

Gunderson, Morley

**Working Paper**  
**Labour Standards**

GLO Discussion Paper, No. 873

**Provided in Cooperation with:**  
Global Labor Organization (GLO)

*Suggested Citation:* Gunderson, Morley (2021) : Labour Standards, GLO Discussion Paper, No. 873, Global Labor Organization (GLO), Essen

This Version is available at:  
<http://hdl.handle.net/10419/235155>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

# **LABOUR STANDARDS**

*By Morley Gunderson*

# **LABOUR STANDARDS**

**Prepared for the Handbook of Labor, Human Resources  
and Population Economics**

**Edited by Klaus f. Zimmerman**

by

Morley Gunderson\*

(Revised June 2021)

\*Morley Gunderson

morley.gunderson@utoronto.ca

University of Toronto, Centre for Industrial Relations and the Department of Economics.

121 St. George Street

Toronto, Ontario, Canada M5S2E8

.

JEL Codes: J8, K31

Key words: labour standards, vulnerable workers, strategic enforcement, terminations, advance notice, maximum hours, overtime, parental leaves.

.

## Contents

<b>ABSTRACT .....</b>	<b>I</b>
<b>INTRODUCTION .....</b>	<b>1</b>
<b>VARIOUS RATIONALES FOR LABOUR STANDARDS .....</b>	<b>1</b>
<b>CHANGING PRESSURES AND THEIR MANIFESTATIONS .....</b>	<b>3</b>
FORCES AFFECTING EMPLOYERS AND HENCE THEIR DEMAND FOR LABOUR .....	3
THE CHANGING NATURE OF THE SUPPLY OF LABOUR .....	4
INSTITUTIONS AND LEGISLATIVE/ REGULATORY FRAMEWORK .....	4
CHANGES IN WORKPLACE AND HUMAN RESOURCE PRACTICES WITHIN FIRMS .....	4
MANIFESTATIONS OF CHANGING PRESSURES .....	5
<b>IMPLICATIONS FOR LABOUR STANDARDS .....</b>	<b>5</b>
INCREASED NEED FOR LABOUR STANDARDS .....	5
DIFFICULTY IN PROVIDING LABOUR STANDARDS .....	7
THEORY AND EVIDENCE ON EFFECTS ON THE ABILITY TO PROVIDE LABOUR STANDARDS .....	8
<i>Costly Standards May not be Enforced:</i> .....	8
<i>Costs Are Partly Offset by Benefits to Employers:</i> .....	8
<i>Costs Are Shifted forwards to Customers or Backwards to Workers:</i> .....	9
<b>ILLUSTRATIVE IMPACT OF SPECIFIC LABOUR STANDARDS .....</b>	<b>11</b>
TERMINATIONS, SEVERANCE PAY AND ADVANCE NOTICE REQUIREMENTS .....	11
MAXIMUM HOURS OF WORK, OVERTIME REQUIREMENTS AND IRREGULAR SCHEDULING .....	11
PARENTAL LEAVES .....	13
<b>LABOUR STANDARDS IN DEVELOPING AND EMERGING COUNTRIES .....</b>	<b>13</b>
<b>ELEMENTS OF SMART REGULATION .....</b>	<b>15</b>
POLICIES FOR THE OLD WORLD OF WORK MAY NOT BE APPROPRIATE FOR THE NEW WORLD OF WORK .....	15
FOCUS ON INDIVIDUALS AND NOT JOBS .....	16
FOCUS ON POLICIES THAT ARE LESS COSTLY AND MAY CONFER BENEFITS TO EMPLOYERS .....	16
RECOGNIZE MARKET FORCES .....	16
FOCUS ON THE VULNERABLE IN PRECARIOUS JOBS .....	18
AVOID COST SHIFTING OF GOVERNMENT RESPONSIBILITY TO EMPLOYERS VIA LABOUR STANDARDS .....	18
STRATEGIC ENFORCEMENT STRATEGIES .....	18
OPTING-OUT AND EXEMPTIONS .....	20
RELATIONSHIP TO PASSIVE INCOME MAINTENANCE AND ACTIVE LABOUR MARKET ADJUSTMENT .....	20
EVIDENCE-BASED POLICY MAKING .....	20
<b>SUMMARY .....</b>	<b>21</b>
<b>CROSS REFERENCES .....</b>	<b>23</b>
<b>REFERENCES AND WORKS CITED .....</b>	<b>24</b>

## **ABSTRACT**

This chapter deals with the question of whether labour standards are less relevant or more relevant for the new world of work which is vastly different from the old world of work when most labour standards were first established. The various rationales for labour standards are first outlined. This is followed by a discussion of the changing pressures in the labour market that emanate from various forces: the pressures affecting employers and hence their demand for labour; the changing nature of the supply of labour; changes in forms of employee representation and the legal and regulatory environment in which the parties operate; and changes in the workplace and human resource practices within firms. These pressures lead to a changing role and need for labour standards, generally increasing the need, but also tending to reduce the ability of governments to provide such standards. Some illustrative evidence of the impact of specific labour standards is outlined, followed by a discussion of labour standards in developing and emerging economies. The paper concludes with a discussion of possible elements of smart regulation in this area to deal with the difficult trade-off between the increased need for labour standards confronting the reduced ability of governments to provide such standards.

# LABOUR STANDARDS

## INTRODUCTION

Many of our labour policies, including **labour standards**, were established in an earlier era when the nature of work was quite different than it is today. The old world of work was generally characterized by male-dominated, blue-collar manufacturing jobs in large, fixed and immobile worksites with formal human resource departments. Jobs were often for a lifetime, protected from global competition by tariffs and non-tariff barriers to trade. Jobs were also often protected by strong unions and employment standards legislation that could be monitored and enforced by governments. As discussed subsequently, the new world of work is vastly different. This raises the question: are labor standards previously established for the old world of work still appropriate and relevant to the new world of work, or perhaps even more relevant?

The purpose of this chapter is to examine the continued relevance of labour standards for the new world of work. The focus will be on the conventional components of labour standards. These include: hours of work and overtime; minimum wages; equal pay for equal work; vacations, holidays and leaves; terminations and severance pay; and harassment issues. The chapter begins with a discussion of the various **rationales for labour standards** followed by outlining the changes associated with the new world of work and their implications for labour standards. Illustrative impacts of a number of labour standards are outlined, both theoretically and empirically. Main policy implications are then outlined, followed by a summary.

## VARIOUS RATIONALES FOR LABOUR STANDARDS

Various rationales have been offered for labour standards. First and foremost is the need to provide a modicum of a **safety net**, especially to provide a degree of **decency for vulnerable and precarious workers** (Arthurs 2006; Bertola 2009; Gunderson 1999; 1996; Heintz 2019; Mitchell and Murry 2017).

In providing such a safety net, labour standards may also **reduce the resistance of workers** to efficiency enhancing changes associated with such factors as technological change, globalization, deregulation and free trade. This rationale for labour standards is emphasized in Blank (1994), Charnovitz (1987, 1992), Schoepfle and Swinnerton (1994a, 1994b), Sengenberger (1992), and Sengenberger and Campbell (1994). This can be a reason, for example, as to why labour standards agreements are often tied in with free trade agreements.

A more cynical rationale can be to *protect incumbents* by raising the cost of potential competitors (Gunderson, 1999). Early labour standards, for example, applied only to women and children, which had the side effect of protecting males from low-wage competition (Mallee 1976). The same applies to many of the big box stores that lobby for higher minimum wages. They already pay above the minimum wage so that any increased minimum wage would apply more to their lower-wage competitors.

Developed countries have been accused of using such *protectionist motives* when they insist on including *labour standards as part of free trade agreements* with less-developed countries (Fields 1995, p. 14). If lower wage developing countries are required to raise their labour standards as a condition of entering a free trade agreement with higher-wage countries, this can reduce their competitive threat to higher-wage countries that already have such higher labour costs. (Singh and Zammit, 2019).

Labour standards may foster a *level playing field* so that firms are not competing with each other in a race to the bottom on the bases of low labour standards (Arthurs 2006, p.30; Gunderson, 1999; Heintz 2019). Firms that can only survive based on providing low labour standards to be able to compete with their competitors may willingly accept such legislative requirements to raise their labour standards providing they also apply to their competitors.

