

Kapittel 6. The Logic of Employment Systems¹

It has now been about 20 years since sociologists have begun to take the problem of the structure of work seriously in empirical research on stratification. The "new structuralism" has tried to embed the employment relation in larger units of analysis, such as organizations, sectors, classes, labor market segments, and even nation-states (for some examples, see Baron and Bielby 1980; Baron 1984; Hodson 1986; Wright 1979; Hodson, Kaufman, and Fligstein 1981; Doeringer and Piore 1971; Edwards 1979; Lincoln and Kalleberg 1990). Recent theoretical work (Hodson 1986; Kalleberg 1988; Fligstein and Fernandez 1988) has tried to view the production of labor relations as the interaction between groups of laborers and employers with varying amounts of resources.

This latter approach has the positive effect of introducing dynamics into the formation of labor markets. But it stops short of specifying how resources and bargaining positions become established in the first place, that is, what the institutions are that shape and are shaped by the contours of group interactions. Baron (1984) has reviewed the literature on organizations and stratification, but almost none of the works he cites try to use a more institutional approach to the problem of stratification.

If the system of employment relations is thought of as a large-scale institutional project, then one can begin to ask a different set of questions. How do such systems come into existence in the first place? What are their internal logics? Is it possible to tell if they are in some form of fundamental crisis that might bring about a reorganization of employment relations? How do states intervene in employment relations at each phase of their transformation? What is the impact of the increased internationalization of the economy on employment systems?

Our approach begins with considering what type of institution employment relations comprise. The basic case we wish to make is that employment systems are cultural and social constructions that reflect a societal tendency of important actors toward enforcing certain forms of careers and social organization. In capitalist societies this tendency emerges from the interactions of organized actors in

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three sectors of society: the state, the educational system, and the industrial field. Our central argument is that at the origins of industrialization these actors reach a political compromise on how to structure their relations. This compromise then becomes a set of cultural practices and understandings that functions as a template or worldview that helps actors make sense of their worlds and operates as a tool for the construction of action and career expectations. It also influences the construction of subsequent interaction across industries. This cultural construction is an identity that allows disparate groups of actors to come together to form social units such as unions, industries, firms, and professions. These are not identities in a social psychological sense (although they can be) but rather sets of meanings that actors can share and use to define situations, interests, and action (Swidler 1986; White 1992).

We identify three employment systems that have emerged historically in advanced capitalist industrial countries: vocationalism, professionalism, and managerialism. Vocationalism refers to a conception of work and career that emphasizes occupational communities, focuses on industrial unions, and relies on vocational training (either formal or on the job) for new personnel. The typical career is marked by a commitment to one industry. Professionalism is a conception of work that references a professional peer group, uses associations to maintain collegiality, and relies on universities for the training of personnel. Careers are centered on professions, not firms or industries, and once in a system of professions an individual tends to stay for life.² Managerialism reflects a commitment to a given work organization, is characterized by company unions, and relies on general schooling as a filter for admittance to the organization and on firm-specific job training over the life cycle. The typical career is with one corporation.

In the sections that follow, we first consider the problem of creating institutions like employment systems generally. This necessitates specifying elements of a theory of institutionalization that emphasize the role of states, firms, and other organized groups. We then detail the unique types of dynamics from which real employment systems emerge, which allows us to answer the questions posed above about the emergence, logics, and transformation of employment systems. Finally, we

² As we shall see later, it is useful to distinguish between state professionalism and associational professionalism.

sketch how this view helps us make sense of the dominant systems of employment relations that have emerged in Western Europe, the United States, and Japan.

There are a number of interesting implications of the view we propose here. First, one can use this approach to attempt to identify and examine crucial historical moments in employment systems. Second, one can begin to understand how the existence of employment systems results from the mutual support of multiple sectors (or what can be called organizational fields) and that this tends to limit the possibilities for transformation of employment systems across sectors. So, for instance, the discussions in the United States about reforming the educational system to promote vocationalism is going on without regard to existing employment relations in large firms, which promote managerialism or professionalism. Such reforms are likely to have little effect because a shift to a vocational educational system ignores the operation of labor markets that are structured by managerialism and professionalism. Third, one can also see how, once in place, conflict in employment relations will be dynamic but limited by larger arrangements. Fourth, the unique systems of employment relations that have evolved across modern capitalist societies are deeply rooted in the unique development of each society and the mutual interaction of sectors. This creates a kind of path dependence that means that institutions are not easily borrowed or transplanted except under the most dire circumstances. This helps explain why sexism, racism, credentialism, and other forms of discriminatory labor market practices, once in place, are so difficult to dislodge.

Institutionalization as a General Social Process

What is new about the "new institutional theory" in organizational theory is that action in organizations takes place in what are called organizational fields (DiMaggio 1988; Powell and DiMaggio 1991). An organizational field is defined as the group of organizations that take one another into account in their behavior (Fligstein 1990). Organizational fields come into existence when actors in different organizational spheres recognize their interdependence and find a way collectively to frame action vis-a-vis one another. The purpose of organizational fields is to promote stability for the organizations that populate the field by finding a political compromise that will allow interaction to proceed.

