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James P. Begin

Dynamic Human Resource Systems
Cross-National Comparisons

Walter de Gruyter · Berlin · New York 1997
To My Mother and Father

Velma Irene
and
Paul Celeste Begin
The motivation for writing this book stemmed from a career-long interest in
the adaptation of workers to employing organizations, and the sense that,
after decades of experience with the industrialization process, employing orga-
nizations in the U.S.A. still did not have it right, despite the fact that such
employing organizations were the most productive in the world and had
helped achieve one of the highest standards of living in the world for their
workers. So after stepping down from a long stint as a university adminis-
trator, I set a course for myself of learning about the manner in which other
nations balanced the needs of workers and employers in structuring their
human resource management systems. As will be indicated in the acknowl-
edgment section below, this course wound itself through many visits to other
nations, many libraries, and many scholars around the world. A study of the
societal level and firm level industrial relations and human resource systems
of six of these nations, representing the major types of IRHR systems world-
wide (Japan, the U.S.A., the U.K., Germany, Sweden, and Singapore),
serve as the primary resource for this book, along with insights achieved
from less thorough study of other nations which enriched my understanding
of worldwide IRHR patterns.

The goal of this work was to use these cross-national comparisons to bet-
ter understand how human resource policies operate to affect firm perform-
ance, not as individual practices, but as bundles of interacting practices that
have positive effects on both productivity and the quality of life of workers.
Also of concern was the issue of transferability of national HR practices to
other advanced nations or to developing nations, for, if the best HR prac-
tices are not transferable due to their dependency upon country-specific an-
tecedents such as culture, then the convergence of HR practices predicted by
Clark Kerr and his colleagues several decades ago will not take place.

The qualitative, case study method was utilized for data collection be-
cause at this time it is the only one that is possible in the international con-
text for assessing total human resource management systems within nations
(HRMSs). First, theory development is at a very early stage, and the case
study method, in this context, can contribute to the identification of vari-
bles important to subsequent studies employing empirical methods. Second-
ly, as many authors have pointed out (for example, Boyer, 1993), adequate statistical indices that would track HRMS policies and effects and their contingencies over time and that would enable the use of experimental controls are not available. Such data would be extremely costly (Collier, 1991), in part because of the need to remove ideological and cultural effects from data collection instruments, and the need to develop common standards for collecting statistical data across nations. Thus, as Lijphart points out: “Given inevitable scarcity of time, energy, and financial resources, the intensive analysis of a few cases may be more promising than the superficial statistical analysis of many cases” (in Collier, 1991:9).

The disadvantage of case studies is that alternative explanations for outcomes cannot be ruled out because of the problem of “many variables, few cases” (Collier, 1991:9). Among the solutions to this problem are increasing the number of cases and focusing on comparable cases (Collier, 1991), strategies that were used in this study by the selection of five nations in an advanced state of industrial development whose HRMSs appear to represent the major types present among advanced nations. A sixth nation was added, Singapore, to extend the analysis to the evolution of HR systems in newly developed nations. Nonetheless, it is recognized that there are limits to the generalizations that can be drawn from a study of six countries.

Given the problems of comparative research, it is not surprising that most prior studies of IR/HR issues covering many nations have utilized the qualitative case study method. This study deviates from prior studies of national HRMSs in that a single author, using the available English literature, conducts and reports the results of case studies of six nations. A more common approach to the design of comparative research on HRMSs has been for each country to be covered by a researcher or team of researchers from their home countries. The research is then reported using a country chapter format, for example, Bamber and Lansbury (1993), Locke et al. (1995), and Moore and Jennings (1995). While this approach is sensitive to cultural factors important to understanding the HRMS of a particular country, the integration across chapters, and therefore nations, often suffers if no one has sufficient insight about all countries to maximize the integration possibilities across nations, or if the authors do not hold rigidly to a common data collection framework.

Another common approach is for each author to cover one or perhaps a few topics across nations, for example, Blank (1994), Freeman (1994), and Lynch (1994b). The potential of integrating the full range of HRMS functions with each other and with business strategy is minimized. In studies where a single author does comparative research, only a country or two are thoroughly compared (for example, Hashimoto, 1990; Koike, 1988; Wever, 1995), or the book is organized by topics across several countries with the
coverage of each country often incomplete (Bean, 1994). In the former instance, generalizations across several nations are not possible, while in the latter instance, integration across HRMS functions is limited.

Six case studies conducted by one person, carefully selecting the cases to provide variation in the subject researched and using a comprehensive framework for organizing the information, maximizes the potential for integrating the discussion of HRMS functions with each other and with business strategy. Unfortunately the time investment is very large for one person trying to understand the HRMSs of other nations (seven years in this instance), requiring a reduction in the number of countries that were initially included in the study. Furthermore, one author cannot engage in primary data collection in several nations due to the time and resources required, so it is necessary to rely upon existing literature.

