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Industrial Relations Theory

Compensation: Theory, Evidence, and Strategic Implications. By Barry Gerhart and Sara L. Rynes. Thousand Oaks, Calif.: Sage, 2003. 320 pp. ISBN 0-7619-2107-9, $56.00 (cloth); 0-7619-2108-7, $39.95 (paper).

Foundations of Organizational Science is a Sage series presenting the core theories, essential tools, and emerging perspectives that constitute the field of organizational sciences, broadly defined to include organizational behavior, organizational theory, human resource management, and business strategy. Barry Gerhart and Sara Rynes's *Compensation: Theory, Evidence, and Strategic Implications,* a sophisticated treatment of compensation systems fundamentals, solidly contributes to that mission.

In eight concise chapters, the authors artfully synthesize complex scholarly articles from economics, psychology, and sociology. The organization of the book is exceptionally transparent because most chapters bear titles consisting of fundamental research questions of interest to basic and applied researchers and compensation practitioners: for example, why some companies pay more than others, what employers get in return for higher pay, psychological and economic perspectives on pay-for-performance practices, and the fit and alignment of compensation systems with organizational strategy.

Compensation should be accessible to a wide range of readers who appreciate a multidisciplinary perspective on organizational issues, including master's students in professional degree programs, master's students en route to a doctoral degree in management broadly defined or labor and industrial relations, current doctoral students, basic and applied researchers, and practitioners who wish to bolster their understanding of the theoretical underpinnings of compensation systems. For professional degree students, this book is an essential accompaniment to standard compensation textbooks, which generally introduce compensation practices with only brief explanations of the theoretical underpinnings. Doctoral students may use this book for exposure to the scholarly compensation literature, in preparation for comprehensive examinations, and as inspiration for conceiving interesting research questions for their dissertations. Most researchers will find that the book strengthens their knowledge of the multidisciplinary compensation literature.

I approach scholarly books on organizational science with skepticism, because many book authors limit their contribution to a descriptive review of empirical research, uncritically passing along primary authors' interpretations and conclusions. Certainly, such reviews of the literature are very important, but most do not challenge readers to engage in insightful thinking, which is essential if the nascent field of organizational sciences is to mature. Gerhart and Rynes respectfully but unhesitatingly challenge the received interpretations of many empirical studies, forcing us to consider alternative perspectives. They squarely tell readers what we know a lot about, what we know relatively little about, and to what extent ambiguity still prevails for some important compensation research questions. I expect some future compensation research to benefit from Gerhart and Rynes's insights.

As an educator teaching a graduate-level compensation course at the University of Illinois for approximately 15 years, during which I have naturally read widely in the compensation literature, I cannot emphasize enough how effectively Gerhart and Rynes discuss compensation throughout this book. As an experienced academic researcher, I have already benefited tremendously from my first reading of the book. It is a must-read, and I recommend it without reservation to instructors, researchers, and students.

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Labor-Management Relations

Labour Market and Social Protection Reforms in International Perspective: Parallel or Converging Tracks? Edited by Hedva Sarfati and Giuliano Bonoli. Aldershot: Ashgate, 2002. ISBN 0-7546-1926-5, $89.95 (cloth); 0-7546-1927-3, $39.95 (paper).

This book is an initiative of the International Social Security Association, which brings to-

gether national institutions and administrative bodies dealing with statutory social protection. As the title suggests, the book deals with the combination of, and interplay between, recent labor market reforms and systems of social security in the high-income OECD-member nations.

The Introduction lists the three main questions addressed: the impact of current labor market changes on the effectiveness of social protection systems, the impact of current social protection reforms on the labor market, and, more generally, the conditions needed for successful social protection and labor market policy reforms. Part I discusses the key issues related to the interaction between social protection reform and labor market shifts, with chapters devoted to the individualization of social security rights, diversification of working arrangements (paid/unpaid), and international comparisons of recent trends. Part II consists of studies describing recent developments and policy changes in Australia, New Zealand, Central Europe, Denmark, Great Britain, and the Netherlands. Part III, "Alternative Policy Mix Scenarios," includes a few case studies on changes in French social security, women and atypical working arrangements in Great Britain, policies to keep older workers at work in the United States, pension reform in Italy, and the role of trade unions in European Union social policies, as well as some contributions of a more reflective nature that discuss likely trends in the foreseeable future. Some of the shorter articles are in the form of sidebars that serve to illustrate specific trends or specific countries.

The main labor market trends discussed in this compilation are the shifts from industrial to services employment, the growing incidence of flexible working time, in the form of both temporary and part-time contracts, and the aging of the population. In the field of labor market policies and social protection the main topics are youth unemployment and facilitating the labor market entry of young people; the effects of individualization on the gender division in social security, and the effects on the labor market of measures to encourage female participation; and the position of elderly workers and the costs of old-age pensions.

The book focuses more on labor market trends than on social protection, and labor market policies are at the heart of most contributions. Some subjects that are treated as labor market policies in most country chapters are wage policies, wage subsidies, working time flexibility, and reducing dismissal protection. That focus allows the editors to weigh the pros and cons of regulation, deregulation, and re-regulation in their concluding chapter.

This volume has its virtues—the country chapters are especially helpful—but it suffers from two serious flaws. First, the editors and contributors make hardly any connection between their discussions and the mainstream of recent welfare state theory. One of the reasons for this omission seems to be a limited grounding in the relevant literature: several authors draw almost exclusively on the French literature, and others confine themselves to sources from the countries they discuss. (The main exception is a contribution by Jorgen Goul Andersen, which not only compares different forms of employment policies in Europe, but also tries to categorize countries and policies, and provides a link with recent theories.) As a consequence, most chapters give hardly any systematic attention to a hot subject like trade unions' role in labor market and social security reform. The contribution on Australia does not mention that subject at all, and the article on New Zealand devotes just two tables to it. The articles drawing on French literature, including the article on France (the only article in the volume that looks at just one country), fare somewhat better in this respect than most of the others do, because of the availability of ample data on economic developments in France and the lively welfare state debate in that country.

The book's second shortcoming is the nonconformity of the country chapters to a uniform structure, which hinders a comparison of the countries' policies and, in particular, of the effectiveness of these policies. The book breaks little or no new ground for social scientists specialized in the welfare state and employment issues.

The book might serve a broad range of people actively involved in policy-making and in the administration of social policies. Almost all the articles are clearly written, and the case studies are very concrete and supply plenty of useful data in tables and graphs. However, to fulfill the book's aim, outlined in the Preface, of bridging the gulf between social security experts on the one hand, and their colleagues involved in formulating and implementing labor protection policies on the other, the editors should have either included a more theoretical section or urged contributors to provide more theoretical references in the country chapters.

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