



School of Industrial and Labor Relations

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ILR Faculty Study Trends in the Global Workplace and Their Underpinnings and Significance

In the years following World War II, leaders in business, labor, and state government recognized the growing need for a new kind of school—where people could become skilled at dealing with the volatile issues of the changing American workplace. They also recognized that Cornell's heritage of creative synthesis of the rigorous intellectual tradition and the democratic spirit of the great state schools made it the ideal home for the School of Industrial and Labor Relations (ILR). Today's research at the ILR School focuses on a broad spectrum of issues in the global workplace, and its interdisciplinary focus spans the social sciences. Following are examples of the variety of research conducted by ILR faculty.

Francine D. Blau, Labor Economics, and Lawrence M. Kahn, Labor Economics and Collective Bargaining, have studied comparative labor market outcomes across OECD (Organisation for Economic Co-operation and Development) countries. They have a particular interest in the impact of labor market institutions such as collective bargaining on wages and employment. In *At Home and Abroad: U.S. Labor Market Performance in International Perspective* (New York: Russell Sage, 2002), Blau and Kahn show that in recent decades, the U.S. labor market performed differently than those of the world's other advanced economies. In the early 1970s, the U.S. had higher unemployment rates than its Western European counterparts. But after oil crises, rapid technological change, and globalization spawned change, unemployment fell in the U.S. and rose in Western Europe, where it is now roughly double that in the U.S. Wage inequality, however, widened more in the U.S. than in Europe, and wage levels rose more in Europe than in the U.S. Why?

Comparing countries, Blau and Kahn find that governments and unions play a far greater role in the labor market in Europe. It is much more difficult to lay off workers in Europe; unemployment insurance is more generous in Europe; and many fewer Americans are covered by collective bargaining agreements. Interventionist labor market institutions in Europe set relatively high wage floors for the less skilled, thus contributing to the lower levels of wage inequality. These wage floors also serve to lower the gender pay gap in many European countries compared to that in the U.S., because women are at the bottom of the wage distribution in every country. Blau and Kahn also present evidence that the flexible U.S. market let wages adjust so that jobs could be maintained, while more rigid European economies maintained wages at the cost of losing jobs, particularly for younger workers.

Harry C. Katz, Collective Bargaining, has a particular research focus on the automobile and telecommunications industries that reveals there is increasing variation within union and nonunion employment systems and increasing diversity in employment outcomes due to declining unionization. Katz also analyzes how wages and other employment outcomes are determined more and more by decentralized mechanisms arising in response to the need to satisfy economic pressures for cost reduction, flexibility, and quality.

In the auto industry, Katz examines how the Big Three auto companies have revised collective bargaining agreements and labor-management interactions in response to increased international and domestic nonunion competition. He shows that, contrary to previous claims that U.S. auto

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Harry Katz,
Collective Bargaining

Charles Harrington/CU

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Francine Blau,
Labor Economics

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employment would decline with "de-industrialization," domestic auto employment has instead grown over the last 10 years. However, the structure of employment has shifted away from the Big Three to independent suppliers and away from union to nonunion employment. In the telecommunications industry, Katz's research reveals that the growth of new (often non-union) entrants led to increasing diversity in wages and other employment outcomes.

Katz has extended his research internationally, and a key finding is that labor, management, and governments are finding ways to link national or regional adaptation with plant-level restructuring in all countries. A common theme in all countries is the emergence of "coordinated decentralization" in labor market policies.

Sarosh C. Kuruvilla, Collective Bargaining, studies the effects of globalization on employment relations policy and practice in Asia. Research teams drawn from selected Asian countries have studied national policy changes and practices across 50 firms in six major industries.

From a policy perspective, they found that in countries where employment relations institutions were not well developed, or not working well, there was an increasing tendency toward the creation of a two-tier workforce, with a smaller core of permanent workers and a growing number of peripheral workers with no job security and poor wages. From a theoretical perspective, the project found that the logics of competition, labor peace, and employment and income protection are key factors that explain how employment relations systems change and whether they converge.

Rosemary Batt, Human Resource Studies, was a Scholar in Residence at the Russell Sage Foundation in 2001–02, where she was completing a book, *The New Service Workplace: Consumers and Workers in the Information Age* (forthcoming). Her research draws on extensive field studies, company archives and performance data, and surveys of workers and managers to address a central paradox. At a time

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Robert Barker/CU



Edward Lawler,
Organizational Behavior;
Sociology; Dean of ILR

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when manufacturing plants have used information technology and innovative management practices, such as team-based systems, to enhance the skills and quality of the work life of blue-collar workers, service companies have used information technology to introduce mechanization and routinization into a wide range of complex service activities.

Batt’s research demonstrates that new management practices in services have led to more labor market stratification and increasing variation in job structures, human resource practices, and wages. Advances in marketing and information technologies have allowed companies to segment customers in new ways, with higher value-added business customers receiving much better service (from better-educated, better-paid workers) than customers in the mass market.

Using data from a survey of telecommunications service centers, Batt found that business and human resource practices contributed significantly to explaining wage variation, over and above the variation caused by market conditions and unions. Also, by shifting from local to remote services, the jobs of low-wage service workers have become more insecure. Batt’s research, however, contributes to a growing body of work providing evidence that human capital investments—even in low-wage service workers—have economic payoffs for firms.

The ILR School has a small-groups laboratory in which Edward J. Lawler, Organizational Behavior; Sociology; Dean of ILR, conducts research on “people in groups.” Lawler is testing ideas about how an aggregate of individuals working in the same setting come to define themselves as a group, develop an emotional attachment to their group, and act in a collectively-oriented rather than individually-oriented way. His research suggests that this occurs when (1) individuals repeatedly participate in a joint task, (2) they are successful at the task, (3) their success generates individual, positive emotions, and (4) they interpret their emotions with reference to their overarching group affiliation, giving credit to the group for their feelings. The collaborative nature of the task and the sense of shared responsibility for their success lead individuals to see the group as the source of their positive feelings.

The research has implications for how teamwork among interdependent but disparate individuals or organizational subunits can be promoted, and why emotion-based relationships and groups may develop among people who have purely task-based interactions with one another. In part because of this work, Lawler recently received a career award, the Cooley-Mead Award, from the Social Psychology Section of the American Sociological Association and also the Inaugural SUNY Chancellor’s Award for Excellence in Scholarship and Creative Activities.

Martin T. Wells

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