

THE FLEXIBLE PAYMENT AND ITS EFFECTS: THE EVOLUTION SINCE THE 80'S.

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Abstract: The present article focuses on a component of the labor flexibility - the flexible payment - integrating it in the evolution of the countries that are members of the Organization for Economic Co-operation and Development (OECD), since the 80's.

The first chapter defines and parameterizes the concept *flexible payment*, enouncing the main factors to implement it in a company's activity.

The second chapter discusses the main reasons to make the employees' payment flexible (or more flexible), and comprises both structural and historical aspects.

The third and last chapter comments relevant empirical studies about the effects of the flexible payment on the OECD economies since the 80's.

Key Words: employee; flexible payment; company; unemployment; profit

Introduction

The present article is focused on the *flexible payment*, a component of labour flexibility whose importance rose significantly in the OECD economies wholly considered since the 80's, contrasting with the situation that prevailed since the end of the 1939-1945 war until the end of the 70's.

The article begins by a structural chapter, whose aim is to define and parameterize the concept *flexible payment* and also to refer the factors that are generally used to integrate this component of labour flexibility into a company's activity.

The second chapter is about the justification for the measures taken in order to make flexible (or, more flexible) the employees' payment in the OECD economies since the 80's. It begins by a resume of the neoclassical economics about the theme, followed by a presentation of the relationship between labour force markets¹ and flexible payment, using concepts developed

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¹ The expressions *labour* and *labour force* concern the financially dependent and controlled labour (the "employees").

by the British professor David Marsden from the London School of Economics and Political Science. After this, it turns to a historical perspective, enouncing the economic and political conditions of departure whose change – since the 80's - placed the theme *flexibility* under the spotlights, and referring the factors that justified the emergence of the flexible payment in the social-economic reality. It ends referring arguments used by the monetarists to make the apology of labour flexibility.

The third and last chapter presents some empirical studies, centred in the OECD countries and in the last twenty five years, about the effects of flexible payment, and uses these studies to deepen the debate about the theme.

1. What is the flexible payment and how it is implemented?

Flexibility is the “ability to react to the contextual stimulations in due time and adequate diversity”². According to another definition, flexibility is “...the possibility that the decider has to reconsider his/her choices at any time, in order to optimize his/her decision”³. Both the definitions state clearly that flexibility in a company's daily life is as important as the instability of its context increases.

The labour flexibility is the most published aspect of the company's flexibility. There are even those who omit the word “labour”, implicitly meaning that flexibility is a synonym of labour flexibility. However, there are other aspects of the concept *flexibility*, beyond the labour scope. By using them, it is also possible to adjust the business to the new market conditions, the new products and the new production methods. Those aspects are the following⁴:

- Flexibility in the conception of the product, which means the ability to produce a great diversity of products with few components; an ability that relies on the close interaction between (mainly) the top management, the client needs and the engineering;
- Flexibility in the production, which means the ability to adjust the productive unit to new products; an ability that relies on the time needed to prepare the equipments, on the scope of operations that these equipments can perform and, finally, on the ability to adjust the productive unit to different amounts of production;
- Flexibility in the information system, which means the ability to adjust the time of response (by other ways than the above referred) to external orders; an ability that relies mainly on

² Translation from Roldão (May / June 1996, p. 29).

³ Translation from the supplement of the journal *Dirigir*, number 43, p. 3.

⁴ Translation from Roldão (*op. cit.*).

the computer capabilities and on the organizational techniques (mainly, the operations research).

The flexibility of the financial system, of the Social Security system, of the educational and training systems, of the real estate market... although external to the company, are also relevant to its flexibility.

Frequently, it is the lack of interest or ability – of managers and governments - to use the above mentioned aspects of the concept *flexibility* that generates the obsessive focalization on the labour flexibility.

In what concerns the labour flexibility, according to the classification of Treu (1992) it is divided into numerical, of working time, functional and of payment.

The numerical flexibility relies on the management ability to define how many (quantitative aspect) and which (specification) employees integrate a company's staff.

The flexibility of working time relies on the management ability to define how many hours the employees must work (chronometric aspect) and the moment to do that work (chronological aspect).

The functional flexibility relies on the management ability to reorganize, both the working process and the functions of the employees.

