

REVIEWS

John Turner and Noriyasu Watanabe. Private Pension Policies in Industrialized Countries: A Comparative Analysis. Michigan: W.E. Upjohn Institute for Employment Research, 1995. x, 171pp. ISBN 0-88099-149-6.

This is a book for the practitioner and policy maker. It takes a business-like, rather than academic, approach to the subject, and does so through case studies of pension systems operating in selected countries. Unfortunately, these do not include New Zealand, albeit its practices are mentioned in a few instances.

However, the authors warn that cultural differences in attitudes towards savings, work and retirement may cause pension systems to have different economic effects on the behaviour of workers and employers in different countries. So, not every aspect of foreign practice may be useful in analysing domestic policies here in New Zealand.

The book contains nine chapters. The first presents an overview of the increasing privatisation of pension systems throughout industrialised countries. The final chapter ties the threads of the book together.

The second chapter looks at the structuring of pension financing, in terms of its basic issues, and discusses a wide range of approaches. Turner and Watanabe make the point that governments need to think carefully about the roles of social security and private pensions, particularly as to whether the latter should operate on a voluntary or mandatory basis.

Chile has completely privatised its pension system (chapter 3). In so doing, it has revolutionised thinking about retirement incomes. Japan and the United Kingdom operate voluntary privatisation schemes. Those employers who provide a replacement private pension plan of sufficient generosity pay a reduced contribution to social security.

The formulation of government tax policies towards private pensions is also of crucial importance. This topic is the subject of chapter 4. Turner and Watanabe claim that the most common approach to taxing pensions is to allow a deduction for pension contributions, and allow tax free investment earnings. The downside for workers is that the government taxes their benefits on receipt. New Zealand is the most notable exception to this approach. The New Zealand government treats pension funds on the same basis as fully taxable saving accounts.

Risk bearing is another fundamental dimension of pension systems, and one of its important aspects is the distinction between defined benefits and defined contribution plans. Chapter 5 explains how these different systems operate.

The next chapter (6) discusses in more detail the financing of pension plans. France has an unfunded pay-as-you-go private pension system, as has Germany. In contrast the UK and Japan operate funded systems, on the basis that employers can fund private pension plans with the money saved through opting out of part of the social security system.

For readers of this journal, chapter 7 is probably the most relevant. It considers some important labour market issues, albeit more from a personnel/human resource management perspective, rather than from a pure industrial relations stance.

Thus, it outlines how different countries tackle such topics as pension coverage and portability. The latter refers to the preservation of pension benefits of those workers changing jobs. Private plans can affect labour market decisions of workers, as loss of future pension benefits may deter some people from making otherwise desirable job changes. Some countries, most notably the UK and Canada, have policies that greatly reduce portability losses.

Also discussed in this chapter is vesting, that is, the period of time qualifying a worker for a legal right to a pension. New Zealand is again an exception in that employees have no legal vesting rights to a pension.

The chapter also notes the massive movement amongst older workers towards early retirement. Together with population ageing, these have been the most important changes in the labour market of industrialised nations over recent times. The net result has had a major impact upon pension systems.

The authors claim that the fundamental measure of the success of a retirement income system is its adequacy. This is the subject of the penultimate chapter 8. They point out that the prevalent image of retirement income as a three legged stool, namely, government provided social security, employer provided pension, and household provided savings, is more an ideal than a reality. It only applies to a privileged group of white married couples.

In conclusion, the book suffers from a tendency to describe rather than critique, is dull in places, and contains some grammatical lapses. More importantly, the lack of a theoretical framework, and the failure to make industrial relations the core of the book may disappoint readers.

However, it does serve a useful purpose for practitioners and policy makers. It draws together and analyses pension policies in the major industrialised countries. The book achieves this in a knowledgeable and detailed way.

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Barbara Townley. Reframing Human Resource Management: Power, Ethics and the Subject of Work. London: Sage, 1994. 199pp. ISBN: 0-8039-8496-0.

Barbara Townley's acknowledgements provide insight into the genesis of this book. She cites her years of teaching experience with students at Warwick, Lancaster and Alberta, and students' scepticism about the textbook presentation of personnel management. She also refers to the "not quite respectable" status of the area, which she believes has resulted in the transformation to HRM, and credibility by association with the strategy literature. In this transition, the "how to" of personnel has been lost, as has any sense of internal disciplinary structure.