One can conceive of this attempt to create a stable world as an institutional project. This requires solving three problems. First, actors must find a political solution that allows some groups of

organizations to create stable outcomes for their members. Second, in order to find such an arrangement, they need to create a cultural conception of control (Fligstein 1990) that produces a local order in their field. These cultural frames define shared meanings about how to act and how to interpret the actions of others. They are also oriented to enforcing a certain view of the world and the pecking order of the organizational field. Finally, the dominant groups in the organizational field need the means to fend off challengers to their order. This can be done directly, through threats, or by using the law, usually with either the tacit or explicit approval of the state (Fligstein and McAdam 1993; Campbell, Hollingsworth, and Lindberg 1991).

Modern states claim to make rules for interaction in their territories. Hence, by definition states become the final arbiters of organizational fields within a certain geographic terrain. But states are the sites of contestation between opposing forces in organizational fields. Thus the way in which a state intervenes and on whose side is a matter of the configuration of political forces when the governance structure comes into existence.³

Solving the problem of finding a stable social outcome is not simple or predestined. Indeed, institutionalization projects can end up in disaster as frequently as they do in success. New organizational fields are most likely to emerge in proximity to old organizational fields. Models of action will often be borrowed from the nearby fields.

One of the critical problems is finding a stable set of understandings in the organizational field. The most powerful actors in an organizational field have the upper hand in setting the rules for others. This is because they have the resources to enforce such an order. Often even powerful groups are unable to enforce a social order by themselves. In this situation strategic actors must find a way to build a political coalition that brings along a substantial number of important organizational actors.

Once an organizational field comes into existence, it may be remarkably stable. A given social order is reinforced by the participants in that order. Those who benefit the most have a huge stake in maintaining business as usual. Those who are being victimized by the field constantly try to contest

³ Here we define “governance structure” as a state-sanctioned institutional setup legitimizing certain conceptions of control and delegitimizing others.

what is occurring. Once institutionalized, conceptions of control are powerful devices to keep an organizational field stable.

This suggests that the sources of change in existing organizational fields are likely to come from outside the field. Because the dominant organizational actors within a field continue to reinforce a given order, they are unlikely to be the source of a new order. It is very difficult for them to perceive when their strategies are failing to get them through turbulent times, so their basic approach in a crisis is to press forward with current conceptions of control.

So, for example, in the United States the dominant conception of the employment relation is that workers should be mobile factors of production and can be laid off whenever economic downturn occurs. Workers should treat the downturn as "their" problem and they should thus move to where the jobs are. This contrasts with the view in Western Europe that firms should not lay workers off and that cutting hours is preferable. Further, the state is the employer of last resort, and state-sponsored projects are highly regarded. These very different views have resulted in quite different actions in the economic crisis of the early 1990s.

Employment Systems as Institutional Projects

This abstract discussion proves quite useful to a consideration of the problem of the creation of employment systems across societies. We define employment systems as the rules governing relations between groups of workers and employers that concern the general logics of how groups define careers and how they organize to maintain these conceptions. These general logics inform more concrete sets of rules that help explain the organization of labor markets, the mobility of labor and managers, and the ways in which employers and workers organize. We do not mean just the set of practices traditionally conceived to be part of a system of industrial relations, that is, unions and professional and employer associations. We contend that it is necessary to include institutions and organizations linked to the education of workers, professionals, and managers and the skill-formation

functions within the firm, since these institutions are essential in defining the logic and range of developmental possibilities within any employment system.⁴

In this section we begin with an abstract discussion of the relevant groups that make up the organizational field of employment systems in industrial societies. Then we examine how these groups might align themselves in an ideal-typical set of situations to produce the dominance of one of three conceptions of control: managerialism, vocationalism, and professionalism. We want to view these outcomes as the result of the different strengths among the competing groups.

In capitalist economies the means of production is held primarily in private hands. As part of these property rights, the owners and managers of capital claim the right to control employment relations. Employers and their representative groups focus mainly on getting states to guarantee their rights to control employment systems. In most Marxist theories it is assumed that the state will come down on the side of the owners of capital (Miliband 1969).

We want to problematize this relation and argue that one can presume that if the most powerful forces in society are owners and managers of capital, then they can organize the field of employment relations and realize their institutional project. But to do so generally in society, they must have the state and either the professions or worker representatives as active partners in the process.

The power of workers and professionals has two sources: skill and status differences and the ability to control labor and skills supply. They build associations and unions in order to gain power. We think that a potentially large number of groups could form around these various tactics. But in practice there are two major conceptions that groups use to control employment relations: those that we associate with blue-collar and those that we associate with white-collar work. Larson (1977) has argued that there are no major differences in the strategies of these groups. Both focus on controlling occupational skills or labor supply as their primary source of power.

⁴ We use the term "skill formation" to describe the mix of (1) formal schooling, (2) certified training on the job with or without external involvement, and (3) on-the-job training. The mixture of these three types is an important cultural as well as economic factor, with direct implications for employment systems.