The flexible payment relies on the management ability to define the clauses underlying the payment to the employees.

In a legally context the management ability to make the labour conditions flexible (or, more flexible) depends on the legislation and on the collective agreements – or, at least, on the ability to act ignoring these juridical instruments – and, in these terms, it is important to know them. Additionally, it is important to understand the political process that generates the legislation and the collective agreements.

In what concerns the flexible payment, the basic factors mainly used to implement it in a company are the following:

- The performance (efficiency + efficacy) of the employees, considered either individually or in group;
- The financial result of the business;
- The main economic indicators.

According to the typology presented by Prof. Ramos dos Santos of Instituto Superior de Economia

e Gestão (Lisbon) (May 1989)⁵ the flexible payment is implemented by the following ways:

Reduction or abolition of the national legislation concerning the collective bargaining; abolition both of the minimum wage and of the cost-of-living adjustment of payments; increasing use of temporary work, independent work and telecommuting; reduction of the taxes levied on work and of social security payments; double grade of payments (a lower one for newcomers and young employees); use of "dissimulated work". (Translation, *op. cit.*, p. 9)

The above text reveals a fact: in the capitalist economies, the flexible payment is mainly understood as the ability **to reduce** the payment to the employees.

2. For what is used the flexible payment and why?

In the last chapter it was referred that the flexibility is a way to synchronize a company with the instability of its context. So, in the present chapter we intend to discuss the reasons for the measures taken in order to make the payments flexible (or, more flexible), in a perspective either structural either historical – in what concerns the latter, presenting the factors that justified the rise of these measures in the social-economic reality of the OECD economies since the 80's.

§.1. Structural aspects

They, understand traditional theme of the neoclassical economists, the flexible payment essentially, in the following terms:

- Variability of the payments individually considered (microeconomic level), allowing their adjustment to the particular characteristics of each labour force market;
- Reduction of the payments in general (macroeconomic level) in order to reduce the price of goods of services produced; and, by this way, simultaneously improving the global demand and stimulating labour-intensive solutions.

In the first situation, the bargaining in what concerns payments must be done by economic activity, job, and territory. For example, the banking sector would have payment conditions for cashiers working in a branch located in region A, which are different from those working in a branch located in region B.

In what concerns the second situation, for the neoclassical radicalism the reduction of the payments

⁵ According to this author, the aspects of flexibility are: *of employment, of payment and mobility.*

in general is feasible only if there aren't unemployment subsidies and other social benefits to the unemployed. If these benefits exist the employees don't accept payments that leave them in a financial situation worse than the allowed by such benefits. As a corollary, for the neoclassical radicalism labour organisations are just barriers to the reduction of the payments and, so, to the private investment and the reduction of unemployment. Anyway, this understood - even not so radical - of flexible payment:

- Encourages obsolete production methods and, as a consequence, blocks the productivity increase;
- Causes the reduction of the global demand⁶, i. e., the measure has perverse effects.

In the end, it is only clear that the generalized reduction of payments is a device to increase the share of profits in the national income *vis-à-vis* the employees' earnings.

According to the Marsden (September 1991) analysis about the reality of some countries in occidental Europe, the progression of the employees' earnings during their careers relies on the corresponding belongingness to labour force markets. In these terms:

- In the *professional labour force markets*, composed by people with an education and training of broad scope that allow them to get a job in any kind of company (horizontal mobility), the earnings rely on the professional qualification, perfectly recognized – eventually by a professional association - and the progression relies on the increase of training;
- In the *internal labour force markets*⁷, where the employees have a specific training, directed to their company needs, the earnings rely on the seniority which implies more specific training (so, accrued knowledge), not necessarily valuable outside a specific company⁸;
- In the *unorganized labour force markets*, the scarce qualifications needed imply that the earnings are just dependent on the supply and demand of labour force.

Either in the first situation, that characterises craftsmanship and very skilled activities, or in the second situation, that characterises the big automatic companies, the rule is rigid payment. On the contrary, in the unorganized labour force markets the rule is flexible payment. Converting the analysis of Marsden to a strategic perspective, the competitive strategies that are able to

⁶ Reduction of the employees' earnings ? reduction of internal private consumption ? reduction of internal private investment.