Labour standards may also foster a *positive image* especially for firms that are sensitive to their public image. Multi-nationals in developed countries, for example, may not want their supply chains in less-developed countries to rely on cutting costs by surviving on low labour standards since that can become known to the general public and media. The same can apply to politicians especially when the positive image of supporting a labour standard garners political capital, while any negative (perhaps unintended) consequences are less publicly visible. Supporting minimum wage increases can be good politics because the benefits of wages increases are visible and spread over a large and visible group, while the negative consequences of possible adverse employment effects are not visible and are concentrated in a smaller group.

Labour standards may also be used to provide *leading-edge standards* so as to *nudge* employers into adapting them. In general, labour standards are considered a floor below which transactions are not allowed to occur, even on a voluntary basis. But some more innovative standards that are not common practice may be introduced for broader social reasons. This can be the case, for example, with respect to parental leave policies or unpaid leave for training purposes. Such a leading-edge role can be particularly relevant for countries like Canada where minimum wages are set at the provincial level, but there is also a federal minimum wage for about 8 percent of the workforce that is

under the federal jurisdiction. Raising the federal minimum wage may put pressure on provinces to raise their minimum wages. The same can apply to unpaid leave policies.

While higher labour standards are generally regarded as imposing costs on employers, it is possible that they can have benefits in terms of *enhanced productivity and competitiveness* (Arthurs 2006, p. 34). Regulations on hours of work can enhance productivity if long hours are regarded as reducing productivity (Pencavel 2018). Higher minimum wages may shock management into using more efficient managerial practices Prash (1996) and they may induce employers to train and upgrade their less-skilled workers so that their skill matches their higher pay (Bertola 2009; Metcalf 2008) Even workers who experience an adverse employment effect because of minimum wage increases may return to school or engage in training so as to obtain the higher wage jobs. Leave policies can reduce stress that leads to absenteeism or unproductive working.

This rationale has been prominent especially for less-developed economies where there may otherwise be more slack in the system (Fields 1995; Sengenberger 1991) The response of many economists to these policies is that if they do enhance productivity then all that is necessary is to simply inform employers these positive effects in which case they will adopt those that are cost effective. But *nudges* or even pushes may be regarded as necessary.

## **CHANGING PRESSURES AND THEIR MANIFESTATIONS**

The *changing international pressures* associated with the new world of work and their implications for labour standards have been amply documented in various sources including Arthurs (2006), Gunderson (2013, 2020), ILO (2015), Mitchell and Murray (2017), and Weil (2014, 2015). Those pressures can be categorized as follows: forces affecting employers and hence their demand for labour; the changing nature of the supply of labour; changes in forms of employee representation and the legal and regulatory environment in which the parties operate; changes in the workplace and human resource practices within firms; and manifestations of these forces.

### Forces Affecting Employers and hence their Demand for Labour

Employers are increasingly under a set of forces that affect the demand for their goods and services and hence their demand for labour. Those inter-related pressures affecting developed economies include: *technological change* especially associated with computers and information technology and now the cyber revolution with its emphasis on Artificial Intelligence (AI), robotics, 3D printing, genomics, machine learning and the gig economy; *globalisation and trade liberalisation*; *industrial restructuring* especially from manufacturing towards both high-end professional and managerial services and low-end



consumer services; **privatization and deregulation**; and **outsourcing** and the growth of global supply chains. The **pandemic of 2020** and its closing of economic activity has had obvious implications for the demand for labour, decreasing the demand for most groups and especially lower-wage service workers who cannot work from home, but increasing the demand for others like on-line delivery services and front-line workers who are also put at risk of acquiring the virus.

### The Changing Nature of the Supply of Labour

Demographic and other factors are changing the characteristics of the workforce. Workforces are often ageing and engaging in transitions to and from retirement. Their transitions to retirement often involve non-standard bridge jobs that are different from their pre-retirement job. The same applies if they transition back into the workforce from retirement. Women are continuing to participate in the labour market giving rise to the dominance of the two-earner family with needs for work-family balance. Youth are increasingly working while in school and often facing problems in the school-to-work transition. Immigration is prominent for many countries. The supply side of the labour market has also been affected by the pandemic, especially with respect to the ability to work from home.

### Institutions and Legislative/ Regulatory Framework

**Unions** are often in decline, and even when they prevail their power is often circumscribed by the increased mobility of capital as employers relocate their businesses and outsource many of their activities. Governments are also under increased pressure to compete for business investment and the associated jobs in part by reducing their legislative and regulatory initiatives leading to a possible **"race to the bottom"** in terms of legislative initiatives. Governments also often have difficulties in enforcing labour standards given the growth of small business, non-standard employment and the fissured workplace where it is difficult to determine who is the employer.

### Changes in Workplace and Human Resource Practices within Firms

These various changes in the external labour market also have implications for the workplace and human resource practices within firms. The changes have often given rise to a core of **"inside" employees** interacting with "outside" workers through outsourcing and non-standard employment. **Non-standard employment** has increased in various forms including limited-term contracts, part-time work, subcontracting, temporary-help agencies, telecommuting, platform work, internships and self-employment. **High performance work practices** have become more prominent involving such components as performance pay and long working hours. Job classifications have become broader with workers expected to multi-task across a variety of functions. The pandemic has led to a dramatic increase in **working from home**, with considerable uncertainty about how much of this will continue if there is a return to normal.

## Manifestations of Changing Pressures

These pressures have manifest themselves in various ways in the labour market. Wages have become more polarized fostering **growing income inequality**. Hours of work have also become more polarized with some working very long hours and others working part-time. Pressures for a flexible and adaptable workforce and for just-in-time delivery have led to a just-in-time workforce facilitated by the internet and the computer revolution. Job displacement has been prominent as has the need to reallocate labour from declining to expanding sectors. Risk has often been shifted to workers who are vulnerable and in precarious jobs that are subject to the vicissitudes of the market. The **platform economy** has directly matched workers with consumers, so the definition of the employer is unclear. The gig economy has broken tasks into components often done by temporary and freelance workers. The pandemic has had a disproportionate impact on lower-wage and other service workers who have either lost their jobs since personal interaction with customers is reduced, or they are exposed to risk of the virus and of the effects of long hours if they continue as front-line service workers

Many of these pressures are aptly described by Weil (2014, 2015) as leading to a **fissured workplace** whereby large organizations have increasingly focussed on their core competencies and shifted many of their tasks to a network involving sub-contracting, outsourcing, supply chains and franchising. Those intermediary organizations at lower levels often operate under extremely competitive conditions with small profit margins, employing non-standard workers who are often vulnerable and in precarious situations.

## **IMPLICATIONS FOR LABOUR STANDARDS**

The previously discussed changing pressures on the labour market have generally increased the need for labour standards. But they have also made it more difficult for governments to provide such standards given the greater ability of employers to relocate their business activities to jurisdictions that do not have such costly standards. This gap creates a tension in finding standards that meet the most important needs, and that can be provided by governments in an efficient and effective fashion.

### Increased Need for Labour Standards

The previously discussed changes in the new world of work have increased the exposure of workers to the adjustment consequences of the changing market forces. Risks have often been shifted from employers to employees, especially in the various forms of non-standard and precarious employment (Gunderson 2020; Stone and Arthurs 2013; and Weil 2014, 2015). Workers who have lost their jobs are exposed to health and mortality

risks associated with substance abuse, suicide, heart disease, divorce, spousal abuse and long-run earnings loss (Case and Deaton 2020; von Wachter 2020). While these effects were based on estimates emanating from plant closings, layoffs and recessions, they would be relevant to those who lost jobs from the pandemic. Many of those who did not lose their jobs because of the pandemic would be subject to the health risks from being front-line workers exposed to the virus and to long hours of work.

But in other cases, non-standard workers are well-off or prefer the flexibility of such work (Mas and Pallais 2017). For example, non standard work can accommodate the needs for persons with disabilities (Campolieti, Gomez and Gunderson 2009; Schur 2003) or facilitate **work-family balance** (Drago and Hyatt 2003) or facilitate transitions from school-to-work, or work-to-retirement and back from retirement (Cook, Diamond and Oyer 2019) or it is a stepping-stone and screening device to more permanent jobs (Autor and Houseman 2006; de Graaf-Zijl et al., 2011; Fang and MacPhail 2008; and Ichino et al., 2005).

Also, while the dominance of the two-earner family has increased the need for labour standards to facilitate work-family balance, the two-earner family can be a source of insurance or a buffer in the event of low wages or a job loss on the part of one member (Abraham and Houseman 2019; Koustas 2019). In essence, the needs for labour standards are heterogeneous, highlighting that a **“one-size-fits-all” policy** is not appropriate (Gomez and Gunderson 2005b).