Abbott (1988) argues in his "regional" theory of division of labor, however, that there is a difference. White-collar workers focus on professionalization as their major tactic of control. Professional projects try to use the abstract expertise of a group as grounds for self-governance of that group. The new literature on professions also notes that they employ universities in their struggle for governance, focus their control projects on the state, and constantly try to invade other groups' professional territory. Professions, then, may use different organizational tactics and seek allies among educators, states, and other professions in order to promote their interests. A question increasingly discussed in the professionalization literature is the possibility of another type of alliance: between professions and managers. In a number of societies, the management function itself has become increasingly professionalized. The management function may either be conceived of as a generalist position attached to organizations as wholes or it may be defined as a specialized activity attached to the type of activity performed in the organization. It is likely that a high degree of professionalization or functional generalization of the management function will lead to a preference for professionals as allies in the struggle with workers, whereas managers who identify with specialized functions in the firm, such as production, will prefer other types of alliances (Abbott 1988, 1989; Armstrong 1984; Burrage 1990; Byrkjeflot 1993; Fligstein 1990).

The constitution of rules regarding employment relations turns on the organizational and entrepreneurial capacities of these various parties, the general political and economic environment, and the particular historical period in which employment systems come into existence. We think it is possible to abstract away from historical particularism to identify several ideal-typical outcomes of this kind of struggle for the creation of employment systems.

Earlier we asserted that three ideal-typical institutional sets of arrangements appeared to dominate the existing types of employment systems: managerialism, vocationalism, and professionalism. Table 1 summarizes our characterization of these employment systems. We think these types closely reflect the relative power of the five potentially organized groups in society. If firms have the upper hand, they will tend toward institutionalizing managerialism as the model of employment relations. Here, managers will control who enters the firms, and they will use internal labor markets as devices to create primary and secondary labor markets. Firms and societies dominated by managerialism will tend to have company unions, use status credentials as the

Table 6.1. The Logic of Employment Systems

Attribute	Vocationalism	Professionalism	Managerialism
Affiliative unit	Industrial trade union	Professional association	Firm (or company union)
Training	"On-the-job"	Postgraduate education	Universities
Intragenerational mobility (career)	Intraoccupational	Intraoccupational	Intrafirm

primary filter for admittance into the organization, and engage in firm-specific training over the life cycle to create careers for valued employees. The typical career is with one corporation. This model is similar to what Burawoy (1985) calls hegemonic despotism, Edwards's (1979) bureaucratic control, and how Williamson (1975,1985) views the employment relation.

Challenges to firm control over labor markets can come from many sources. We argue that strong worker organization produces vocationalism. These groups focus on producing occupational career tracks. We call this conception of control vocationalism because it relies on vocational training, either on the job or in certified programs where the training is done both at work and in classrooms. The distinction between management and workers is not as strong in such systems, since the management function is less professionalized and since lower management often is recruited from worker ranks. The people doing the hiring of new workers and lower supervisors are influenced by a worker perspective because they have the same vocational training as those they recruit. The typical career is marked by a commitment to one occupation or a field of occupations within an industry.

White-collar workers will be inclined toward professionalism, whereby privilege is exerted because of expert knowledge (Stinchcombe 1959). Professionalism is a conception of work that references a professional expert peer group, uses associations to maintain collegiality, and relies on universities for training personnel. There are at least two variants of professionalism, however, depending on the extent to which professions rely on the state or on private associations. In state professionalism the

state takes a direct role in the construction of a professional system, whereas private associations have the initiative in associational professionalism. Careers in both these variants are centered on expertise or fields of knowledge and are therefore not firm- or industry-specific.

The challenge when speaking about employment systems is to bring the education system into the analysis. Here we agree with Abbott when he says that "the 12 years spent in school by most citizens ... clearly provide the implicit model for later industrial relations.... Education is the main girder supporting modern staffing structures" (Abbott 1989:287-8). We argue that the extent to which a society develops vocationalist, managerial, or professional systems will depend on the structure of the whole system from kindergarten to graduate studies.

Marxist scholars (Bowles and Gintis 1976) have tended to see the educational system as a source of reproduction and legitimation of capitalist inequalities. While we agree that schools function to reproduce employment systems once they are formed, they can have pivotal effects in two sorts of ways. First, at critical moments where the possibility exists for employment systems to emerge, actors in the educational system allied with managers, professionals, workers, or the state can weigh in to institutionalize some system of employment relations. This is particularly important for groups trying to establish themselves as professionals. Universities serve as bases of power to legitimate the claims of these groups to control certification.

Second, once in place, educational elites can affect the supply of different types of groups. In this way there can be feedback into employment systems that could tend to reproduce or undermine them. The massive production of lawyers in the United States in the 1970s and 1980s has altered many features of the employment relation, including the propensity of workers to use the court system to exert control. Another example is the attempt of medical schools to control the labor supply of physicians in the United States, thereby increasing the relative incomes and autonomy of physicians (Starr 1982).