⁷ The *internal labour [force] market* concept, presented by Piore & Doeringer in 1971, was defined as characterising organizations where the determination both of the employees' earnings and of the amount of work depends on administrative rules and procedures. This concept corresponds to another one, very much older – *bürokratie*, as defined by the German economist and sociologist Max Weber. About this subject – and about its actuality – see Piore (2002).

⁸ Seniority → training → promotion → augment of the employees' earnings.

value factors other than production cost are better positioned to keep payment practices that characterise professional and internal labour force markets. Moreover, competitive strategies that value differentiation, total quality, company's project,... are not compatible with payment practices that characterize the unorganized labour force markets.

§.2. Historical perspective: the preliminary situation.

The pressure for measures of labour flexibility, a constant in the OECD economies wholly considered since the 80's, resulted from relevant changes verified in the structure of these economies.

After the 1939-1945 war, the firm desire of the population in the developed capitalist countries⁹ to avoid economic disturbances and the disastrous consequences resulting from these disturbances, sustained the implementation of an interventionist economic policy, theorized mainly by John Maynard Keynes, materialized in budgetary measures¹⁰ and (subsidiary) monetary measures¹¹, trying to safeguard a satisfactory level of employment and internal demand (mainly), a price stability and, in the end, a *welfare state*.

At the same time, with the connivance - even, with the incentive - of the governments, there was a sharing of productivity gains through collective bargaining that favoured the employees; and, by this way, there was an increased intervention of the labour organisations in the economic activity. The subsequent continuous augment of the employees' real earnings was the main basis for the increase of the internal demand and of the gross national product during this period, which lasted for, approximately, three decades.

This virtuous cycle was based on the stability of the following sequence, mainly supported by the government's economic policy: increase of productivity → augment of the employees' earnings → increase of the internal demand → increase of investment → increase of employment and productivity¹². In these terms, the augment of the gross national income was perfectly synchronized with a huge standardized production aiming to satisfy the needs of the common citizen.

Concluding, during this period there was a relevant intervention of the government's economic policy in the definition of supply and demand.

⁹ Mainly, the countries of capitalist Europe since they had been the main victims of the war; but also Australia, New Zealand, USA and Canada.

¹⁰ Comprising public expenses and taxes.

¹¹ Comprising interest rates and rates of exchange.

¹² About this sequence see, for example, Boyer (1987, p. 15).

On the contrary, the quality of the working life was considered a question of lower rank. In fact, there was a large implicit agreement that the degraded work at the assembly line was compensable by a good payment, i.e. a high capacity of consumption. Additionally, some of the most degraded jobs were given to immigrants, whose arrival was implicitly considered as positive, in order to overcome the lack of native labour force in the expansive Euro-Atlantic economies.

§.3. Historical perspective: the factors that made the payments flexible (or, more flexible).

In the Euro-Atlantic zone the labour flexibility became a subject of debate since the middle of the 70's, following what was known the *first oil shock* (followed, in the late 70's by the *second oil shock*). Initially, the big augment of the oil price¹³ and, subsequently, the increasing competition coming from economic zones with lower cost of labour force has resulted in a deterioration of the companies' profitability which has caused, beyond the bankruptcies, a reaction from the managers in order to recover the previous levels of profitability.

This reaction has resulted in a substantial increase of

- Productions move to new locations, both through the relocation of productive units (*off shoring*) and through the *outsourcing*;
- Productive restructuring;
- Capital market globalization;

In order to reduce the production costs and augment the profits. This attitude has caused

- Unemployment;
- Labour precariousness;
- An increase of the business risk that has encouraged the flexible payment. Why?¹⁴

Firstly, because the productions move to new locations has augmented the number of competitors in each market, regional or national. Since the local managers don't have precise information concerning these newcomers, their capabilities and intentions, that augment has resulted in an increase of the business risk.

Secondly, because the increasing moves of the multinational corporations have increased the business risk of their dependent companies. For example, the relocation of a productive unit

¹³ Nowadays the oil question is once again at the top of the economic and political agendas. Since this is an infra-structural question, a lot of consequences are also at the top of the agendas.

¹⁴ We followed, mainly, Recio (1988).

belonging to a multinational corporation is a negative fact to the supplying companies in the original zone.