The increased wage inequality and growing number of “bad jobs” has highlighted a need for wage and employment protection for those at the bottom of the wage distribution. The fissured workplace and the growth of non-standard and precarious employment has created a gap in the responsibility of employers for the well-being of workers, with that responsibility often falling between the cracks Weil (2014, 2015). This can foster a need for labour standards to fill that gap, but it also highlights the difficulty in determining who is the employer and whether workers are independent or dependent contractors.

The decline of unions and their bargaining power has also created a gap in worker protection, increasing the demand for labour standards as an alternative. It has also created a demand for the effective enforcement of such standards to the extent that unions were an important mechanism for such enforcement through such means as informing workers of their rights, using the grievance procedure and protecting workers against reprisals if they complained.

The need for labour standards has also increased so as to provide a safety net to cushion the adjustment consequences that emanate from technological change, trade liberalization and deregulation. Such changes disproportionately affect the more disadvantaged workers at the bottom of the wage distribution, or they bump others down into the bottom with that supply influx depressing wages even further. Providing a modicum of protection through labour standards for those at the bottom can be justified not only in its own right, but also because it can reduce the resistance to such efficient and growth enhancing changes.

The need for labour standards is also increasing to deal the upside adjustment consequences associated with such factors as the long hours that are increasingly worked by core employees who are often expected to be available 24/7. This can increase the need for labour standards with respect to hours of work and overtime, as well as the possible need to “disconnect” from the emails and cell phone availability that can come 24/7.

### Difficulty in Providing Labour Standards

While there is clearly an increased demand for labour standards, the same pressures are making it more difficult for governments them to supply such standards. Governments realize that many private sector employers cannot pass cost increases associated with labour standards forward to consumers since global competition and free trade mean that prices are increasingly set in world markets. Governments also realize that costly labour standards can put some firms, and their associated jobs, out of business in such competitive conditions. While it may be the case that a country is better off without such business that rely on substandard labour standards, governments increasingly must pay attention to the regulatory costs they impose, especially on small businesses.

Governments are also under increased pressure to be “open for business” so as to attract and retain business investment and the jobs associated with that investment. Both physical and financial capital are more mobile under globalization and trade liberalization. Business has a more credible threat to move their investments to countries with low wages and low labour regulations, and to export their goods back to countries with higher wages and higher regulations. Such inter-jurisdictional competition for investment and the associated jobs can lead to a race to the bottom or downward harmonization to the lowest common denominator with respect to the implementation of labour standards.

## Theory and Evidence on the Effects on the Ability to Provide Labour Standards

There are countervailing factors that can reduce or even offset pressures for the downward harmonization of legislated labour standards. As outlined in Gunderson (1998, 1999) and Gomez and Gunderson (2005a) such a race-to-the bottom may not occur if:

- the standards are not enforced;
- any associated benefits to employers may offset the costs;
- employers are able to shift the costs backwards to workers or forward to customers;
- investments are not based on the costs of labour standards; and
- jurisdictions compete for investment and jobs based on other factors rather than reducing their costly labour standards.

These potentially offsetting factors are discussed in turn.

### *Costly Standards May not be Enforced:*

Labour standards may exist *de jure* but not enforced *de facto*. They may not be enforced for a variety of reasons:

- a conscious decision on the part of governments to gain political capital from the *appearance* of progressive actions or because governments perceive that the policies will impose substantial costs and few benefits;
- **difficulty of enforcement** especially for part-time workers (Rubery 1998) and those in small businesses and immigrant communities where there may be language difficulties and a distrust of government (Vosko, Noack and Tucker 2016);
- difficulty in **determining who is the employer** in a fissured workplace (Weil 2014, 2015); or
- a lack of enforcement resources given government budget constraints.

### *Costs Are Partly Offset by Benefits to Employers:*

Labour standards could bring benefits to employers that can at least partially offset some of the costs. Requirements to provide advance notice for employers that experience plant closings or mass layoffs may enable laid-off employees to engage in **effective job search**, benefitting not only themselves but also other business through reduced vacancies and skill shortages (Gunderson 1986; Jones and Kuhn 1995). Minimum wage increases can reduce turnover and facilitate recruitment and perhaps increase

employee commitment, as in **efficiency wages** (Hirsch et al. 2015; Metcalf 2008). They may **shock management** into following more efficient organizational practices (Hirsch et al. 2015). Providing decent work through labour standards may reduce public expenditures in health and crime prevention, which in turn can be attractive to businesses (United Nations 2001). Business is not likely to want to invest in areas of high crime or where the lack of decent jobs fosters acts of despair from suicide, alcoholism and the opioid crises (Case and Deaton 2020).

#### *Costs Are Shifted forwards to Customers or Backwards to Workers:*

While global competition makes it difficult to pass the cost of domestic labour standards on to customers in the form of higher prices, some of such cost shifting may occur. There is some evidence, for example, that part of the cost of minimum wage increases are shifted forward in terms of higher prices (Lenos 2008 survey) likely in part because many minimum wage jobs in retail services are not subject to import competition.

The cost of some labour standards may be shifted back to workers in the form of lower wages in return for the benefits of the labour standards. Such evidence, however, is extremely limited. Trejo (1991) provides evidence that much of the cost of a legislated overtime premium is shifted back to workers in the form of a lowering of their base wage. There is also some evidence that employers shift some of the cost of minimum wage increases backwards to workers in the form of reduced training, but the impact is generally small and often statistically insignificant (Neumark and Wascher 2001). The costs of minimum wage increases can also be shifted back to workers in the form lower fringe benefits. Evidence on this is found in China where such fringe benefits are common in such forms as clothing allowances, subsidized meals and housing, travel allowances, and shift and overtime premiums (Wang and Gunderson 2015).

#### *Labour Regulations May Not Affect Investment and Plant Location Decisions*

**Downward harmonization of labour standards** may not occur if labour standards are not important factors in influencing business investment and plant location decisions on an international basis. An OECD (1994, p. 160) report concluded that countries that have less costly standards attracted greater foreign investment, but the causal effect of such standards is not established. There is also evidence that labour costs are an important determinant of such investment (Anderson and Wassamer 2000, p.34), but the extent to which labour cost are affected by labour standards regulations has not been established. As well, decent labour standards tend to prevail internationally in countries where the **rule of law** prevails, and such a stable legal and social environment is conducive to doing business (Gomez and Gunderson 2005a; Verma 2016).

### *Jurisdictions May Not Compete by Reducing Their Labour Standards*

The decision by governments to compete for business investment and the associated jobs is ultimately a political one and governments maintain considerable discretion in such decisions (Banting, Hoberg and Simeon 1997). Governments may simply decide not to compete on that basis. They may simply not want businesses that are competitive because of low labour standards.

Again, there is scant evidence on this point. Based on comparisons between Canada and the U.S., Gomez and Gunderson (2005a p. 347) find “a *tendency* towards convergence of policies, *including* labour and social policies, and that convergence tends to be *towards* the lower common denominator.” A similar conclusion was reached by an international OECD (1994) study across OECD countries (p. 152): “The general pattern that emerges is that some convergence towards more flexible rules and arrangements governing labour standards have occurred during the 1980s ... with some exceptions ... and with considerable cross-country differences remaining.” The pressure for reducing regulations on an international basis was most prominent for minimum wages, working time regulations, limited-term contracts, and employment protections against terminations.

#### *Summary of Links for Downward Harmonization:*

Both theory and evidence suggest that the pressures of globalization and free trade will foster governments to compete for business investment and the associated jobs by lowering their labour standards, fostering *some* harmonization *towards* the lowest common denominator. And this is occurring just at the time when the need for labour standards is increasing. But there are various factors that mitigate that tendency towards downward harmonization: labour standards that are excessively costly may not be enforced; some standards may yield benefits to employers that can offset some of the costs; some of the costs may be shifted to workers in return for the associated benefits; businesses may not base their investment and plant location decisions on the costs of labour standards; and governments may chose not to compete for business by lowering their labour standards.

The good news is that the labour standards that are most likely to dissipate are ones that impose excessive costs while yielding minimal benefits to employers. The bad news is this may apply to policies that have a pure **equity or distributional rationale** and that do not have positive feedback effects for employers. This highlights the need to have evidence on the impact of labour standards.



## **ILLUSTRATIVE IMPACT OF SPECIFIC LABOUR STANDARDS**

A comprehensive analysis of the impact of labour standards is beyond the scope of this study. Rather, some illustrative examples will be provided, with an emphasis on the **unintended consequences** that can often occur.