To the degree that educators form a distinct group within societies, they will be divided along lines reflecting the relative size and power of their potential client populations. Primary and secondary schools will compete with community colleges and universities for funding and influence. The

conception of control embedded in vocationalism will tend to be supported by secondary schools and community colleges, while professionalism will tend to garner support from the universities. In a society such as that in the United States, where the university system underwent huge expansion in the postwar era, one would expect a surge in the number of professions and their ability to gain certification.

Variations and Transformations in Employment Systems

These ideal-typical accounts can be usefully modified in three ways in order to make them more useful for analysis. First, it is important to consider how mixes of these pure types might produce stable institutional outcomes. It is also important to consider how one might use the analysis of institutional change that was described in the last section to specify the conditions under which one might identify the trajectory of a given set of institutions governing employment relations. In other words, how can we tell if a system is coming into existence, is stable and perhaps spreading, or is open to transformation? Finally, it is helpful to suggest how one might use this perspective to ask and answer questions about historical systems of employment relations.

Mixed types of employment relations could come into existence in a number of ways. For one, since different sectors of the economy have emerged at different historical moments, one system of employment relations might dominate certain sectors of the economy and another might dominate others. Thus the dominance of one system of employment relations depends on the relative power of organized groups at the moment of the founding of the industry.

There is another way in which the industrial structure of a country can affect the mix of employment systems. It may be that firms located in large-scale industries or the so-called core (Averitt 1968; Beck, Horan, and Tolbert 1978; Hodson, Kaufman, and Fligstein 1981) may tend to be dominated by managerialism, while firms in the periphery might have a mixed mode of employment relations, combining vocationalism (e.g., U.S. construction sector) or professionalism (e.g., business services) with managerialism. This is because some smaller firms that employ skilled labor have fewer abilities to resist workers' attempts at organization, particularly professionals.

Finally, political compromises between organized groups might produce mixed outcomes that incorporate features of several of the systems. One can easily imagine an alliance between managerialism and professionalism (Brint 1994): Managers would claim to control their firms but would grant professionals independent status in certain expert occupations and rely on expert advice for the structuring of their organizations. Societal variations in the trend toward externalization of professional business services in modern economies might symbolize the degree to which professionals have been able to reach a compromise with their employers.⁵ Similarly, one could imagine a situation where managerialism and vocationalism coexisted. In certain large firms, managers and workers might negotiate internal labor markets such that workers control work rules and seniority and managers and professionals control the organization of work (such as the U.S. automobile industry).

The Dynamics of Systems of Employment Relations

The purpose of this section is to consider where employment systems come from and how they become institutionalized. Employment systems reflect the construction of interests produced by the structural positions of groups. But to some degree they are also political and social constructions that reflect reactions to other groups and the experiences of similarly placed groups in other countries and other times. This suggests that the initial timing and conditions of employment relations have important effects for the formation of institutions around the employment relations in a given society. At crucial points in time, power constellations in society and differentiated patterns in education have crystallized into institutions that have continued to shape employment systems even after those initial conditions have changed.

Every society is composed of a huge number of organizational fields connected in a great many ways. A given field may be both dependent on some and at the same time dominant over others. States connect directly and indirectly to every existing organizational field. Thus organizations and various organized groups often find themselves as participants in a multitude of fields.

⁵ The independence of professionals in the market for business services does not necessarily mean that these groups have established a particularly powerful position vis -a-vis managers. It might be exactly because they are so firmly under management control and do not represent any challenge that they are allowed to produce their services in the market.

The large-scale institutional project described here - that is, the making of a society wide employment system - requires interaction among participants in a broad variety of fields. One could argue that at the early stages of rapid capitalist development a large number of organizational fields (those organized around large-scale product markets) faced the problem of developing stable employment relations. The process by which these relations emerged should be the focus of sustained study. One would need to identify key organizations and actors and how they tried to resolve their problems in the context of their organizational fields. One would want to be sensitive to how those solutions proved more general and spread to other fields. Finally, our perspective suggests that states had to be involved in the ratification, if not the creation, of stable employment relations. Thus the constitution of the policy domain of employment relations needs to be a constant area of focus.

Using the language developed earlier, we might ask, How do the various organized forces come together to establish a stable employment system at the level of organizational fields? We would expect that this problem would be most acute for rapidly growing sectors of the economy where there were not previously well known employment relations.

Initial conditions are important in several ways. Some states developed interventionist strategies into their economies at an early historical junction, whereas others were less developed and remained regulatory (Dobbin 1994). States provided social insurance schemes, and the character of state regulation of labor relations could create important advantages for workers and professions in their different bargaining positions vis-a-vis employers (Burawoy 1985:126). The relative power of workers and firms depended on the importance of skill level in the production system and the supply of skilled labor.

It is useful to describe the extreme cases. Where states were not interventionist, where skilled labor was not undersupplied, and where employers were large and had resources, one would expect managerialism. Where states were interventionist, where labor and professionals had skills in short supply relative to the demand of the production system, and where firms were not particularly large, one would expect vocationalism. Where states were interventionist and workers and firms less

organized or in a stalemate, state professionalism would dominate. Finally, where states were not interventionist and workers and firms less organized, there would be associational professionalism.