Thirdly, the globalisation of the capital market has been a factor of risk because it increases the possibilities of changing, both of the amount of capital available in a region or state and of the inherent cost.

Fourthly, this increase, both of the productions move to new locations and of the capital market globalization, has been destructive to the government's economic policy of the weaker states. So, frequently the managers can't require a significant intervention of their governments, since these ones have little or insignificant control over matters like the location of productive units, international trade and international flows of capital. This has constituted an additional factor of risk.

All this increase in risk has encouraged a defensive reaction of the managers, especially the weaker ones, in order to avoid the rigidity of compromises – in the relevant case for this article, payment compromises.

This reaction has resulted in an apology of the flexible payment, understood mainly as the ability to reduce the payments to the employees; and its influence on the governments' attitude has been powered, at least during the 80's and the 90's, by the general weakening of the labour organisations. This weakening is due to¹⁵:

- Increasing level of unemployment and labour precariousness, which weakens the labour organisations either directly either indirectly through the demoralisation of those conventionally employed, due to
 - * Bankruptcies;
 - * Productions move to new locations and productive restructuring;
 - Closing of productive units where labour unions were strong, sometimes with the spreading of their employees through other productive units;
- Fast process of opening and closing of productive units, sometimes closing just to open later at another place, making unfeasible the formation of a stabilized labour union branch.

The need to secure the jobs and the labour quality has also forced employees and labour organisations to accept flexible conditions of payment. Concerning this, the “*Saturn* agreement” in the USA, between *General Motors* and UAW (*United Automobile Workers*), became a paradigm.

¹⁵ The items follow the formulation of the main Portuguese labour confederation – CGTP / Inter sindical. The same formulation can be found in Liemt (1992).

After this agreement, 20% of the payment became flexible, relying on the performance, individual and of the organization.

The concurrence coming from “imported” labour force in illegal or precarious¹⁶ situation has been another factor to the acceptance of flexible (or, more flexible) conditions of payment by the native employees, although the number and the impact of this kind of labour force are not accurately known.

Productions move to new locations, capital market globalization and “imported” labour force means economic globalization, which has been forcing the employees in economic zones with higher cost of labour – mainly the less qualified – to the following choice: the unemployment or a job earning more or less the world mean... a mean which includes the wages/salaries in India, in Philippines, in Gabon, in Mexico, etc., etc.¹⁷.

Finally, the influence of the flexible payment apology on the governments’ attitude has been powered by the rejection of the above paid socio-professional groups in what concerns the interventionist social policy that prevailed until the end of the 70’s, considered by these groups as unjust. As Hyman (1998) wrote¹⁸:

... the majority of the European social-democratic parties... concluded that they needed the support of the new expansive “middle class” which could be obtained by weakening or discarding ancient political compromises: a universal and generous Welfare State based on high and progressive taxes and interventions on the labour force market to compensate the inequalities of the market law.

(Translation, *op. cit.*, p. 144)

Pressed by all the mentioned factors, the concept *flexible payment* has taken a prominent role in the companies’ daily life and in the economic and sociological analysis.

§.4. Unemployment, economic theory and flexible payment

After the 80’s, economic theories generally considered unadjusted since decades retook its relevance in the original or adjusted form. In these terms, using the increasing unemployment – a conflictive subject – more and more theorists argued that the labour flexibility is the correct

¹⁶ For example, depending on visas renewed yearly or with similar periodicity.

¹⁷ “We must accept that Chinese wages will rise toward ours and that our wages will slide in the direction of China” (Sinn, 2004, p. 117).

¹⁸ Translation from the French.

device to reduce the *natural rate of unemployment*¹⁹; since the measures to foster the global demand – for example, an expansionist monetary policy – just reduce the unemployment until its natural rate. If those measures were used to reduce the unemployment below that rate, after some time the only outcome would be the increase of the inflation rate. In these terms, the reduction of the natural rate of unemployment needs mainly:

- The increase of
 - * Flexible payment, which involves, among other measures, the reduction both of the unemployment benefits and of the taxes levied on work
 - * Numerical flexibility
 - * Flexibility in terms of time;
- The conditions to increase the employees' mobility;
- The professional training synchronized with the qualifications desired by the management.