This text consciously uses the terms personnel and HRM interchangeably and proceeds to deconstruct the field using a contemporary Foucauldian analysis. The text is divided into six sections: A Foucauldian Analysis of Human Resource Management; Dividing Practices; Control of Activity; The Individual as Object; The Individual as Subject; and Towards an Ethical Subject. The book is organised to proceed from knowledge of the "body of labour" or workforce, through knowledge of the task to be undertaken and then toward knowledge of the individual worker. The majority of the text introduces Foucauldian analytical thought, and then applies its central concepts - taxinomia, mathesis, examination and confession - to personnel practices. In doing so, the author asserts that HRM comprises a technology of power which exists to render employee behaviour predictable, calculable and controllable.

The two best chapters - on the Individual as Object and Subject - moves beyond issues of identification and control to examine the HRM mechanisms that "... gain access to the bodies of individuals, to their acts, attitudes and modes of everyday behaviour". Using selection and testing as HRM examples of the Foucauldian concept of examination, the author sketches the development of means for employee selection and the documentation of work life. Moving toward the confessional concept, the author investigates attitude surveys, selection interviews, self-assessment and employee development. The development of the "productive subject" includes welfare and employee assistance programmes, quality circles and profit-sharing. This line of thought includes an analysis of the transition from Taylorist to Human Relations traditions and challenges the notion of a paradigmatic shift. These two chapters, coupled with the previous three that introduce Foucault to the reader, produce a well-referenced deconstruction of HRM in terms of power dynamics. The promise of major insights into HRM, ethics and the subject of work are not as well served.

The nature of work itself is not questioned and, aside from a quote from Mant about the nature of management, there is little examination of the construction of the concept of work which surely underpins the notion of personnel management, and could potentially illuminate both the deconstruction of individual workers and the workforce. The broader issue of ethics is subsumed into the last chapter, which is a pre-emptive merger of politics and ethics and rejection of the technology of power which the previous chapters have articulated. The ethical discussion relies upon "panopticism" and the rejection of technocracy, the value of experience and the integrity of the individual. It is just as well that this (and several other subsections) are titled "Towards . . .", for while they are thought-provoking, they seldom arrive at any resolution of the often thorny issues they highlight.

Overall, this book seems more a tribute to Foucault than a critical analysis of HRM. Repeatedly, Foucault's work is cited, a concept sketched and then applied to a fragment of HR practice. The presentation of Foucault's work is thorough, although at times difficult to understand. The polysyllabic pronouncements of Foucault's work are often replicated in their application to some of the central structures of personnel practice. For all the care given to well-structured presentation of Foucault's principles and a deft series of footnotes and references, less care has been lavished on alternative points of view or the presentation of clear analytical paths. A number of subsections begin, "Critics of Foucault state . . . , but I shall show . . ." These statements are often not borne out by subsequent writing. It would have been much more helpful to gain additional insight through well presented critique of the concepts - including an explanation of who the "critics" were and what they said in their critiques. This would seem to be consistent with Foucault as an architect of systems of histories. Beyond that, the bridges between concepts and the analysis of practice were of varying strength. The central points in the author's applications of the analytical matrix to application rested in some cases on rather bald statements about the nature of the practices, eg, "rank necessarily ensures hierarchy and pyramidal supervision" (p.29), "progression through knowledge based systems is based on . . . workers are hired at below market rate" (p.76). Even within the applications, a more thoroughly grounded portrayal of theory and practices would have been helpful and consistent with the attention paid to establishing philosophical percepts. Although some sections were quite inclusive of multiple histories, particularly across international and cultural boundaries, others were surprisingly limited. The issue of culture itself as a thread within the dynamic received no consideration. This factor seemed particularly anomalous when reading a European author now working in Canada, who relies upon the work of a French philosopher, but makes her case by relying heavily on US statistics and practices to discuss a discipline for which she attempts to establish international parameters.

The text is proposed as "essential reading for students and professionals in human resource and personnel management, industrial relations, organisational behaviour, and the psychology and sociology of organisations". I would characterise it more as an intriguing alternative for thoughtful practitioners and advanced students and academics in HRM (and personnel), IR, and particularly organisational sociology. The book offers a wedge of analysis that is uncommon and provocative, but occasionally hard to access.

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Richard Curtain, Corrine Boyles and Hisakazu Matsushige. Skill Formation in Japan: An Overview and Enterprise Case Studies, Melbourne: Monash University, Monograph No.4, 1995, 94pp. ISBN 0646 209701.

Much has been written about the factors contributing to the Japanese economic success story, with the proliferation of literature recently focusing on the role of the enterprise in the modernisation and growth of the "bubble" economy. This monograph details one aspect of the Japanese enterprise: its approach to skill formation and in particular its emphasis on continuous learning.

As suggested by the title, the material is presented in two main parts: an overview of skill formation in Japan (chapter 1), and a number of enterprise case studies (chapters 2-12).