If we understand employment systems as conceptions of control certified by the state and institutionalized at crucial junctures in history, it would also be relevant to find out what industries were dominant at that time. One would expect that the most rapidly growing industries were the site for experiments in institutions surrounding the employment relation (Stinchcombe 1965). Once these took hold and were ratified or legalized by the state, they would spread to organizational fields where similar conditions held sway. Once a system of employment relations was institutionalized more generally, one would expect that it would greatly shape the possibilities for new systems of employment to come into existence. The emergence or rapid growth of an industrial or technical educational system would be influenced by the set of employment relations in the most important industries at the time. The system would be producing individuals who would take up positions in the new industries and in the policy domain of employment relations. Then too, as new industrial fields opened up, the first place that managers and workers would look for models of employment relations would be nearby industries.

New systems of employment relations are likely to have two sources. As already mentioned, new industries would emerge with different balances of power among important groups. More interesting is the case where employment relations would be transformed in existing industries. We believe changes in employment relations in existing industries would depend on the failure of conceptions of employment relations in supporting economic growth (economic crisis) or the failure of the education system to produce motivated and adequately skilled workers (motivation crisis).

The balance of power within employment relations would have to be perceived to be creating negative conditions for dominant groups in order to convince these groups to shift their tactics. In a general economic downturn (like the Great Depression of the 1930s), one would expect systems of employment relations to come under pressure from all of the groups involved. If the largest firms began to go bankrupt or if the skills supply situation changed dramatically, then existing systems would be threatened. In another scenario, crises generated by states (wars and political upheaval) could easily undermine employment systems (Baron, Dobbin, and Jennings 1986). States could

intervene either directly to alter the functioning of labor markets or indirectly through the passage of what appeared to be unrelated legislation. Finally, invasion of the major industries of a given society by other firms utilizing different employment relations could force reorganization of remaining firms' employment relations.

Insights into Comparative Employment Systems

This is not the place to undertake a substantial comparison of the voluminous historical and sociological histories of the employment relations in the industrialized societies. It is useful, however, to try and bring this theoretical apparatus to bear on what we know about the employment systems and institutional history of the United States, Germany, Japan, and France.

Since the approach here is ideal-typical, we want to view the tendencies of these societies as they currently appear to be configured. Some of what we have to say is speculative precisely because the research to investigate many of the points we have made has not been done. From our perspective, Germany most clearly conforms to the vocational model, France seems to best fit the state professional model, Japan fits the managerialist model, and the United States appears to reflect a compromise between the managerial and professional models. It is probably the case that in each society there are examples of industries organized according to each of the models. But since states are arguably the units that legitimate employment systems, it is plausible to begin with the hypothesis that a single system might emerge. An ambitious research agenda would ask whether or not societies could be characterized in this way and, if so, how the system was modified across sectors over time.

Germany: Vocationalism

The story of the deal struck in the 1870s between Otto von Bismarck and the state, on the one hand, and heavy industry, on the other, is well known. Germany was a late industrializer that developed cartels and a high degree of integration in the economy by the involvement of states and banks. Germany was particularly strong in producer goods and export industries, and the explicit aim was to catch up to Britain and other more advanced industrialized countries and develop strong military power. However, the employment system that developed was most strongly influenced by the strength of German workers' associations. We argue that this relative strength led to key concessions

granted by the state and firms in their search for rapid industrial development and led to the eventual accession of a vocationalist system.

What is particularly interesting is the way the state developed an advanced system of welfare provision early on and how the education system was structured to create differentiated skills (Muller, Ringer, and Simon 1987). The welfare system facilitated the emergence of unions by granting them independence from their employers. The functionally differentiated technical education system made it difficult for potential professional groups and managers to appropriate workers' skills (Caplan 1990).

This combination gave unions the impetus to organize across firms and within industries. The state intervened in labor relations but in the long run was unable to stop the union buildup and the growth of the Social Democratic Party. The state was more successful in establishing a distinction between white and blue-collar workers. The social insurance law granted white-collar workers and civil servants privileges, and this made an alliance between these groups and workers more unlikely. There were, however, no legal restrictions that kept discontented white-collar workers from unionizing, and strong labor unions were established among engineers as well as other white-collar groups in the twentieth century. Craft workers, however, appear to have been successful in matching skills supply with demand. Because of its emphasis on producer goods, the German economy was very skill-intensive, and this tended to favor the organization of workers.

United States: Managerial Professionalism

The U.S. case shows very clearly a mix of employment systems. It also shows a diversified education system and a system of social insurance provision less directed by the state than in most other industrialized countries. Working-class organization in the United States has been weak, and the link between workers and professionals, which could theoretically lead to vocationalist employment relations, did not emerge. It is for this reason that we say that managerialist employment relations predominated early in the century and that they were increasingly joined by professionalist ones. The rise of professionalist employment relations appears to be in newer sectors of the economy and therefore did not supplant the managerialist system. In the core of the U.S. economy,

there appears to have been some compromise between managerialist and vocationalist models beginning in the 1930s.