After all, the implicit message of those theorists is that the reduction of the unemployment rate below certain level – apologetically called “natural” – implies an increased bargaining power of the employees; so, it implies the augment of the employees' earnings and the reduction of the profits. Lowered the profits, the managers reduce the investment, so the unemployment rises again.

3. The effects of flexible payment, as shown by empirical studies.

According to Boyer (1987), Rodrigues (nd) and Sparrow & Hiltrop (1994), the measures taken in the occidental Europe to make the employees' payment flexible were structuralized around these vectors:

- Discarding of the payments indexation *vis-à-vis* the effective inflation and indexation *vis-à-vis* the expected inflation²⁰, variability of the minimum wage²¹ and, therefore, reduction of the employees' real earnings;
- Differentiation of the payments, according to the financial situation of the businesses, to the kind of labour contracts and to the employees' performance; which means the inclusion

¹⁹ See Friedman (1968). Translating approximately the concept, the *natural rate of unemployment* is the one that refrain the augment of the real average payments, so that this augment is compatible with the long-time tendencies of capital formation, technological progress, etc.

²⁰ Frequently, the effective inflation is higher than the expected, implying a lack of the employees' purchase power.

²¹ For example, a minimum wage “more minimum” for the young employees.

of clauses in the collective agreements that increase the management power to share the global payment augment among the employees;

- Relation between payments and investment, being assured the participation of the labour organisations in the investment decisions;
- Collective agreements with sharing of productivity gains; which means that, in the absence of gains there aren't payment augments...²².

Retaking Treu (1992), in the European Community the payments indexation *vis-à-vis* the effective inflation was attacked successfully by both the management and the governments. In what concerns the wage/salary disparity there was an unequal evolution: it increased in Italy and United Kingdom – although contained by the labour unions action – but remained almost unchanged in Federal Republic of Germany. Finally, in what concerns the payments indexed (1) to the employees' performance, (2) to the productivity and (3) to the main economic indicators, they didn't progress significantly in terms of global payments; since the labour unions resisted – more than the Japanese labour unions, for example – to that indexation²³. However, it must be recognized some progression of alternative methods of payments other than the base pay (performance premiums, profit sharing, fringe benefits), supported by the governments (and not only by those of Margaret Thatcher and John Major...). For example, Sparrow & Hiltrop (*op. cit.*) recognized the dissemination of methods to share the profits in France and in the United Kingdom.

More recently, a study of Förster & Pearson (2002) about twenty countries belonging to OECD revealed that, between the middle of the 80's and the middle of the 90's:

- There was an increased inequality in the sharing of the national income among the working age population in all the surveyed countries;
- The main justification for that increase was:
 - * The wage/salary disparity;
 - * The polarization of the employment, which means the simultaneously increase of families where both adults have a job and where none of the adults have a job.

However, the governments' welfare policy avoided a corresponding increased inequality in what concerns the disposable income. But this was just mitigation: reporting to the total population

²² So, in what concerns the indexation of the payment augments there was a switch from the binomial effective inflation/expected productivity to the binomial expected inflation/effective productivity.

²³ Citing Brewster & Hegewisch (January 1993, p. 37), "Merit or performance-related pay is a practice much emphasised in Britain and Italy..., but used by less than a quarter of Dutch organisations even for the managerial staff".

– and not only to the working age population – in eleven of the twenty surveyed countries there was an increased inequality in the sharing of the disposable income²⁴. Only in three of them there was a slight reduction in what concerns that inequality (Australia, Denmark and Ireland)²⁵.

The above mentioned wage/salary disparity is, to a great extent, a consequence of the dichotomy between the most relevant employees to the business profitability (the *primary* labour force) and the less relevant ones (the *secondary* labour force). For the latter, the conditions of payment, the fringe benefits and the job stability are substantially worse.

Moreover, the increased inequality in the sharing of the disposable income favours the implementation of differentiation and focus-differentiation strategies, whose nature is more favourable - than a lowest-cost competitive strategy - to create agreements between the management and the primary workforce, deepening the difference between this one and the secondary workforce and, therefore, increasing the wage/salary disparity.

