes job is not secure	16
Work adversely affects private life	36
Free to decide how to work	70
Working under time pressures	74
Manager pays attention/understands employees	52
Able to learn or develop skills	46
Skills matched to job	64
Training received	50
<i>Number of observations</i>	<i>8201</i>

Base: All employees with at least 1 year of tenure, in private sector workplaces with 11 or more employees, with no missing data on job quality

Notes: The specific question wording for each item is explained in the text

## □ Method:

- Construct a job quality index
- Run a multivariate analysis of non pecuniary job quality to identify controlled correlations

- What drives internal heterogeneity? Relative role of individual and workplace characteristics?
- Are the correlates of job quality different between countries?

□ Main results:

- ✓ Our data confirm the Karasek model in both countries
- ✓ An important gender difference ... but only in France
- ✓ Workplace characteristics and workplace fixed-effect have a central role in job quality heterogeneity

And this is especially the case in France

# Tenure, Skill Development, and Pay

Understand the nature of employment systems present in France and Britain

- Analyse how HRM practices shape career opportunities

**Table 4.2 Years of tenure at the workplace in 2011, by country**

	Britain (%)	France (%)
1–2 years	14	8
2–5 years	29	23
5–10 years	27	23
More than 10 years	30	46
<i>Number of observations</i>	<i>11581</i>	<i>11123</i>

Base: Employees with at least 1 year of tenure in private sector workplaces with 11 or more employees

**Table 4.4** Log of hourly wages (euros) in 2011, by country

	Britain	France
25th percentile	2.13	2.21
Median wage	2.49	2.44
75th percentile	2.90	2.76
<i>Number of observations</i>	<i>10759</i>	<i>11198</i>

Base: Employees with at least 1 year of tenure in private sector workplaces with 11 or more employees

## □ Method:

- Estimate workplace tenure and pay fixed effects
- Construct an ILM dummy (value 1 for establishments for which both the tenure fixed effect and the wage fixed effect are over the median)

**Table 4.6** Percentage of workplaces with a 'strong' ILM orientation, and corresponding share of employees in those workplaces, in 2011, by country

	Britain (%)	France (%)
Share of workplaces	17	38
Share of employees	26	48
<i>Number of observations</i>	<i>1018</i>	<i>3560</i>

Base: All private sector workplaces with 11 or more employees, where at least one employee was observed

- Which workplaces have an ILM orientation?
  - largest establishments
  - in manufacturing, financial services or other business services industries
  - More use of HPWP
  - ...
  
- Which employees are located in workplaces with ILMs?
  - Men
  - Older
  - More qualified

➤ Training provision by the workplace?

is associated to ILM profile

but only in France

# Concluding remarks

- In both countries, some workplaces stand out as having more stable and better paid workers, showing important internal heterogeneity in both national settings
- These so-called ILM are more frequent and more specific in France than in Britain
- These ILMs may explain part of the productivity gap between France and Britain

# Vive la difference?

## Overview and policy implications

Alex Bryson (UCL) and Thomas Amossé (Centre d'Etudes de L'Emploi)



The Leverhulme Trust

# Themes

- What have we learned in a comparative sense about employment relations in the two countries?
  - Just how similar or different are Britain and France?
- What are the implications for workplace performance and employees' experiences?
- What role does the workplace play in employment relations?
  - Does it really matter where you work?
- What policy implications – if any – can we draw from the answers to these questions?

# Employment Relations in Britain and France: Same or Different?



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# Popular conceptions of the two countries

- UK
  - Liberal market economy
  - Light touch regulation
  - Little coordination/cooperation between social partners
  - Tolerance of inequality
- France
  - Amalgam of systems (Southern Continental, but also social democratic)
  - Centralised coordinated bargaining
  - Dualist labour market
  - Key role for state as regulator and coordinator
  - Union bargaining coverage pivotal

# Conformity to Existing National Models

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## Britain

Workplaces and firms slightly smaller  
More subcontracting  
Younger workplaces  
Faster growing workplaces  
  
More foreign ownership  
More direct arrangements for  
employee voice  
Higher levels of labour turnover  
Greater dispersion in wages and  
working hours  
Greater wage flexibility

## France

Larger market shares  
More family ownership  
Stronger employer networks  
More employee representation,  
particularly by unions  
Broader coverage of collective bargaining  
Longer job tenure  
  
Stronger internal labour markets  
Greater use of non-permanent contracts

# New Perspectives

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## Britain

## France

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Greater specialisation of HR management