In the late nineteenth century, a strong labor movement seemed to be developing in the United States. But in a series of labor struggles established unions such as the Knights of Labor were systematically defeated and destroyed by the employers' associations. The federal and state governments either did nothing or were openly hostile toward union organizing efforts (doss 1993). By 1920 managerialist tendencies in U.S. employment relations came into strong play. It is no surprise that Taylorism and Fordism dominated the structuring of the employment system.

The U.S. labor movement continued to resist this development, however, and the Wagner Act (1937) legalized unions. After bloody struggles in a number of core industries, unions and firms agreed to a mix of managerialism and vocationalism in those industries. The employment system that developed in the automobile, steel, and other core industries reflected the relatively greater organized power of workers in those industries. In peripheral industries managerialism dominated.

The real expansion of professionals in the United States came after World War II. We speculate that this expansion was fueled by the great increase in the size of the college-educated population. Through the GI Bill millions of returning veterans enrolled in universities and their advanced training produced a market for professionals in the postwar era. A large number of professionalization projects were also undertaken. Documenting the number and success of groups that attempted to professionalize would be a significant research effort.

By and large the owners and managers of firms have not resisted the professionalization of various classes of their employees. Large and medium-sized businesses alike have sought out the expertise of these professionals, whether they are consultants, specialists, engineers, or academic groups. The role of the state in this process has been relatively reactive. The certification of professionals has been left to professional associations. The educational elites located in universities have promoted this process precisely because it has strengthened their claim over scarce societal resources.

France: State Professionalism

France displays a third variant of industrial development. There, a diversified consumer industry evolved early on, without developing the high level of bank involvement, concentration, and emphasis on producer goods that characterize late developers. Lash and Urry have argued that this was because France was really quite industrially advanced. In the same way as did Britain, France experienced the "penalty of taking the lead" (Veblen 1939). The state was, however, much more interventionist and modern than in Britain. The French government had a long history of intervention in employment relations and the education system; the state thus promoted the agenda of state professionalist employment relations.

The key feature that led to state domination of the employment system was the inability of employer or worker organization to dominate industrial relations. So in different historical periods the battle between workers and employers often turned violent and potentially revolutionary. The organizational apparatuses that could be brought to bear on this conflict were found in the state and among the professions attached to it. Credentials became the coin of the realm, and the development of elite educational institutions worked to create an elite that viewed its role as the direction of society through the government, not through the private economy. The present employment system, then, is the result of state intervention in the economy and the gradual penetration of the economy by "cadres" and professionals with state credentials.

Boltanski's study (1987) of the making of this group, the emergence of which he traces to the economic crisis in the 1930s, might be interpreted as an analysis of the institutionalization of a state professionalist conception of control in the French economy. Exactly how this conception of control is institutionalized as an employment system, however, is difficult to detect from Boltanski's work. In order to understand this we need more information about how the state certified the relationship between white-collar and blue-collar groups in French society and what kind of institutionalized division of labor emerged among the major groups (Boltanski 1987; Lash and Urry 1987).

Japan: Managerialism

Burawoy characterizes Japan as a society "in which the state offers little or no social insurance and abstains from the regulation of factory apparatuses" (Burawoy 1985:144). As we see it, the purest

example of managerialism exists in that society. Japan is also, along with Germany, the classic case of a late developing nation displaying the "advantages of backwardness" (Veblen 1939). Industrialization came to Japan later than to the other three countries. The Japanese emphasized production of producer goods and export, as did the Germans, but the Japanese task structure, the degree of internationalization, and the organizational models in these industries were different. In general, Japanese labor was not well organized, but Japanese firms were. The Japanese state led industrialization before World War II, but the economy remained in the private hands of a small number of families, who were given wide latitude in their handling of labor relations.

After World War II, labor laws and antitrust laws similar to those in the United States were established in Japan in a top-down approach. There was an intensified period of class struggle before the Korean War, but this ended in the early 1950s. The result of these struggles was the creation of enterprise unionism, a much less interventionist state in labor affairs than the United States, and the establishment of a new type of business group (the Keiretsu). The major victory for workers was the permanent employment system - the main compromise in the Japanese system that makes it a less than pure case of managerialism.

This last aspect is particularly relevant here. It is important to note that the high degree of job security granted Japanese workers that were part of this system was limited to the core firms in Japanese industry. In recessions core firms would force their peripheral suppliers and customers to accept extra workers. This would continue down the chain until the smallest firms would be forced to lay off their workers (Lincoln and Kalleberg 1990). This combined a hegemonic system in the core with a despotic system with insecure jobs in the peripheral industries. As Whitehill pointed out, however, "life-time employment, whether actually experienced or not, remains an ideal norm to which all companies, large and small, aspire" (Whitehill 1990:131).

Rohlen has argued that the Japanese school system represents a particularly strong legitimization of the prevailing organizational structures and that the uniformity at the lower levels combined with an intensely status-stratified system at higher levels creates dedicated and docile workers (Rohlen 1983). The reason for the intense competition among students at the lower levels is that they need to be accepted at a high-status university in order to be granted entry into the permanent employment

system. It is because of this strong expectation of lifetime employment within a single company among the highest educated that Japanese firms continue to develop extensive in-house educational programs. Once the university graduates are part of this system, however, they have to accept the notion of a broad career. Job rotation, usually every three to five years, is an expected part of every manager's career advancement.