Japan is a remarkable case of adjustment to the negative evolution of economic conjuncture through the flexible payment, even before the 80's²⁶. This has been due to:

- An important stock of labour (namely, feminine) receiving a flexible payment;
- The percentage of bonus in the total amount of payment;
- The more frequent bargaining concerning the payment clauses.

Concerning the first situation above, the flexible payment may result from the mobility intra-group of companies: the employee is placed in another company belonging to the same group, earning less. The flexibility of working time is also used to reduce the payments.

Concerning the second situation above, it must be noted that, in Japan, the payment relying on the attainment of financial objectives may represent 60% of the employee's annual earnings.

Concerning the third situation above, it must be noted that "In Japan, the adjustment to the unforeseen shocks of the demand is possible, in general, three times a year (Spring, Summer and Winter), allowing a fine regulation of the payments *vis-à-vis* the contingencies of the conjuncture" (translation from Jestaz & Passet, *op. cit.*, p. 174).

It must be noted that the Japanese industrial structure is flexible. In fact, it is usual to emphasize

²⁴ We believe that, basically, the most affected social groups were those already ill-favoured. The examples of the feminine and indigenous populations of New Zealand, presented by Morrison (2003), confirm our perspective.

²⁵ Hungary wasn't considered since this country was surveyed just in the 90's.

²⁶ About Japan see, for example, Jestaz & Passet (October 1997) and Ballon (December 2002).

the labour conditions in the large companies – characteristic of an internal labour force market – but not in the outsourced SME's. In these ones, the employees not only earn less but also face the other conditions of the unorganized labour force markets.

In what concerns the USA, the relatively scarce use of flexible payment is intimately associated with the binomial numerical flexibility-decentralization of labour bargaining. In fact, the management uses the frequent rotation of employees to impose – if necessary – different clauses of payment. The imposition of these clauses has been simplified due to the reduction of employees covered by collective agreements: Piore (2002) notes that only 10% of the private sector employees are covered by such agreements.

The study of Morrison (2003) about New Zealand, concerning the impact of labour flexibility²⁷ on the increase of employment and productivity, has a merit (among others...): to prevent us against interpretations of the economic facts that are just simplistic apologies. Concretely, the author observes that the correlation between the increase of labour flexibility – namely, the flexible payment – and the subsequent increase in the level of employment is not necessarily a cause-effect relation, as it was interpreted by some. In fact, the author observes that the increase in the level of employment was due, probably, to the amelioration of the New Zealander economic conjuncture.

However, even with the safeguard made in the last paragraph, it must be noted that Kiander & Virén (2001) cited a study about the OECD countries during the second half of the 90's which demonstrates a high positive correlation between rigidity of the real payments and the rate of unemployment. In these terms, for example, Spain presented simultaneously the lowest flexibility in what concerns the real payments and the highest rate of unemployment. On the contrary, Japan, Austria and the USA presented simultaneously high flexibility in what concerns the real payments and the lowest rates of unemployment.

As for Portugal, Lopes (1997) verified that, for the period comprised between 1970 and 1995, the values both of the real average wages/salaries and of the real cost of labour force changed much more than in European Union wholly considered²⁸. So, the payments were more flexible in Portugal. During the same period, in Portugal the values both of the real average wages/salaries and of the real cost of labour force were more sensible to the rate of unemployment than in the

²⁷ Due to the implementation of Employment Contracts Act in 1991.

²⁸ Comprising fifteen countries.

European Union wholly considered²⁹. Finally, the unemployment benefits in Portugal were lower than in the majority of the European countries³⁰. In these terms the author concluded that, facing the European Union wholly considered, in Portugal the lower unemployment benefits implied more fear of unemployment which, in turn, implied more capacity to accept losses of real wages/salaries^{31/32}.

Finally, it is not possible to make a positive correlation between labour flexibility and the Portuguese competitiveness since, despite the increase of the first, according to the IMD – International Institute for Management Development, from Lausanne (Switzerland), Portugal decreased in the international ranking of competitiveness: from 28th in 2000 to 45th in 2005.

Conclusion

During the 80's and 90's and still in the present decade, due to the reasons enounced in chapter 2., §.3, managers have had a bargaining advantage, a fact that has been favouring the implementation of their logic in the economic activity – including the payments stipulation.