Coverage of listing no less common, but substantial affiliation to business groups

Greater autonomy for workplace managers, but stronger implications of listing for workplace management

More limited use of arrangements for direct voice

More off-the-job training

More extensive use of "high-performance" management practices (work organisation, targets, incentives)

Greater regional differential in the use of "high performance management practices

Adherence to Karasek model of job satisfaction

Higher job quality but no male premium

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# Employment Relations, Workplace Performance and Employee Experiences



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# Workplace Performance and Employee Experience

- French workplaces
  - Larger, older, bigger market shares -> success
  - But is this optimal for social welfare and long-term growth?
- Conflict
  - More in evidence in France but perhaps pro-productive?
  - British system conducive to exit over voice
- Employees' experiences
  - Higher job quality in Britain compared to France
  - In France women experience poorer job quality than men, even within occupation and within workplace. Not so in Britain

# The Role of the Workplace: Does It Really Matter?



National Institute  
of Economic and  
Social Research



Centre d'études de l'emploi



The Leverhulme Trust

# Why the Workplace Matters

- Explains a sizeable part of the variance in employee experiences in both countries
  - not so much who you are but where you work
  - examples: job quality; worker well-being
  - much of the workplace effect is unobservable
  - even so within-workplace differences across employees often mattered
- Value in moving beyond aggregation at region, industry or occupation level
  - eg. variation in responses to recession across workplaces in same industry
  - Identify mechanisms underlying aggregate change (or seeming aggregate stability)
- Importance of workplace employment relations institutions
  - Big role played by unions even in Britain
  - eg. signs of efficient wage bargaining (wages and employment) in France but not Britain

# Britain and France as Counterfactual Worlds

	French HR Manager Transplanted to Britain	British HR Manager Transplanted to France
Accreditation	Needs HR accreditation	Has it but no longer needs it
Unions	No longer need to worry	Has to start to engage
Autonomy (corporate hierarchy and regulation)	New-found	Lost
Business networks	No longer available	Starts to talk to others
Employees	Happier, better job quality	Less happy, lower job quality
Uncertainty?	More turnover, lower plant survival	Less turnover, higher plant survival

# Policy Implications



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# Policy Implications? That was then, this is now

- Fundamentals likely to change slowly if at all
  - History
  - Culture (monarchy, republic)
  - Geography (island, continent)
  - Shared goals: modern, democratic Western industrial capitalist values
- Can't take everything for granted in UK
  - There may be no UK
  - Free movement of labour – border control
  - Tariffs and trade
  - Firm relocation - finance
- And what of France
  - Euro Zone
  - Forthcoming national elections

# The Intriguing Case of France

- More unions, more strikes and conflict...more productive!
- French Minister of Labour focusing on creation of more flexible labour market
- Recent reforms seek to tackle “legitimacy gap” faced by old 5 established unions
- But all parties value Social Dialogue between Social Partners

# The Intriguing Case of Britain

- Flexible labour markets, light regulation, union decline...less productive!
- Greater labour market participation - ambiguous in social welfare terms
- Investments in climate of employment relations pay off
  - workplaces with good ER prior to recession managed to perform better during the recession than other workplaces (Van Wanrooy et al *Employment Relations in the Shadow of Recession*, Palgrave 2013: 181-2).
- We were becoming “more European”
  - the Living Wage debate seemed to signal a shift and NMW was increasing TFP  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/413418/NIESR\\_Riley\\_Rosazza\\_Final\\_Report\\_Feb2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413418/NIESR_Riley_Rosazza_Final_Report_Feb2015.pdf)
- Concerns over ‘fitness’ of institutions for Social Dialogue in Britain:
  - <http://www.acas.org.uk/media/pdf/7/9/Building-productivity-in-the-uk.pdf>
- The productivity deficit was due to be the focal point of government economic policy over the coming decade.
- But what now? We don't know

# Future: Economics and Politics

- Political pressures to converge
  - EU and the Social Dialogue model
  - Other supranational bodies/treaties
- Economic pressures to converge
  - 'best practice' for firms in globalised competition
  - globalisation
  - worker preferences for mobility and diversity in culture
- Political pressures to diverge
  - EU decoupling
    - From EU as well as UK
- Economic pressures to diverge
  - Firm location and investment decisions
  - Liabilities at national/supranational level
  - Banking

# Round table discussion

Prof Duncan Gallie

Lord John Monks

David Yeandle OBE



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# Vive La Difference? Employment Regimes in Britain and France

6<sup>th</sup> July 2016

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