Japanese managers are neither pure generalists, as are American managers, nor narrowly specialized in one occupation, as are the Germans; rather, they are multi-specialists. The major distinction in the core firms in Japan is between top executives and employees. The line separating blue-collar workers from white-collar workers is much more blurred in Japan than in any of the other countries examined here (Koike and Inoki 1990; Kuwahara 1989; Whitehill 1990).

Research Agendas

We think that our approach has two important implications. It suggests that systems of employment relations have a unique social origin that can be studied only historically. But we have also provided a causal analysis that specifies the conditions under which one outcome or another is likely. The cases illustrate how historical processes in each society that reflected the path into industrialization had profound effects on the system of employment that emerged. Where firms were strong, more managerialist systems emerged (i.e., Japan); where workers were strong, more vocationalist systems emerged (i.e., Germany). Where the sides were forced to compromise, mixtures of systems came into being (i.e., France, the United States). Once general arrangements emerged in the societies, educational systems came to buttress them.

It is useful to consider some of the implications of the perspective developed here for existing and future research. Most of the research on the "new structuralism" has been ahistorical and focused exclusively on the U.S. case. There have been exceptions (for instance, Baron, Dobbin, and Jennings 1986; Edwards 1979), but they have not altered the terms of the discussion. The thrust of the theoretical perspective put forward here is that the time is ripe for opening the field of stratification and organizations to more historical, more comparative, and more political and institutional approaches.

Our approach encourages scholars to take up the issues of the formation, crisis, and transformation of employment systems; we have offered a set of conceptual distinctions about the important features of employment systems. We have also provided rudimentary hypotheses about how pure cases might turn out. Taken together, these arguments can inform more sustained analyses of employment systems and begin to show how systems reflect compromises and whether current assaults on them are likely to yield change.

One of the most pressing research projects this suggests is a consideration of the historical accuracy of our general view about the types of employment systems in advanced industrial countries. Are there single systems of employment relations in modern industrial societies? Do our ideal types capture the most important distinctions among systems of employment relations? If societies contain multiple systems, is that explained by sectoral differences (i.e., core/periphery effects), path dependence (i.e., the moment of emergence), or compromises within sectors or perhaps combinations of all three? It may be possible to synthesize what is known from disparate literatures (labor history, the history and study of professions, managerial history) to fill in some of the gaps, but it is certainly the case that much remains to be done.

It is useful to study systems of employment relations beyond their originating moments in industrialization. A set of severe external crises (two world wars, the depression of the 1930s) and huge institutional reorganizations have resulted. We have generally only stumbled onto these effects serendipitously. But it is important to study these events and their aftermaths more closely to see how the terms of employment were altered as a consequence. So, for instance, World War II did not appear to change the employment system in Germany, but it may have in Japan.

The framework we have developed can be applied to examine how the current organization of employment relations accounts for patterns of stratification we currently observe. It is useful to develop a case. The research on gender stratification in organizations in the United States has generally demonstrated that women are highly segregated within jobs in firms (Bielby and Baron 1984) and that as women move into male-oriented occupations a process of resegregation occurs (Reskin and Roos 1990). The search for causes of this have focused almost exclusively on employer

or male worker choices. The empirical problem is that a theoretical argument that justifies this focus must rely on self-conscious sexist attitudes of employers and workers, the proof of which has so far eluded researchers.

Our argument suggests an alternative view. If the gender division of labor is inscribed in the evolution of the employment system, then even as women attain higher credentials, they meet with resistance from entrenched institutional arrangements. If we are correct in thinking that the United States has a mixed managerial-professional system, then one would expect that in occupations governed by managerialism "older" sex segregation practices would emerge as occupations changed their sex composition. Thus one would expect resegregation to occur. In occupations governed by professionalism or in new or emerging industries, there might be changes toward a less extreme division of labor. There is some evidence to support this prediction (Wright and Jacobs 1994; Jacobs 1989, 1992).

These changes will be held back by the standard institutional arrangements that new organizations will borrow from existing ones. It may be that the most effective tactics to changing these patterns will require collective action or the production of laws (Dobbin et al. 1993; Sutton et al. 1994). The rise of the women's movement, the increases in the number of women professionals and managers, and the emergence of equal employment opportunity (EEO) laws could have altered the institutional arrangements in some occupations and industries. These are testable hypotheses. We think similar styles of arguments can be made with regard *to* racism and credentialism.

It would also be possible *to* study the evolution of employment systems within or across industries as they emerge. One would argue that employment practices in a given newly emerging industry would owe greatly to existing practices from "nearby" industries. A succession of practices would reflect the ongoing political struggle to define these practices and the relative resources of various groups of workers and managers. So, for example, in new industries such as the computer industry and the biotechnology industry, one would expect professional models of employment relations to dominate early in the process. The initial power would be with engineers and other professionals. This could lock in, but one could also see that as technologies settled down power might shift back to managers, who would try to impose more orderly labor markets. One interesting feature of

high-technology industries is that technology does change, and that makes it difficult for managers to control the situation, implying that professionalism might dominate.