### Terminations, Severance Pay and Advance Notice Requirements

Regulations that make it difficult for employers to terminate employment relationships can have complicated effects on labour markets. They can deter layoffs by increasing the cost of such layoffs to the firm. But they can also deter new hiring to the extent that such expected costs become anticipated and factored in at the hiring decision.

The international empirical evidence suggests that this has led to a number of undesirable negative consequences (Addison and Teixeira 2003; Bertola, Blau and Kahn 2002; Lazear 1990; and OECD (1999)). The effects include:

- a net reduction in employment and an increase in unemployment;
- a bifurcation of the workforce into a set of protected **incumbent “insiders” and unprotected “outsiders”** (often youth and minorities) who experience long-term unemployment and a permanent negative legacy or **scarring effects**;
- reduce hiring of new workers with their expected termination costs, and working the incumbent workforce long hours to amortize any expected termination costs
- an increased use of non-standard workers who would not be eligible for such protection;

In contrast to these negative effects of protections against terminations, requirements for employers to give **advance notice** in the case of mass layoffs and plant closings, can have more positive effects. They facilitate job search on the part of laid-off workers, and they enable new employers to fill vacancies (Gunderson 1986; Jones and Kuhn 1995; and Swaim and Podgorsky 1990).

### Maximum Hours of Work, Overtime Requirements and Irregular Scheduling

Labour standards laws often set maximum hours that can be worked per day and/or per week, and requiring overtime pay after a specified number of hours. As indicated, long hours for incumbent workers can result from termination policies that discourage employers from hiring new workers and incurring possible expected



termination costs. Long hours may also be associated with just-in-time delivery systems where inventories are not available to absorb demand shocks. Long hours may be preferred by workers in single-earner families in order to obtain the earnings of many dual-earner families. For dual-earner families, however, long hours may conflict with work-family balance. Long daily hours in return for fewer days per week (i.e., compressed workweeks) may reduce commute costs. The same may prevail for workers who commute to remote work sites and who prefer long daily hours in return for days off to return to their household. Clearly, there is extensive **heterogeneity in the preferences** of workers and employers with respect to hours of work, making it difficult to have a one-size-fit-all solution via labour standards regulations.

Restricting long hours of work to foster work-sharing with the unemployed or under-employed may also be preferred by governments to reduce unemployment. The international evidence, however, suggests that the **work sharing** potential is limited for various reasons (Donner 1987, p. 91). There may be a mismatch between the skills of the potential new recruits and incumbent workers whose hours are reduced. This may also lead to increased capital being used rather than new recruits who may also have expected termination costs. Enforcement is difficult because both employers and employees tend to want the overtime hours. Those whose hours are reduced may **moonlight** elsewhere therefore reducing the employment opportunities of others who could otherwise fill those jobs.

Regulations that set maximum hours are rigid and not compatible with the flexibility needed in the changing workplace. **Overtime premiums** are more compatible since they do not restrict long hours; rather they tax them which should discourage (but not prohibit) their use by employers, and also compensate workers for the long hours. As discussed previously, however, overtime premiums can be “undone” to the extent that employers can reduce the base pay upon which overtime is based (Trejo 1991).

Regulations that set maximum hours are based on hours worked by individuals and not families. This can give rise to an inequity since some single-earner families may prefer a situation where one party works in the household and the other works long hours in the labour market. They may have the same total family hours of work and earnings as a two-earner household, but the maximum hours regulations prevent them from such an arrangement.

**Irregular work scheduling** has increased in various forms including on-call work, split-shifts, rotating shifts and required overtime work (Golden 2015). The negative consequences of such irregular scheduling are well-documented and include stress, health issues, income volatility and work-family conflict (reviews in Fagan et al., 2012; Golden 2015). While it is the case that such irregular scheduling can enable employers to meet their

increasing needs for flexibility, it is also the case that much of the irregular scheduling is predictable, and scheduling software can facilitate employers knowing their scheduling needs in advance (Lambert, Haley-Lock and Henly 2012). As well, reducing irregular work scheduling can facilitate recruitment, retention and job satisfaction (Golden 2015, p. 4) and reduce the need to pay **compensating wage premiums** for the irregular work schedules (Heywood et. al. 2007).

Giving employees the **right to refuse overtime** can be important for two-earner families where overtime work, if required by the employer, can conflict with work-family responsibilities. The same can be the case with requiring employers to post their work schedules well in advance.

### Parental Leaves

**Parental leaves** have been advocated to support work-family balance, child outcomes and to facilitate the labour force participation of females and sustain their wages because their jobs, wages and seniority are preserved until they return to work. Such leaves can have the unintended consequence, however, of reducing the hiring of females, and hence their employment and wages (international evidence and reviews in Ruhm 1998, and SRDC 2010). For requirements for **paid leaves**, the concern is even stronger (Addati et al., 2014; Lewis et al., 2014). Perhaps surprisingly, the limited evidence suggests that such parental leaves have no impact on early or later child development (Baker and Milligan 2010, 2015; Dahl et al., 2017).

## **LABOUR STANDARDS IN **DEVELOPING AND EMERGING COUNTRIES****

Most of the discussion in this paper has focused on labour standards in developed countries. As indicated, developed countries often pressure for higher labour standards in less developed countries so as to raise labour costs and thereby reduce competition. Less developed countries often resist those pressures, arguing that excessively costly regulations will reduce their growth that will foster their ability to afford higher labour standards. Kudo (2018) provides international evidence across 99 countries indicating that about half made their protective legislation more stringent, while half have made it flexible.

Fields (1994, 1995, p. 34) provides ample evidence that strong growth in the relative absence of formal labour standards has indirectly pulled-up labour standards in many Far Eastern economies including Singapore, Hong Kong, Korea, and Taiwan. This leads him to conclude (p. 27): “These international data suggest that there may be an effective alternative to pushing up wages and other labour standards directly: promoting labour standards indirectly through measures that foster economic growth.”

Nataraj et al., (2014) conduct a **meta analysis** of studies in a number of less-developed countries and concluded that labour standards regulations tended to raise labour costs and reduce employment in the formal sectors where they were applied and they also encourage a substitution into the informal sector where the laws could not be applied. In his review of the literature, however, Ronconi (2019) highlights that the evidence is mixed as to whether stricter enforcement has negative effects on employment and competitiveness.

With respect to **compliance**, Ronconi (2019) provides international evidence across 153 developing countries that more than half of private sector employees do not receive their legally mandated labour benefits due to employer non-compliance. Non-compliance can reflect a lack of enforcement resources, with the number of inspectors per 1000 workers in low income countries being 1.25 compared to 12.2 in high income countries. Non-compliance can also be a way to obtain flexibility when overly stringent regulations are set for reasons of political popularity with little intent to enforce them. He provides evidence that the more stringent and invasive the laws the less they are enforced, highlighting the gap between what the law says *de jure* and how it is applied *de facto*.

While legislative compliance with labour standards in developing economies is difficult, **multinationals** have been under pressure from labour advocacy groups to enforce compliance in their **supply chains** through **corporate codes of conduct** and **social audits**. There is extensive debate as to whether such private non-legislative collaborative efforts by multinationals to assist supply chain providers can foster their compliance, or whether penalties such as threats to stop purchasing from their providers are necessary. That debate is discussed in the studies cited below.

With respect to the international evidence, Distelhorst and Locke (2018) use **difference-in-difference analyses** on data from over 2,000 manufacturing plants in 36 countries to provide causal evidence that retail importers reward exporters for complying with social standards. Specifically, being in compliance is associated with a 4% average increase in annual purchasing from retailers. They indicate that the effect is driven largely by the apparel industry, suggesting that anti-sweatshop social movements on the part of activist campaigns can have an impact. Short et al., (2020) utilize international data from a large social audit company for 66 countries to indicate that such private collaborative efforts can work when suppliers face greater risk of negative publicity, when they have experienced such publicity in the past, and when audits are pre-announced and conducted by highly trained auditors. Amengual and Distelhorst (2020), however, provide causal evidence based on a **regression discontinuity design** to indicate that such private non-

legislative efforts only work when they involve potential penalties from threats to stop purchasing from suppliers who are not in compliance. Kuruvilla (2021) uses a variety of international data sources from various studies and concludes that while there are a few examples of success from non-legislative initiatives: “There are no examples of sustained improvements in all labour standards in the global apparel supply chain ... the general picture that emerges of the private regulation model is one of failure rather than success.” (p. 11).

Clearly, there is continued debate over the effect of labour standards legislation in developing economies and whether private non-legislative means through corporate codes of conduct and social audits are effective. Where there is general agreement is that the initiatives must be geared to the specific circumstances and conditions of the different countries, and that more evaluation is needed (Betcherman, 2014; Ronconi 2019).