Although the overview of skill formation arrangements in Japan draws heavily on Curtain's previous work, it also introduces data from surveys commissioned over a number of years by the Ministry of Labour and Nikkeiren, a major national employer association, on the training activities of private sector firms. The reader is informed that most of these survey results are presented for the first time in English.

The overview explains the role of each of the major participants in the skill formation process in Japan, namely: the enterprise, government, private training providers, unions, and individuals, and finds a number of changes to enterprise skill formation emerging. In particular, there are signs that the traditional reliance on on-the-job training is giving way to a greater emphasis on formal, more theoretically-based training.

Chapter one concludes that skill formation in Japan is strongly dependent on the enterprise, but, nevertheless, there is evidence that enterprise-focused skill formation arrangements in Japan are not regarded as sufficient in themselves. There is increasing reliance on external points of reference through, for example, the national skills tests. The authors suggest that there is merit in developing a framework, as Australia is doing, for setting competency standards on an industry or occupation basis.

The case studies presented are based on interviews with senior personnel management in ten major private sector enterprises and one public sector corporation. The case studies are drawn from a number of manufacturing industries: aviation systems, electrical and electronic production equipment, automobiles, steel, gas appliances, baking, brewing, car components, electrical transformers, industrial ceramics and the railways. The industries were selected on the basis of their similarity to the range of industries covered in a series of Australian case studies of workplace reform and enterprise training arrangements.

The main evidence of the case studies is that the Japanese approach to enterprise skill formation is strongly supported by five key policies: lifetime or secure employment, an age/skill-based payment system, enterprise unions, joint consultation and problem solving mechanisms, and extensive training on-the-job with job rotation.

In addition, the central, strategic role of the Human Resource Management (HRM) function in Japanese enterprises permits a more decentralised, autonomous functioning of operational divisions or business units. The authors stress that this is one of the main differences between the HRM function in Japanese and Western companies where, in the latter's case, the function is likely to be highly decentralised.

An admirable attempt is made throughout the text to link the enterprise to the wider factors contributing to the Japanese success story. For example, Japanese society as a whole values educational attainment. The effect of this is an organisational structure that promotes learning in both a narrow sense of making it easier to master a specific job but also in the broader sense of enabling the enterprise to respond flexibly to the challenge of making the best use of new technology or to develop new products. It is also easier in Japan to give due recognition to skills excellence because payment systems in Japanese companies do not directly reward skills acquisition. In addition, underlying much of the success of Japanese skill formation practices is the strength of the Japanese economy based on expanding export growth in the post-war era.

The authors are dealing with a rapidly changing and topical subject matter, with recent discussions revolving around the bursting of the Japanese economic "bubble". Therefore, with the case studies carried out from December 1992 to early March 1993, much of the data and case study material could be construed as being outdated. Literature is now appearing espousing the limits of lean production in Japanese Operations.

A more pertinent criticism of the monograph is that all of the case studies are concentrated on large organisations, especially as the authors acknowledge in their conclusion that it is the ability of the small and medium-size enterprises (SME) to respond more flexibly to opportunities in overseas markets that is likely to be the future area of growth for the Japanese economy.

Overall, the case studies provide valuable insights into Japanese organisations, with extremely useful illustrations of the historical development of skill formation in a wide range of industries. The monograph deserves to be read by and discussed by a wide audience. Practitioners, academics, consultants, executive educators and trainers, and serious students of Japanese operations, will all find it an extremely useful addition to their reference shelves. References are provided for those requiring even greater depth or specific information.

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Denise M. Rousseau. Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements. Thousand Oaks, CA: Sage Publishing, 1995. 242pp. ISBN 0-8039-7105-2

Denise Rousseau has set herself the large task of presenting a comprehensive behavioural theory of organisational contracts. According to Rousseau, most managers in organisations conceptualise contracts in strictly bargaining terms with the emphasis on the monetary value of the contract. This largely economic viewpoint is mirrored in the social sciences, and professional management training thus overemphasises bargaining and competition, understating or ignoring the importance of "information sharing, realistic expectations, and good faith dealing" (p.4). To counteract this, Rousseau offers a perception of contracts as not just a calculus of losses and gains but an interpretation and reconstruction of commitments from a behavioural perspective.

The book's structure and the usually stimulating illustrations and varied examples (including the Queen's use of contract remediation with her servants) make the book a good companion to legal contracting texts for students of both industrial relations and human resources. The book works equally well as a brief, if not concise, summary of the current literature on psychological contracts. The later chapters on changing contracts, the linking of contracts to business and human resource strategies, and future forms of employment contracts become more prescriptive and are more likely to engage human resource professionals.