An additional problem with the single-author approach is that cultural and ideological bias may prevent the outsider from seeing the “truth” about a nation's HRMS policies and effects. The best control for this effect is to review the work of a range of authors, both from within and outside the nation under study, and to search for areas of consensus.

The empirical research examining the actual effects of many HR policies is varied in quality and limited in quantity, particularly that which relates total HR systems to firm/societal performance. Thus getting at cause and effect relationships is very difficult. Where the literature did not establish cause and effect linkages among HRMS policies and HRMS effects, under each HRMS effect the HRMS policies and practices that are expected to have a particular effect was discussed, followed by a review of outcome measures for that particular effect. For example, employment security measures that are expected to have an effect on external numerical flexibility (ability to adjust employment) will be discussed, followed by a discussion of actual employment patterns in a particular nation. Obviously this latter format does not establish cause and effect relationships because there may be multiple explanations for outcomes such as high productivity or low unemployment.

Nevertheless, a comparative study of this type can be useful in identifying variables and apparent relationships among variables that can be tested through future research.

I have many to acknowledge for their help in providing insights and access to information useful in writing the book. First, I am very appreciative to the School of Management and Labor Relations, Rutgers University, because without the leaves provided by my University the travel necessary to collect information for this book would not have been possible. The interaction with students in my comparative class over several semesters contributed immeasurably to the structure and substance of the book.
During one of my leaves, Orley Ashenfelter was kind enough to arrange for a visiting appointment to and an office in the Industrial Relations Section of the Princeton University Economics Department. The IR library resources and staff were terrific. Numerous individuals and organizations in other countries spent considerable time helping me gain insights about their industrial relations and human resource management systems. During another leave, Paul Edwards and Keith Sisson were very helpful in arranging a visiting research appointment to the Industrial Relations Research Unit of the University of Warwick Business School, the United Kingdom. Much information on the U.K. and other European nations was obtained during this visit.

The Swedish Institute through the good offices of Christina Engfeldt, Deputy Director of the Swedish Information Service in New York, helped arrange two visits to Sweden where I had the good fortune to meet with numerous labor, management, and government officials. The Swedish Center for Working Life headed by Birger Viklund was helpful in providing materials. Jan Odhnoff of The Royal Institute of Technology in Stockholm was kind enough to read and make useful comments on my chapter on Sweden. The help of Frieder Naschold of the WZB in Berlin in arranging for an office and access to the extensive library holdings was much appreciated; the library staff was extremely helpful. Berndt Keller of Konstanz University in Germany also provided me with useful materials on the German industrial relations system.

Peter Schwanse of the Organization for Economic Cooperation and Development in Paris arranged meetings with several staff members. OECD materials were invaluable in the preparation of this book, as were those of the ILO. Alan Gladstone of the ILO was very helpful in arranging a visit with several staff members at the ILO in Geneva and access to the great ILO library, and Carmelo C. Noriel was kind enough to arrange a visit to the ILO's regional office in Bangkok, Thailand, where I met with several staff members as well as Thai labor, management, and government officials.

Rutgers students in our Master's in Human Resource Management program in Singapore helped me to understand the Singapore IR system, particularly Ng Geok Kim who arranged meetings with government, labor, and management officials in Singapore. I also appreciate the time that many other officials spent with me during my several visits to Singapore. A planned visit to the Japanese Institute of Labor in Tokyo was prevented by illness, but Motohiro Morishima of Keio University was kind of enough to read the draft of my Japanese chapter and made many useful comments. Shozo Inouye, with Hiroshima University when I first met him, provided useful information, and was kind enough to suggest contacts for some of my Singapore and Thailand meetings. Thanks to the U.S. Navy, I had spent
several months home ported in Japan some years ago and I traveled throughout the country.

Although I did not include Australia in the book as originally planned due to time constraints, important insights about the transformation of the Australian industrial relations system were gained during a two-week study tour arranged by Brian Howe, Minister for Health, Housing, and Community Services and later to become Deputy Prime Minister, in which I met with numerous management, labor, and government officials in Sydney, Canberra, and Melbourne. I particularly appreciate the efforts made by Suzanne Northcott of his staff in coordinating the many visits. Steve Frenkel was also kind enough to arrange for library access at the University of New South Wales. Other countries that I have both visited and read about their HRMSs were Russia, China, Finland, Norway, Denmark, France, Hong Kong, Thailand, and Malaysia.

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Princeton, New Jersey, May 1997

James P. Begin