## **ELEMENTS OF SMART REGULATION**

The difficulties for governments to provide and enforce labour standards despite the increased needs for such standards, highlights a need for “smart” labour regulations that meet their objectives in a cost-effective fashion. Some elements of such regulation are outlined below.

### Policies for the Old World of Work May not be Appropriate for the New World of Work

As a start, it is important to recognize that most of our labour regulations were designed for the old world of work characterized by male-dominated, blue-collar, long-term stable jobs in large fixed workplaces providing goods and services to a domestic market with limited global competition and protected by tariffs. As outlined previously, the new world of work is vastly different, especially with respect to the rise of non-standard employment and a fissured workplace where the definition of the employer is not clear. In such circumstances, it would be surprising if the labour policies designed for the old world of work would be completely relevant to the new.

New policies may be necessary. For example, given the difficulty of deciding whether a worker is an employee or an independent contractor in the fissured workplace, Harris and Krueger (2015) suggest creating a new legal category of “independent workers.” Such workers have characteristics of independent contractors since they can generally choose when to work, they can conduct personal tasks while at work, and they can work for multiple “employers” (intermediaries or platforms). But their intermediaries also have characteristics of employers in that they set fees and they can effectively terminate the workers from the platform.

Harris and Krueger (2015) propose giving independent workers some of the protections afforded to regular employees such as the right to unionize and to have human rights protections. As well, their intermediaries would be allowed to provide insurance and other benefits without having that making them categorized as an employer. Such workers, however, would not be entitled to labour standards requirements with respect to such factors as minimum wages or hours and overtime regulations because it is not feasible to attribute their work hours to any single intermediary.

#### Focus on Individuals and Not Jobs

Given that jobs and the nature of employer are increasingly difficult to define and that jobs are increasingly precarious, it may make sense to focus on individuals and not jobs. This implies more attention to providing a safety net through income support for vulnerable workers (Koebel & Pohler 2019; Zhang and Zuberi 2017) and portable benefits for non-standard workers (Etzioni 2018) as well as mitigating risk through skills development programs (Busby and Muthukumaran 2016). The intent is to move away from labor market regulation which can stifle growth and job creation, and into policies that can improve the social safety net and mitigate risk

#### Focus on Policies that are Less Costly and May Confer Benefits to Employers

The need for governments to compete for business and the associated jobs highlights a need to focus on labour standards that impose minimum cost and perhaps involve benefits to employers, especially in terms of recruiting and retention and reduced absenteeism and increased commitment. As discussed previously, the costly ones to avoid include regulations on maximum hours of work and ones that make it difficult for employers to terminate employment relationships that protect “insiders” at the expense of “outsiders.” Ones that are less costly and can confer benefits to employers include advance notice in the case of terminations, advance notice of scheduling, the ability of workers to refuse overtime, and protections against bullying and sexual harassment which can improve morale.

#### Recognize Market Forces

The changing market forces have increased the demand for labour standards at the same time as restricting the ability of governments to supply such standards. In essence, market forces are a source of much of the problem. While this is true, it is also the case that market forces can be part of the solution.

A growing full-employment economy can provide the resources needed for society to afford higher labour standards. In essence – the **income elasticity of demand** for labour standards is positive. Theoretical mechanisms whereby this occurs is provided in Casella (1996), with international empirical evidence reviewed in Gadbow and Medwig (2000).

Such growth that is not inhibited by excessive regulation also reduces the *need* for labour standards because it fosters job creation and the demand for workers that disproportionately benefits vulnerable, marginalized workers. A growing full-employment economy pressures employers to accommodate the needs for work-life balance, fosters investment in training, and reduces involuntary non-standard work. Such international evidence is provided and reviewed in Dollar and Kraay (2007), Freeman (2002), Holzer, Raphael and Stoll (2003), Hines, Hoynes and Krueger (2001) and Katz and Krueger (1999) and further references cited in those studies.

Competitive market forces can also help dissipate discrimination by pressuring firms to hire and promote the more qualified workers in spite of their status with respect to such factors as gender, visible minority, disability, Indigenous status and sexual orientation. Studies that provide the theory and evidence on this point are discussed in Gunderson (2020, p. 25, 44).

As Freeman (1994) argued, consumers generally do not want to purchase goods and services that are produced under exploitative conditions and they are generally willing to pay to satisfy their socially responsible preferences. **Social labelling** of the conditions under which goods are produced would help facilitate such socially responsible market transactions.

Clearly a growing, competitive economy can provide the means for a country to afford better labour standards and it can reduce the need for labour standards including with respect to combatting discrimination. In that vein, it is important that excessive labour regulations not “kill the goose that lays the golden egg.” However, it is also the case that market responses can undue the effect of labour regulations. As discussed previously, this was illustrated with respect to reducing base wages to offset overtime premiums.

Importantly, as part of paying attention to the importance of market forces, it is important to recognized that much of the rise of non-standard employment has occurred as a result of employers adjusting to extensive regulation of the standard employment contract (Gomez and Gunderson 2005b and studies cited therein). As discussed

previously, such regulations have often bifurcated the workforce into a group of protected “insiders” and unprotected vulnerable “outsiders” many in precarious non-standard jobs. Costly regulations that do not have some offsetting benefits to employers can foster the very problem they are designed to address.

### Focus on the Vulnerable in Precarious Jobs

The difficulties for governments to provide labour standards despite the increasing need for such standards suggests that governments should *focus* and target their limited resources. A legitimate focus would be on the most vulnerable in precarious jobs who are most affected by the changes that are occurring and who are being bypassed by sharing in its gains as they are at the bottom of the growing unequal wage distribution. But such a focus is also merited on the grounds of **fostering social stability** and reducing the health, crime and other expenditures associated with social instability and growing inequality (Case and Deaton 2020).

### Avoid Cost Shifting of Government Responsibility to Employers via Labour Standards

A further element of smart regulation involves ensuring that governments do not use labour standards to offload the cost of what governments would otherwise do to assist vulnerable disadvantaged workers. Governments may find it increasingly difficult to find the budget to provide social programs. In such circumstances it may be tempting for them to shift responsibilities to employers through more stringent labour standards. This raises the issue of whether it should be employers or society in general that should be responsible for achieving certain legitimate social objectives.

Compelling employers pay minimum wages to make up the difference between what they pay and what society deems they should pay is likely to reduce employment opportunities, especially of youths. Furthermore, the connection between the wages of an *individual* and the income of the *family* (which is the relevant unit for the determination of poverty) is tenuous. As well, governments have easy mechanisms for making up any gap between an individual’s wage and a poverty level of income through wage subsidy programs such as the **Earned Income Tax Credit in the US.**

### Strategic Enforcement Strategies

Enforcement of labour regulations is likely more difficult in the new world of work with the decline of unions and the growth in small firms, non-standard jobs,



immigration, outsourcing and fissured workplaces where the employer is not well-defined. It was easier in the old world of work with large fixed worksites that could easily be audited and that had well-established human resource departments and more homogeneous workforces. Simply devoting more resources to enforcement and extending conventional labour protections are difficult options where governments are under resource constraints and trying to compete for business investment and the associated jobs. This suggests the need for more strategic enforcement strategies.

Providing **information on the rights of employees** and *responsibilities* of employers can be a low-cost strategy especially for immigrant employers who are unfamiliar with their obligations, and immigrant employees who may not have language skills and may have a fear of governments. It may also be useful for the growing number of non-union employees who do not have the union to provide information and to protect them from reprisals, as well as for non-standard workers and those in the fissured workplace where their employer is ill-defined. Governments may also consider providing small employers with software systems that may assist in compliance such as in the area of scheduling and equal pay initiatives.

Smart initiatives could also involve the strategic use of penalties for non-compliance. The expected penalty for violating employment standards legislation is the probability of being *audited* times the probability of being *penalized* if found in violation times the *expected penalty* if caught and penalized. If the probability of being audited is now lower because of small businesses and a lack of auditing resources, and the probability of being penalized is lower because of lack of legal resources, then raising the penalty or fine *if caught and penalized* could yield the same *expected penalty*. This is part of the **optimal penalty literature** in economics for fostering compliance (Gunderson 2005, p.16).

The penalty does not have to be monetary. It could involve **public shaming** by going after employers who live and die by their public image and for whom such shaming would affect their sales or recruiting. This could involve franchises where the brand name of the franchisor would be adversely affected by any adverse public shaming of one of its outlets. Such franchisors are capable of monitoring other standards of their franchisees such as cleanliness and food quality. They should be fully capable of monitoring their labour standards.