Using a variety of examples and the results of several previous studies, Rousseau demonstrates that contract making is a cognitive, information seeking and processing activity of the principals and their agents. This "mental model" of contracts brings together literature from social information processing and exchange theories that have been used previously to explain the process of psychological contracting. She further emphasises the subjective, interpretative nature of contracts by expanding the meaning to include all promises and commitments subject to change. This attempt to move most organisational transactions and relations into the contractual arena is both illuminating and innovative.

This broader perspective forces a re-examination of some of our closely held beliefs about organisational behaviour. For example, Rousseau analyses responses to contract violation using current typologies of response to job dissatisfaction (exit, voice, loyalty, neglect). Are we better off examining subjective interpretations of commitments between the employer and employee rather than trying to measure levels of job satisfaction in order to predict behavioural outcomes? At least from a managerial standpoint, understanding the psychological contract and attempting to decrease the likelihood of violation seems to be a more productive enterprise than usually futile attempts to "make the employees happy."

In addition to enlarging the concept of contracts, Rousseau admirably attempts to extend the model of contract development to include multiple levels of contracts. Besides the individual processes of psychological contracting, she identifies "normative" and "implied" contracts as the basis for the development of a multi-level framework for understanding contracting in organisations. Normative contracts develop from shared expectations of groups of workers with a shared identity, and implied contracts provide third party approval. In the New Zealand context of the Employment Contracts Act of 1991, individual agreements may be negotiated,

but the collective expectations of groups of similar employees and implicit New Zealand attitudes of social justice and fairness are likely to influence the employee's perceptions of equity.

Incorporating these multiple levels into the contract making model seems reasonable and potentially useful. However, they are never brought clearly and convincingly into a unified theoretical model. At times the reader is confused by the lack of clarity and differentiation among levels. Rousseau might have chosen to further develop this model and reduce or omit some parts of the book, for instance the chapter on the history of contracts which does not seem to inform her thesis.

The model of contract violation developed in Chapter 5 goes far in explaining not only why contracts are so frequently perceived as violated (she recounts that 54 percent of a sample of U.S. professional trained managers reported contract violations within their first two years of employment) but also why they aren't. From this reviewer's perspective, this is the strongest chapter in a book which has a tendency to try to do too much in a fairly slim volume. Rousseau emphasises strongly that a contract violation is not the same as breach of contract, and that violations are the norm rather than the exception. Her thesis here is that violation occurs when failure to keep a commitment injures or causes damages. Perception of degree of injury or damage is influenced by a wide range of variables including the individual's perception of not only the size of the loss, but the voluntariness of the violation, procedural justice, and relationship strength. Although in this chapter Rousseau principally uses examples of reassignments and factory closings, she has presented what appears to be a highly accurate and useful model of contract violations related to such difficult and current workplace safety issues as cultural awareness and sexual harassment.

Any book that purports to help both managers and scholars understand contracts in organisations is likely to receive close attention in a society still coming to terms with the ECA and the changing nature of work. Psychological contracts are no less real than legal agreements, and are often the underlying reason for disputes and dissatisfaction. For those tolerant of a study of contracts from a primarily American perspective, and willing to overlook (or fill in) the gaps of a multi-level model of psychological contracts, *Psychological Contracts* provides a readable, well-documented, and highly illustrated book from one of the field's major scholars.

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Ann M. Brewer. The Responsive Employee: the road toward organisational citizenship in the workplace. St Leonards: Allen and Unwin, 1994. xv, 150pp. ISBN 1 86373 647 6.

Ann Brewer has written an interesting and potentially useful book. Given the increasing interest in 21st century organisational form and management, it is timely.

More and more organisations are becoming known as organic structures and the key importance of people recognised. The role of employees in responding quickly to a changing environment is becoming crucial. That ability to respond depends on the quality of working relationships within an organisation. The way of working together is one aspect of what Ann calls "organisational citizenship" - a term that may gain wide currency.

The book begins with an introduction that defines organisational citizenship as "re-affirming the significance and value of employees to organisations". She then distinguishes organisational citizenship from a unity - or indeed unitary perspective - claiming it is a collective consciousness but not unity. It is rather "where diverse aspects are acknowledged but drawn together and integrated".

As a learning aid, the book is well structured. It introduces the area and discusses its importance and then has a foundation chapter drawing on an interesting selection of writing to lay the groundwork. Next is a series of chapters exploring some factors that could enhance the development of organisational citizenship:

- i) The employment relationship
- ii) Managerial practice
- iii) Working together
- iv) Organisational culture
- v) Understanding collaboration

These titles are far less traditional than they seem. Through them, Ann has woven a persuasive case for her "organisational citizenship". Each chapter begins with a case relevant to the argument and useful for discussion.

