

Economist labors over employment relationships

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When John Heywood travels to China this summer, he'll be there not only to teach, but also to study a new aspect of the country's economy: the advent of worker rights.

Heywood, a professor and internationally known labor economist at the University of Wisconsin–Milwaukee (UWM), will be involved in a large-scale study of job satisfaction among Chinese workers. It comes on the heels of a new law in China that provides employment protection rights for a large class of workers who previously had none.

“The question of how these rights influence job satisfaction is important and, in addition, the issue of whether the Chinese would rather work in the public or private sector is very interesting in this time of transition,” he says.

But Heywood isn't just interested in changing employment conditions in China.

His research on the interactions between employers and their workers spans the globe – including the United States, Australia, the United Kingdom, Germany, Korea and now, China. His large body of work includes studies on the effects of performance pay, profit sharing, unionization and family friendly practices.

He believes a comparative view better informs labor relations in the United States and provides fertile ground for testing economic theory.

“While underlying human motivation remains similar across countries, labor market institutions and policies differ,” he says. “The resulting differences in incentives determine outcomes for both workers and firms.”

Heywood, who serves as the director of UWM’s graduate program in Human Resources and Labor Relations, has advised national trade unions, major employers, the World Bank, governments abroad, and state and local governments at home.

He is considered one of the leading researchers in labor economics, say colleagues such as David Macpherson, director of the Pepper Institute on Aging and Public Policy, and the Rod and Hope Brim Eminent Scholar of Economics at Florida State University.

“Though Professor Heywood has devoted attention to a variety of topics, he is probably best-known for his work on issues related to personnel economics,” says Macpherson. “The importance of his research is highlighted by the fact that it has been cited nearly 300 times.”

Searching for satisfaction

When it comes to satisfaction at work, workers from different countries find it in different ways, says Heywood.

“Job satisfaction in the U.S. is something you search for. In many other countries it is more nearly something you try to create in your current job,” he says. “In the U.S., you typically find a different job if you’re dissatisfied. In Germany it’s far more common to use the institutions in place to try to change your workplace so that it provides more satisfaction.”

German law requires a system of “co-determination” in which workers

have a say in issues like pay structures, the organization of work, job training and the use of technology. They are even represented on the board of directors of their companies.

Heywood's project in China will examine unique labor market institutions there – like membership in the Communist Party, employment at a state-owned firm and holding residency permits to live in a city – as part of gauging degrees of job satisfaction.

Pay and motivation

“One of the things that always interests me is the way in which a firm interacts with its employees in an effort to get the most out of them, and to what extent that means individualizing the experience for employees or not allowing individualization,” Heywood says.

This question led him to conduct a series of studies that examine motivating factors for workers, from work team arrangements that purport to benefit both employers and workers, to a look at performance pay. Here is a summary of a few:

-- High Performance Workplaces. At “high performance workplaces” the employer establishes teams of workers and requires a large commitment from them, but is willing to invest in them in return. Heywood found that high performance firms were no more likely than traditional companies to engage in explicit family friendly practices, but when they did, the practices were much more likely to fulfill the expectations of workers.

-- Performance Pay. Heywood and his colleagues studied a group of employees over many years as they moved from traditional time-based pay methods to ones based on measured performance. The evidence showed that workers had greater job satisfaction when they were paid by

performance than when they were not – and that it improved workers’ feelings about job security, something the researchers didn’t expect.

-- Paid Family Leave. Heywood’s work has shown that in countries where many companies offered paid family leave, such as the United Kingdom, wages have adjusted downward to compensate. But not all family-friendly practices showed that tendency, he says. If a workplace provided child care or kindergarten on site, there was no negative impact on earnings, and workers tended to reduce absenteeism and show up for work on time more often.

Heywood’s work has made him a hot commodity, as evidenced by the number of appointments he has held at foreign universities (four) and the numerous times he has been quoted in the media – from the Washington Post to the London Times.

“I wanted a field that had a lot of relevance; in which institutions affected lives,” he says. “I wanted an area that promised to be intriguing over a lifetime.

“So far, so good.”

Source: University of Wisconsin - Milwaukee

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