Fostering a **culture of compliance** can be a self-fulfilling process. Socio-psychological models of compliance emphasize that firms are more likely to comply if they feel that compliance is common and a norm that everyone follows (Carroll 1992; Hirsh 2009; Murray 1995). This is especially the case when their competitors are complying rather than violating labour standards as a way to gain a competitive advantage. Employers can accept labour standards that provide a **level playing field** on which to compete.



## Opting Out and Exemptions

Allowing the parties in the employment relationship to voluntarily agree to **opting out** of certain labour standards in return for other benefits would provide the greater flexibility needed by employers at the same time as accommodating the greater diversity and needs of the workforce. This could be the case, for example, for workers who agreed to work for less than the minimum wage in return for training or for gaining experience in the firm, as in the case of internships. Or it could be the case for workers who agreed to work for long hours beyond the time when maximum hours applied in return for longer periods of time off, as could occur in remote work sites or in seasonal jobs. The difficulty is in insuring that these are mutually agreed upon rather than requirements imposed on workers who have no individual or collective bargaining power. In the case of managers and professionals being excluded from labour standards such as with hours of work and overtime, there is not concern because they have considerable bargaining power and are not vulnerable.

## Relationship to Passive Income Maintenance and Active Labour Market Adjustment

**Passive income maintenance** programs like unemployment insurance and social assistance provide can provide an important safety net of income support. But they can also reduce adjustment from declining sectors to expanding ones by facilitating the “stay” option. This contrasts with **active adjustment assistance** to enhance the ability of people to adjust to change through such means as training, skills development, mobility assistance and labour market information. This is generally preferred by both recipients who prefer to earn their own income, as well as by taxpayers who prefer to provide a “hand up” rather than “hand out.”

Labour standards provide a safety net of protection in the existing jobs. This in turn may have the unintended consequence of encouraging people to stay in such jobs rather than to move out of them. However, the safety net, especially in such forms as severance pay and advance notice of layoffs, may also provide a degree of protection that may reduce resistance to efficient changes. As well, they may facilitate efficient job search on the part of laid-off employees, as well as recruiting and hiring on the part of other employers. This trade-off must be considered in the design of labour standards.

## Evidence-Based Policy Making

As a final aspect of smart regulation, it is important to have evidence on the impact of the various labour standards, especially in light of their potential unintended consequences. Such evidence can facilitate moving towards standards that provide

maximum benefits, especially to the most disadvantaged, with a minimum of net costs to employers and hence less potential job loss.

In order to be effective, the evidence should be **causal** and not simply correlational. As outlined in Gunderson (2005, p. 2) this is the case for several reasons. Knowing the underlying causal mechanisms is important for determining the policy triggers to pull so as to deal with the underlying causes and not just the symptoms. It is important for predicting the future when the underlying structural causal relationships may change. Understanding the underlying causal relationship is also important for determining how the private actors may respond in ways that could undo the intended effect of a policy initiatives. Lastly, if the underlying causal theoretical relationship is confirmed by the data it provides confirmatory confidence in the results.

With these potential elements of smart regulation in place, labour standards can adjust to the challenges of the new world of work. The new challenges require adjustment not only on the part of both labour and business, but also on the part of government regulation.

## **SUMMARY**

Many of our labour policies, including labour standards, were established in an earlier era when the nature of work was generally characterized by male-dominated, blue-collar manufacturing jobs in a large, fixed and immobile worksite with formal human resource departments. Jobs were often for a lifetime, protected from global competition by tariffs and non-tariff barriers to trade as well as by strong unions and employment standards legislation that could be monitored and enforced by governments. The new world of work is vastly different raising the question of whether such labour standards are still relevant to the new world of work, or perhaps even more relevant?

Various rationales have been offered for labour standards. Such standards may provide a *safety net*, especially to provide a degree of *decency* for vulnerable and precarious workers. This in turn can *reduce the resistance of workers* to efficiency enhancing changes associated with such factors as technological change, deregulation and free trade. Labour standards may foster a *level playing field* so that firms are not competing with each other on the bases of low labour standards, and they may foster a *positive image* especially for firms that are sensitive to their public image. Legislated labour standards may also be used to provide *leading-edge* practices so as to *nudge* employers into adapting them. They have also been rationalized as nudging employers to adopt policies that can *enhance productivity and competitiveness*. More cynically, they may *protect incumbents* by raising the cost of potential competitors where the standards are more binding.

The new world of work has been affected by a variety of changing pressures. Employers have faced pressures such as technological change, global competition, deregulation and the recent pandemic, all of which have affected their derived demand for labour. Workforces are often ageing and engaging in transitions to and from retirement; women are continuing to participate in the labour market giving rise to the dominance of the two-earner family with needs for work-family balance; youth are increasingly working while in school and often facing problems in the **school-to-work transition**; immigration is prominent for many countries; and the workforce obviously has been affected by the pandemic, especially with respect to the ability to work from home. Unions and their power are often in decline, and governments are under increased pressure to compete for business investment and the associated jobs in part by reducing their legislative and regulatory initiatives. They often have difficulties in enforcing labour standards given the growth of small business, non-standard employment and the fissured workplace where it is difficult to determine who is the employer. Workplace and human resource practices within firms have often given rise to a core of “inside” high-performance employees interacting with “outside” workers through outsourcing and non-standard employment. The pandemic has led to a dramatic increase in working from home, with considerable uncertainty about how much of this will continue.

As a result of these pressures wages and hours of work have become more polarized. A just-in-time workforce has been facilitated by the internet and the computer revolution, job displacement has been prominent, and risk has often been shifted to workers who are vulnerable and in precarious jobs

These various pressures have generally increased the need for labour standards. But they have also made it more difficult for governments to provide such standards given the greater ability of employers to relocate their business activities to jurisdictions that do not have such costly standards. This gap creates a necessity for smart regulations that meet the most important needs, and that can be provided by governments in an efficient and effective fashion.

Elements of such smart regulations were outlined in detail. They include:

- Recognize that the regulations designed for the old world of work may not be appropriate for the new world of work.
- Focus on protecting individuals and not jobs given the diverse needs of individuals and the insecurity and changing nature of jobs.
- Focus on policies that are less costly and may confer benefits on employers.

- Recognize that while market forces have given rise to many of the problems, they can also be harnessed to deal with many of the issues.
- Focus on equity issues by targeting vulnerable disadvantaged workers in precarious jobs.
- Be wary of the temptation to avoid government responsibilities for social issues by shifting responsibility to employers via labour standard requirements.
- Utilize strategic enforcement strategies (optimal penalties, information provision, public shaming and behavioural nudges to create a culture of compliance) given the increased difficulty of enforcement of labour standards.
- Allow opting-out and exemptions from certain employment standards in certain situations.
- Focus on active labour market adjustment policies to deal with issues related to labour standards.
- Follow **evidence-based policy making** in the design and implementation of labour standard.

#### **CROSS REFERENCES TO RELATED CHAPTERS**

- Inequality of opportunity in the labour market
- Child labour and economic development
- Informality and labour market dualism/segmentation
- Sweatshop labour
- Corporate social responsibility, environmental regulations and firm performance
- Political economy of minimum wages
- Political economy of labour market institutions in a globalized era
- Integration in global value chains and employment
- Decent work and the quality of wages and employment

#### **ACKNOWLEDGEMENTS**

I would like to acknowledge the helpful comments of the Section Editor Uwe Jirjahn as well as numerous discussions with my colleagues Rafael Gomez and Dionne Pohler. This work on Labour Standards involves an evolution of earlier studies in Gunderson (1995, 2013, 2020 and especially 2005 upon which this study draws heavily). There is no conflict of interest.

## REFERENCES AND WORKS CITED

Abraham, Katharine and Susan Houseman. "Making Ends Meet: The Role of Informal Work in Supplementing Americans' Income." *The Russell Sage Foundation Journal of the Social Sciences*. 5:5 (2019)110-131.

Addati, Laura, Naomie Cassirer, and Katherine Gilchrist. *Maternity and Paternity at Work: Law and Practice Across the World*. Geneva, Switzerland: International Labour Office, 2014.

Addison, J. T. and Paulino Teixeira. "The Economics of Employment Protection." *Journal of Labor Research*. 24 (October 2003) 85-129.

Amengual, Matthew and Greg Distelhorst. "Cooperation and Punishment in Regulating Labor Standards: Evidence from the Gap Inc Supply Chain." University of Toronto, Centre for Industrial Relations and Human Resources Working Paper, 2020.