We earlier argued that existing employment systems, once in place, would prove to be stable. We argued that such systems would prove to serve the interests of important groups and would usually only be transformed when they were in severe crisis. One source of crisis that might affect stable employment systems in advanced capitalist countries is the internationalization of the world's economy.

The nature and trajectory of the Japanese and German employment systems are a matter of some academic and political attention. The critical question is whether these distinctive systems of employment relations can weather the increase in international competition. Our argument is that these current institutional arrangements provide managers in these societies with ways to react to short-term economic crises. So while the lifetime employment system in Japan is under duress, its survival depends on firms' being able to shift workers across organizations. How long and how far this can go will determine if the conditions for institutional transformation exist. Similarly, the economic crisis in Germany has started to force employers to rethink their employment systems. Shortening the work week would be a solution that reflects the strategy of adjustment that characterizes the existing system of employment relations. But if these adjustments fail, then the wholesale transformation of the system is possible. The employment system in the United States appears to be, for the time being, the most stable. The managerial-professional model allows firms to shed workers in downturns and contract to keep workers they favor and need.

Finally, it is important to link more closely the development of educational institutions in a society to the system of employment relations. Once systems of education have expanded, they can have unintended effects on employment relations. We have argued that the professionalization projects of the postwar era in the United States have been fueled to a large degree by the expansion of higher education and its supporters in state and federal governments. It would be useful to explore this process through the institutions involved and seek out evidence to solidify this type of argument.

Conclusions

The theoretical arguments we have proposed have drawn their inspiration from three literatures: the "new" institutionalism in organizational theory, the "old" institutional economics, and Marxism. The argument about the "new" institutionalism was made most explicit. It is useful briefly to link our project to these other traditions.

There were two strands of the "old" institutional economics. The first focused on how noneconomic institutions shaped economic action (Veblen 1904; Commons 1934). This literature took for granted that political processes were at the core of the construction of institutions. A later version of this tradition informed analyses of labor markets (Kerr 1954; Dunlop 1957; Doeringer and Piore 1971). Here, the view was that groups would try to exercise control over atomistic labor market processes by constructing labor market segments, characterized by bargaining arrangements that would invoke credentials, constrain labor supply, and try to raise wages. Their basic insight was that labor markets could be negotiated, and this would affect a large number of outcomes. Our institutional analysis begins with a bargaining view of the players involved in the formation of employment systems.

Marxism, of course, has a great deal to say about the employment system (Edwards 1979; Burawoy 1985; Braverman 1974). The basic insight is that capitalists and workers face off over issues of control in the labor force and that capitalists generally have the upper hand. We concur with this argument as well. If one limits oneself to just the advanced industrial societies, managerialism and to a lesser degree professionalism dominate employment relations. The number of societies where vocationalism is the core model is small, and Germany is the purest case. We think this comes about because capitalists tend to be much better organized, have more resources, and can frequently call on states to intervene in their favor.

But we think that Marxism and the "old" institutional economics share several problems that are somewhat resolved by the "new" institutionalism. States should be treated as both exogenous and part of the process by which employment relations are negotiated. States do not only intervene on the side of capitalists (as in Marxism) or merely provide protection for privileged groups of workers (as in institutional economics). They must be seen as partners to bargains. Further, workers are sometimes able to organize alternative institutions within the framework of capitalism. Therefore, the

class struggle approach needs to be problematized to allow for more possible outcomes, such as professionalism, vocationalism, and the various political compromises we have discussed.

Third, neither theory has a theory of institutions. This means they cannot make sense of how institutions become stable. Once institutions are in place, they are difficult to dislodge for two reasons: They are templates for action, and they organize existing interests and reward certain groups who then have a great deal at stake in defending them. The process of institutionalization suggests why systems of employment relations can last for long periods of time. Both institutional economics and Marxism focus narrowly on the relation between workers and capitalists. Our perspective broadens that relation and embeds it in larger societal arrangements, including states, educational systems, existing models of employment relations, and the previous history of those arrangements.

A final difference of opinion follows from our institutionalist framework as well. From our perspective, changes in employment relations are not likely to be endogenous to the bargaining process, as Marxism and institutional economics suggest, but exogenous. To change an employment system will require a crisis in the existing system, one usually caused by exogenous shocks. If a given bargain is held in place by a given distribution of resources, new bargains will require those distributions to change. This will most frequently occur during major events and their aftermath, such as wars and depressions, or the force of international competition.

We think that a political-institutional approach to studying employment systems gives scholars a great deal of leverage in understanding what has happened, what is possible, and what strategies make the most sense given current institutional arrangements. We also think it explains why employment systems are so resistant to change. The purpose of this theorizing is to suggest that projects couched in these more historical, political, and institutional terms are likely to prove fruitful in showing more clearly how stratification and organizational processes are intertwined.

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