The whole text is rounded out with a chapter of Lessons Learned.

While not a main stream student text, it is an interesting and well written text - well suited to the educated practitioner or enquiring student of Organisational Behaviour.

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Paul Edwards (editor). *Industrial Relations: Theory and Practice In Britain*. Oxford: Blackwell, 1995. xxi + 628 pp. ISBN 0-631-19166-6.

Industrial relations scholars often bemoan the lack of theory, or theorising, in their discipline. Research in industrial relations has traditionally been descriptive; and to the extent that theories have been 'used' they have been borrowed from other disciplines. Industrial relations scholars have lacked the facility or imagination to develop and test theories of their own. Their 'intellectual' lives seem to have been devoted to providing support and/or genuflecting before ideas developed by great minds in other disciplines.

The publication of Paul Edwards' edited volume *Industrial Relations: Theory and Practice in Britain* provides a means to assess the extent to which industrial relations has progressed theoretically. The volume brings together many of Britain's leading scholars who have examined various developments following the election of the Thatcher government in 1979. In the preface Edwards refers to 'the analytical depth of many of the contributions' (p.xvii). In a chapter on the employment relationship, Edwards says:

'The traditional method [used in texts] was to concentrate on the main institutions and trends, with any explanation being inductive. More recent books pursue theoretical debates on management strategy and labour process with rather little empirical information being provided. This book tries to steer a course between these extremes. It aims to describe the key trends in British industrial relations. But it is also analytical: each chapter provides a strong argument, and issues such as the coherence of strategy and the balance between externalization and internalization run through the book as a whole.' (p.22).

The volume comprises 20 chapters. Three introductory chapters are apparently designed to provide a context for the subsequent 'substantive' chapters. The chapter on the employment relationship has an old feel to it, hovering between an attempted overview of the discipline and outlining the organisation and rationale of the book. This is followed by an examination of the historical evolution of British industrial relations and a poorly structured chapter on changes in the economy and labour market. Seven chapters are provided on various developments associated with the parties/actors - two each on management (not employers' associations) and unions, and three on the state (incomes policies, legislation and the public sector). The next nine chapters examine various issues and processes which have attracted the interests of scholars - management style and pay systems, work practices, productivity, strikes and conflict, equal opportunities, privatisation and marketisation, training, the low-paid and unorganised, and small firms. The major omission is consideration of issues associated with occupational health and safety. The final chapter essentially acts as a summary of the various chapters.

Notwithstanding the inclusion of the word 'theory' in its title, it is difficult to discern what contribution, if any, this volume makes to theory. With the exception of the first two, and last, all of the chapters provide surveys of developments which have occurred in recent years. The respective authors provide summaries or accounts of various secondary sources in the manner of promising graduate students. Despite Edwards' claims concerning linking theory and practice (see above), with the exception of reproducing statistical data/tables, virtually all of the chapters eschew the use of primary sources. This seems to be symptomatic of a current 'fad' amongst industrial relations scholars to not feel encumbered by the need to source

documents, etc in their accounts of various phenomena. Could this be the reason why such scholars believe their work is 'theoretical'?

To the extent that authors play with theory, it is at a low or rudimentary level. Chapters abound with ideal types and/or typologies and ideas derived from elsewhere. And to the extent that theoretical insights are drawn, they are inductive, rather than deductive.

In addition, respective chapters have other, what might be called, tentative traits which reduce their value as theoretical work. First, with respective authors having wedded themselves (or maybe they were compelled to by the editor) to surveys of literatures, there is an overarching tendency to produce lists of variables which may play a role in explaining the various processes being examined. Second, while noting current trends, and in contradiction to claims made by Edwards (see above), respective authors are hesitant to make predictions because their knowledge of history has taught them that processes can be reversed. In short, respective chapters, and the volume as a whole, lack intellectual rigour.

The respective chapters provide more or less useful surveys of various recent developments in British industrial relations. The volume is, in fact, mistitled. It should have been called *Surveys of Recent Developments in British Industrial Relations*. Readers will probably find those areas they know least about of use, and the bibliographies provided an aid to further reading. On the other hand, readers will find those chapters which examine areas in which they already have knowledge anti-climatic. This is the logical consequence of a publishing strategy which was based on surveying secondary sources.

Finally, the most disturbing aspect of this volume is that if it provides an example of the theoretical ability of Britain's leading scholars, it is somewhat frightening to contemplate the nature of the work being produced by 'lesser lights'.

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