Anderson, J. and R. Wassmer. *Bidding for Business*. Kalamazoo, MI.: Upjohn Institute for Employment Research, 2000.

Arthurs, Harry. *Fairness at Work: Federal Labour Standards for the 21st Century*. *Federal Labour Standards Review*. Ottawa: Human Resources and Skills Development Canada, 2006.

Autor, David H., and Susan N. Houseman. "Temporary Agency Employment as a Way Out of Poverty?" In *Working and Poor: How Economic and Policy Changes Are Affecting Low-wage Workers*, edited by Rebecca M. Blank, Sheldon H. Danziger, and Robert F. Schoeni, 312-337. New York: Russell Sage Foundation, 2006.

Baker, Michael and Kevin Milligan. "Evidence from Maternity Leave Expansions of the Impact of Maternal Care on Early Child Development." *Journal of Human Resources*. 43 (2010) 1-32.

Baker, Michael and Kevin Milligan. "Maternity Leave and Children's Cognitive and Behavioural Development." *Journal of Population Economics*. 28 (2015) 373-391.

Banting, K., G. Hoberg and R. Simeon. "Introduction." In *Degrees of Freedom: Canada and the United States in a Changing World*. Edited by K. Banting, G. Hoberg and R. Simeon. Montreal and Kingston: McGill-Queen's University Press, 1997.

Bertola, Giuseppe. *Labour Market Regulation: Motives, Measures, Effects*. Conditions of Work and Employment Series, No 21, Geneva: ILO, 2009.

Bertola, Giuseppe, Francine Blau, and Lawrence M. Kahn. "Comparative Analysis of Labor Market Outcomes: Lessons for the US from International Long-Run Evidence." In A. Krueger and R. Solow, eds. *The Roaring Nineties: Can Full Employment Be Sustained?*. New York, N.Y.: Russell Sage Foundation, 2002, pp. 159-218.

Betcherman, G. "Designing Labour Market Regulations in Developing Countries," IZA World of Labor, 2014.

Blank, R. *Social Protection Versus Economic Flexibility: Is There a Trade-Off?* Chicago: University of Chicago Press, 1994.

Busby, Colin, and Ramya Muthukumaran. "Precarious Positions: Policy Options to Mitigate Risks in Non-standard Employment." *CD Howe Institute Commentary* 462 (2016).

Campolieti, Michele, Rafael Gomez, and Morley Gunderson. "Disabled Persons and Non-Standard Work." In *Essays on Economics, Disability and Employment*, edited by P. Gonzalez, D. Prieto, J. Velazquez, and M. Saez, 203-222. Madrid: Delta Publications, 2009.

Carroll, A. "How Taxpayers Think About Their Taxes: Frames and Values." In *Why People Pay Taxes: Tax Compliance and Enforcement*. Edited by J. Slemrod. Ann Arbor: University of Michigan Press, 1992, pp. 43-63.

Case, Anne and Angus Deaton. *Deaths of Despair and the Future of Capitalism*. Princeton, N.J.: Princeton University Press, 2020.

Casella, A. "Free Trade and Evolving Standards." In *Fair Trade and Harmonization: Vol.1, Economic Analysis*. Edited by J. Bhagwati and R. Hudec. Cambridge, MA: MIT Press, 1996, pp. 119-156.

Charnovitz, S. "The Influence of International Labour Standards on the World Trading Regime: A Historical Review." *International Labor Review*. 126 (1987) 565-584.

Charnovitz, S. "Environmental and Labour Standards and Trade." *The World Economy*. 15 (1992) 335-356.

Cook, Cody, Rebecca Diamond, and Paul Oyer. "Older Workers and the Gig Economy." In *AEA Papers and Proceedings* 109 (2019) 372-76.

Dahl, G. B., K. V. Løken, M. Mogstad, and K. V. Salvanes. "What Is the Case for Paid Maternity Leave?" *Review of Economics and Statistics*. 98 (2016) 655-670.

de Graaf-Zijl, Marloes, Gerard J. Van den Berg, and Arjan Heyma. "Stepping-Stones for the Unemployed: The Effect of Temporary Jobs on the Duration Until (Regular) Work." *Journal of Population Economics* 24, 1 (2011) 107-139.

Distelhorst, Greg, and Richard Locke. "Does Compliance Pay? Social Standards and Firm-Level Trade." *American Journal of Political Science*, 62(3) 2018, 695-711.

Dollar, D. and A. Kraay. "Trade, Growth and Poverty." In *Financial Globalization*. Edited by J. Clift and E. Diehl. Washington, DC: IMF, 2007, pp. 70-74.

Donner, A. (Chair). *Working Times: The Report of the Ontario Task Force on Hours of Work and Overtime*. Toronto: Ontario Ministry of Labour, 1987.

Drago, Robert, and Douglas Hyatt. "Symposium: The Effect of Work-Family Policies on Employees and Employers." *Industrial Relations* 42 (2003) 139-144.

Etzioni, Amitai. "Benefits for Gig Workers." *Challenge* 61:3 (2018) 255-268.

Fang, Tony, and Fiona MacPhail. "Transitions from Temporary to Permanent Work in Canada: Who Makes the Transition and Why?" *Social Indicators Research* 88:1 (2008) 51-74.

Fields, G. S., "Changing Labour Market Conditions and Economic Development in Hong Kong, Korea, Singapore, and Taiwan," *World Bank Economic Review*, 8:3 (1994) 395-414.

Fields, G. *Trade and Labour Standards: A Review of the Issues*. Paris: OECD, 1995.

Freeman, Richard. "A Hard-Headed Look at Labour Standards." In *Creating Economic Opportunities: The Role of Labour Standards in Economic Restructuring*. Edited by W. Sengenberger and D. Campbell. Geneva: ILO, 1994.

Freeman, Richard. "The Rising Tide Lifts...?" In *Understanding Poverty*, Edited by Sheldon Danziger and Robert Haveman. Cambridge, MA: Harvard University Press, 2002.

Gadbaw, R. M. and M. Medwig. "Multinational Enterprises and International Labor Standards." *Human Rights, Labour Rights and International Trade* (1996) 141-162.

Golden, Lonnie. "Irregular Work Schedules and its Consequences," Briefing Paper Number 394. Washington, D.C.: Economic Policy Institute, 2015.

Gomez, Rafael and Morley Gunderson. "Does Economic Integration Lead to Social Policy Convergence? An Analysis of North American Linkages and Social Policy," In *Social and Labour Market Aspects of North American Linkages*. Edited by Rick Harris and Thomas Lemieux. Calgary: University of Calgary Press, 2005a.

Gomez, Rafael, and Morley Gunderson. "Non-Standard and Vulnerable Workers: A Case of Mistaken Identity." *Canadian Labour and Employment Law* 12 (2005b) 171-198.

Gunderson, Morley. Alternative Methods for Dealing with Permanent Layoffs, Dismissals and Plant Closing. In *Adopting to Change: Labour Market Adjustment in Canada*. Edited by W. Craig Riddell. Toronto: University of Toronto Press for the McDonald Commission, 1986.

Gunderson, Morley. "Labour Standards, Income Distribution and Trade." *Integration and Trade*, 3, 7 (1999) 87-104.

Gunderson, Morley. "Harmonization of Labour Policies Under Trade Liberalization." *Industrial Relations* 53, 1 (1998), pp. 24-52.

Gunderson, Morley. "Labour Standards, Income Distribution and Trade." *Integration and Trade* 3 (January 1999), pp. 82-104.

Gunderson, Morley. *Social and Economic Impact of Labour Standards*. Ottawa: Federal Labour Standards Review Commission, 2005.

Gunderson, Morley. "Changes in the Labour Market and the Nature of Employment in Western Countries." In *Rethinking Workplace Regulation: Beyond the Standard Contract of Employment*, edited by Katherine Stone and Harry Arthurs, 23-41. New York: Sage Publishing, 2013.

Gunderson, Morley. "If Non-Standard Work is the New Normal, What Should We Do About It? In *Reimagining the Regulation and Governance of Work*. Edited by Dionne Pohler, Labour and Employment Relations Research Association, 2020.



Harris, Seth D., and Alan B. Krueger. "A Proposal for Modernizing Labor Laws for Twenty-First-Century Work: The 'Independent Worker.'" Washington, DC: Hamilton Project, Brookings, 2015.