As a consequence, according to the examples mentioned in the present chapter, for the OECD economies wholly considered the decades of 80's and 90's were characterized by payments differentiation; inverting the tendency to the homogenization that prevailed in the decades of 60's and 70's. This implied an increased inequality in the sharing of the disposable income that favoured the implementation of differentiation and focus-differentiation strategies, which through agreements between the management and the primary workforce, reinforced the tendency to increase the payments differentiation.

Using the typology of Marsden (September 1991) presented earlier, although in a different

²⁹ After 1991 the differences were less pronounced.

³⁰ Lopes (1997) [refers to Martin, J. P. (1996), "Indicateurs de taux de remplacement aux fins de comparaisons internationales", *Revue économique de l'OCDE*, Paris, number 26].

³¹ In nominal terms these earnings were already the lowest of European Union. For example, in 1990 a Portuguese bank cashier earned an average of US\$ 7500 per year. Meanwhile his/her Greek counterpart earned US\$ 11700 per year. Also in 1990, a Portuguese industrial employee earned an average of US\$ 4,22 per hour. Meanwhile his/her Greek counterpart earned US\$ 6,73 per hour. Other examples could be presented.

In 2000 Portugal remained with the lowest wages/salaries in the European Union: the hourly average wage of a Portuguese employee was 36% of the European Union mean. In 2003, for example, the monthly minimum salary was about 416 euros, while in Greece it was 605 euros.

³² "In practice, firms have tended to avoid using the collective dismissal procedure, preferring to reach an agreement with the workforce – reducing working hours and adjusting wages rather than firing employees" (OECD, November 2004, p. 77).

perspective, due to that bargaining advantage, during the 80's and 90's the professional and internal labour force markets diminished in favour of the non organized labour force markets.

Moreover, that bargaining advantage implies a reduction of the payments as a whole and, by this way, implies a subsequent reduction both of the employees' share in the national income and of its demand for goods and services. However, considering the evolution of each country *per se*, the reduction of the payments doesn't reduce the unemployment necessarily, since the managers continue (1) to adopt capital-intensive solutions or (2) to relocate the production or (3) to use "imported" labour force, earning less than the nationals; since any of these three cases results in lower production costs than the resultant from the production with national employees. The following data emphasizes this position³³:

- Between 1995 and 2002 the world industrial production grew about 30%, but the industrial jobs reduced 11%;
- Between 2004 and 2008 it is forecasted that about two million jobs will be displaced from countries with higher cost of labour force to India;
- The enlargement of the European Union implied that this organization now includes countries where the cost of labour force is substantially lower than in the richest countries³⁴; a fact that has been favouring the relocation of production, namely by the German companies, both through the outsourcing and through the relocation of companies or parts of companies (*offshore*).

Additionally, the reduction of the payment to the employees encourages obsolete production methods and, so, it blocks the productivity increase.

Finally, the restriction in the increase of the employees' earnings since the end of the 70's and the differentiation of these earnings, both associated with an insufficient demand from the less developed countries wholly considered, made the huge and standardized production less appellative *vis-à-vis* the demand. On the contrary, these facts increased the competitiveness of little/medium series and of diversified production; favouring, both new technological solutions and a method of managing the labour force that doesn't fit well with the logics of internal labour force markets.

³³ Data obtained from the *IMD – World Competitiveness Yearbook – 2004*.

³⁴ Concerning 2004, the hourly average cost of the German industrial workforce is US\$ 30,00, while in Slovakia and in the Baltic states that cost is US\$ 2,00, and in Hungary and Poland that cost is US\$ 3,00 (data from the *IMD World Competitiveness Yearbook – 2004*).

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【摘要】 本文論述自八十年代起，經濟合作發展組織（OECD）成員國勞動力薪資多樣性組成的特點，第一章主要對薪資多樣性進行了定義，提出在企業活動中實踐多樣形式支付的主要參數；第二章重點在組織結構和歷史層面討論發展多樣性薪資的主要理由；第三章及最後一章總結了自八十年代起經濟合作發展組織成員國實施多樣性薪資的經驗，總結其所產生的企業效益。

【關鍵字】 雇員；多樣性薪資；公司；失業；利潤