Heintz, James. "Global Labor Standards: Their Impact and Implementation," In Jonathan Michie (ed.), *The Handbook of Globalisation*, Third Edition, Edward Elgar Publishing, 2019, 225-239.

Heywood, J., W. Siebert, and X. Wei. "The Implicit Wage Costs of Family Friendly Work Practices." *Oxford Economic Papers*. 59:2 (2007) 275-300.

Hines, James R. Jr., Hilary Hoynes, and Alan Krueger. "Another Look at Whether a Rising Tide Lifts All Boats." in *The Roaring Nineties: Can Full Employment Be Sustained?*, edited by Alan Krueger and Robert Solow. Russell Sage Foundation: New York, 2001.

Hirsh, C. Elizabeth. "The Strength of Weak Enforcement: The Impact of Discrimination Charges, Legal Environments, and Organizational Conditions on Workplace Segregation." *American Sociological Review* 74, no. 2 (2009): 245-271.

Hirsch, Barry, Bruce Kaufman and Tetyana Zelenska. 2015. "Minimum Wage Channels of Adjustment." *Industrial Relations*. 54 (2) 199-239.

Holzer, Harry, Steven Raphael and Michael Stoll. *Employers in the Boom: How Did the Hiring of Unskilled Workers Change During the 1990s?* Washington: Urban Institute, 2003.

Ichino, Andrea, Fabrizia Mealli, and Tommaso Nannicini. "Temporary Work Agencies in Italy: A Springboard Toward Permanent Employment?" *Giornale degli economisti e annali di economia* (2005) 1-27.

ILO. *Non-standard Employment Around the World: Understanding Prospects, Shaping Challenges*. Geneva, Switzerland: International Labour Organization, 2015.

Jones, S. and P. Kuhn. "Mandatory Notice and Unemployment." *Journal of Labour Economics*. 13 (October 1995) 599-622.

Katz, Lawrence and Alan Krueger. "The High-Pressure U.S. Labor Market of the 1990s." *Brookings Papers on Economic Activity*. 1 (1999)1-87.

- Koebel, Kourtney, and Dionne Pohler. "Expanding the Canada Workers Benefit to Design a Guaranteed Basic Income." *Canadian Public Policy* 45:3 (2019) 283-309.
- Koustas, Dmitri K. "What Do Big Data Tell Us About Why People Take Gig Economy Jobs?" *AEA Papers and Proceedings* 109 (2019) 367-71.
- Kuddo, A. *Labor Regulations Throughout the World: An Overview*. World Bank Group Jobs Working Paper No.16, 2018.
- Kuruvilla, S. *Private Regulation of Labor Standards in Global Supply Chains: Problems, Progress, and Prospects*. ILR Press, 2021.
- Lambert, Susan, Anna Haley-Lock & Julia R. Henly. "Schedule Flexibility in Hourly Jobs: Unanticipated Consequences and Promising Directions." *Community, Work and Family*. 15:3 (2012) 293-315.
- Lazear, Edward P. "Job Security Provisions and Employment." *The Quarterly Journal of Economics*. 105 (August 1990) 699-726.
- Lemos, Sara: "A Survey of the Effects of the Minimum Wage on Prices." *Journal of Economic Surveys* 22:1 (2008) 187-212.
- Lewis, S., B. Stumbitz, L. Miles, and J. Rouse. *Maternity Protection in SMEs: An International Review*. Geneva: International Labour Organization, 2014.
- Malles, P. *Canadian Labour Standards in Law, Agreement and Practice*. Ottawa: Economic Council of Canada, 1976.
- Mas, Alexandre, and Amanda Pallais. "Valuing Alternative Work Arrangements." *American Economic Review* 107:12 (2017) 3722-59.
- Metcalf, David. "Why has the British National Minimum Wage Had Little Or No Impact on Employment?" *Journal of Industrial Relations*. 50:3 (2008) 489-512.
- Mitchell, Michael C., and John C. Murray. "*The Changing Workplaces Review: An Agenda for Workplace Rights*." Toronto: Ontario Ministry of Labour, 2017.
- Murray, M. "Sales Tax Compliance and Audit Selection." *National Tax Journal*. 48 (December 1995) 515-530.

Nataraj, S., F. Perez-Arce, S. V. Srinivasan, and K. B. Kumar. "The Impact of Labor Market Regulation on Employment in Low-Income Countries: A Meta-analysis." *Journal of Economic Surveys* 28 (3) 2014, 551–572.

OECD. *Labour Market Outlook*. Paris: OECD, 1994.

OECD. "Employment Protection and Labour Market Performance," *Economic Outlook* (June 1999) 49-132.

Pencavel, John. *Diminishing Returns at Work*. Oxford University Press, 2018.

Ronconi, L. "Enforcement of Labor Regulations in Developing Countries. *IZA World of Labor*. 2019.

Rubery, Jill. "Part-Time Work: A Threat to Labour Standards?" In *Part-time Prospects: An International Comparison of Part-time Work in Europe, North America and the Pacific Rim*, edited by Jacqueline O'Reilly, and Colette Fagan, 137–55. London: Routledge, 1998.

Ruhm, C. "The Economic Consequences of Parental Leave Mandates: Lessons from Europe." *Quarterly Journal of Economics* 113 (February 1998) 285-317.

Schoepfle, G. And K. Swinnerton (eds.). *International Labor Standards and Global Economic Integration: Proceedings of a Symposium*. Washington: U.S. Department of Labor, 1994a.

Schoepfle, G. and K. Swinnerton. "Labor Standards in the Context of a Global Economy." *Monthly Labor Review*. 117 (September 1994b) 52-58.

Schur, Lisa. "Barriers or Opportunities? The Causes of Contingent and Part-time Work Among People with Disabilities." *Industrial Relations* 42:4 (2003) 589-622.

Sengenberger, W. "Labour Standards in the International Economy: Challenges and Perspectives." In *New Impacts*. Edited by S. Tokunaga, N. Altman and H.Demes. Minich: Gudicium Verlag, 1992.

Sengenberger, W. and D. Campbell (eds.). *Creating Economic Opportunities: The Role of Labour Standards in Economic Restructuring*. Geneva: ILO, 1994.

- Short, J., M. Toffel and A. Hugill. "Improving Working Conditions in Global Supply Chains: The Role of Institutional Environments and Monitoring Program Design," *Industrial and Labor Relations Review* 73(4) 2020, 873–912
- Singh, Ajit and Ann Zammit. "Globalisation, Labour Standards and Economic Development," In Jonathan Michie (ed.), *The Handbook of Globalisation*, Third Edition, Edward Elgar Publishing, 2019, 202-224.
- Swaim, P. and M. Podgursky. "Advance Notice and Job Search: The Value of an Early Start." *Journal of Human Resources*. 25 (Spring 1990) 147-78.
- SRDC. "A Comparative Literature Review of Parental Leave Policies." Report to Families, Youth and Children Human Resources and Skills Development Canada. Ottawa: Social Research and Demonstration Corporation Canada, 2010.
- Stone, Katherine, and Harry Arthurs, eds. *Rethinking Workplace Regulation: Beyond the Standard Contract of Employment*. New York: Sage Publishing, 2013.
- Trejo, S. "Compensating Differentials and Overtime Pay Regulation." *American Economic Review*. 81 (September 1991) 719-740.
- United Nations. *World Public Sector Report*. Geneva: United Nations, 2001.
- Verma, Anil. "Labour Regulation and Jurisdictional Competitiveness, Investment, and Business Formation: A Review of the Mechanisms and Evidence." Report to the Changing Workplace Review, Toronto: Ontario Ministry of Labour, 2016.
- von Wachter, Till. "The Persistent Effects of Initial Labor Market Conditions for Young Adults and Their Sources." *Journal of Economic Perspectives*. 34: 4 (2020) 168–194.
- Vosko, Leah F., Andrea Noack, and Eric Tucker. "Employment Standards Enforcement: A Scan of Employment Standards Complaints and their Resolution under the *Employment Standards Act, 2000*." Report to the Changing Workplace Review, Toronto: Ontario Ministry of Labour, 2016.
- Wang, Jing and Morley Gunderson. "Adjustments to Minimum Wages in China: Cost-Neutral Offsets." *Relations industrielles / Industrial Relations*. 70:3 (2015) 510-531.
- Weil, David. *The Fissured Workplace: Why Work Became So Bad for So Many and What Can Be Done to Improve It*. Cambridge, MA: Harvard University Press, 2014.

Weil, David. "Enforcing Labour Standards in Fissured Workplaces: The US Experience." *Economic and Labour Relations Review* 22:2 (2015) 33–54.