

Comparing human resources united states and japan commerce essay



Comparative HRM seeks to describe, compare and analyse the way human resource management and deployment is carried out in various countries amid the globalisation of businesses, people, goods and services. Although most HRM systems across the globe will contain similar key functions as recruitment, deployment, compensation, as well as training and development, the ways they are carried out in each country are very much influenced by the varying national culture and the institutional framework and settings. Differences in these contexts and environment play a key role in how HRM practices are carried out, defined and accepted across regions and nations.

Universalist Vs Contextual

Fundamentally, there are two approaches to exploring HRM: the universalist approach and the contextual (Brewster, 1999) approach. These two approaches are reflected in two further dichotomies: the cultural and institutional school of differences, and the convergence and divergence schools of thought.

The universalist paradigm, which is dominant in the USA, assumes that the purpose of HRM is to improve the way human resources are managed strategically so as to achieve organisational performance and goals, as judged by its impact on a company's declared corporate strategy and its respective stakeholders (Brewster, 2011). Based upon this concept is the assumption that there exists a good standard practice of HRM which were characterised by the US Department of Labor (1993) as having certain characteristics:

Careful and extensive systems for recruitment, selection and training

Formal systems for sharing information with the individuals who work in the organisation

Clear job design

Local-level participation procedures

Monitoring of attitudes

Performance appraisals

Properly functioning grievance procedures

Promotion and compensation schemes that provide for the recognition and financial rewarding of high-performing members of the workforce.

However, other researchers and practitioners, especially those with knowledge and interests in other countries, find the list contrary to their own experience and what they perceive of as 'good practice'. For example, companies operating in a high power-distance environment with a heavy top-down management approach may not find it a necessity to implement local-level participation procedures or grievance channels.

In contrast, the contextual paradigm focus recognises that different HRM systems are contextually unique. It focuses on asking the 'how's and the why's of the existence of different perceptions and practices of HRM in different countries. The policies and practices of 'leading-edge companies are of less interest to contextualists than explaining how certain labour

markets work and why certain practices are adopted by most. And contrary to the Universalist approach, measurement and attainment of organisational performance is secondary.

Contextualists explore the importance of factors such as cultures, labour market regulations, role of governments, unions, and ownership structures in influencing HRM and accepts that within an organisation, people has differing views, beliefs, needs and requirements.

The universalist paradigm excludes much of the work of HRM specialists in areas such as compliance, equality issues, trade union relationships and dealing with government and other governing bodies, due to its focus of operation within the level of the organisation. Contextualists, on the other hand, involve themselves beyond the organisation level to issues at the national or international level.

Culturalist Vs Institutional

Within the Contextualist paradigm, there are two schools of thought, namely the cultural school and the institutional school. Proponents of the culturalist approach would argue that national cultural differences while difficult to observe and measure, are important in shaping the ways human resources are managed and deployed across different countries or regions.

Culture is defined as a set of shared values, assumptions and beliefs that are learnt through membership in a group, and that influence the attitudes and behaviour of group members (Pankaj, G., 2011). This definition includes 3 key characteristics: First, culture can be understood as a group phenomenon that distinguishes people of one group from another. From this perspective, <https://assignbuster.com/comparing-human-resources-united-states-and-japan-commerce-essay/>

cultures exist at many different levels, including organizational functions or business units, occupational groups, organizations, industries, geographical regions, and nations (Kwok Leung 2005).

Second, the above definition implies that culture is not obtained by birth but rather acquired through a process of socialization. The learning of shared values, assumptions and beliefs occurs through interactions family, teachers, officials, experiences and society at large. Geert Hofstede speaks of culture as a process of “ collective programming of the mind”(Hofstede, G., 1980). Third, it is this collective programming that determines what is considered acceptable or attractive behaviour. In other words, cultural values provide preferences or priorities for one behaviour over another.

Cultural value differences have persisted to exist despite some convergences in cultural habits, artefacts and symbols. For example, in Korea, employees observe a strict code of deference and utmost submissiveness to their superiors while a Swedish or Danish employee might feel more at ease to challenge their superiors over a differing opinion. Some cultures put more emphasis on honesty whilst others on loyalty to friends and relationships.

From the perspective of institutional theory, organisational decision making is not an outcome just of strategic choice but also of powerful social forces within and outside organisations. The forces emanate from social institutions such as region, family, work, school, politics (Berger P. L. and Luckman T., 1967). The theory acknowledges that organisations operate within a specific political, economic, social and technological environment largely shaped by history. In order to be effective in that environment, these organisations

need to manage in way that recognise the local circumstances and create and sustain legitimacy with key stakeholders. For example, in Europe compared to USA, the government plays a larger role in deciding how employees is to be protected of their jobs and what terms they are to be employed.

Convergence Vs Divergence

For at least four decades the international management literature has been characterized by two

recurring and very central debates: on the macro (country) level the so-called convergence vs.

divergence debate, which remains a key point of controversy in cross-cultural management; and,

on the meso (company) level, the standardization vs. localization debate, one of the central

questions in the literature on multinational corporations (MNCs). Since HRM deals with the management of people, it is often seen as one of the functions that will be least likely to converge across countries and where MNCs are more likely to localize their practices than to export their country-of-origin practices. While there is considerable support for this assumption, the question remains whether the increasing importance of globalization and the ever-growing presence of MNCs will not diminish the localization of practices. In this context, the dominance effect assumes particular importance. It occurs when management practices of subsidiaries are neither shaped in

accordance to the host country (localization), nor to the home country (country-of-origin effect), but according to that country which sets the standards for what are perceived global 'best practices'. (Markus, P. and Anne-Wil, H. 2007)

The convergence vs divergence debate is one between those who argue that all aspects of management are becoming more alike due to the forces of globalisation and those who believe that each country continues to have its own approach to management and HRM, in particular.

Convergence can be viewed from a market-based perspective where the logic and diffusion of technology and data mean that in order to compete successfully, everyone will seek to adopt the most efficient management and HRM practices (Kidger P. J., 1991). The predominant model is assumed to be the US universalist model (Smith C. and Meiskins P., 1995). This is also referred to as the dominance effect as mentioned above. From the institutional perspective, similar legislation or institutional framework across a region or group of countries e. g. the European Union would mean more similarities in the ways countries handle HRM.

On the other end of the wider debate, the concepts of cultural differences and institutional theory would support the argument for divergence.

Proponents of divergence theory do not believe that the same management or HRM practices can be used across different countries due to the shaping forces of cultural and institutional differences, and that practitioners must be aware of, understand and respond to these national differences.

Hofstede's study of culture

Professor Geert Hofstede conducted one of the most comprehensive studies of how values in the workplace are influenced by national culture. (Hofstede 1980, 2001) He started off with analyzing a large data base of employee values scores gathered by IBM between 1967 and 1973 covering more than 70 countries, from which he first started using the 40 different largest companies and further extended the analysis to 50 other countries.

Hofstede's value dimensions comprise of Power Distance, Uncertainty Avoidance, Individualism and Masculinity.

Power distance : " Power distance is the extent to which the members of power distance organizations and institutions accept and expect that power is distributed unequally." (Hofstede 1980, 2001)

Individualism vs. collectivism: " The degree to which individuals are integrated into groups". In individualistic societies, the stress is put on personal achievements and individual rights. In contrast, the individuals in collectivist societies act predominantly as members of a lifelong and cohesive group or organization.

Uncertainty Avoidance: " The focuses on the tolerance level for uncertainty and ambiguity within the society". It reflects the extent to which members of a society attempt to cope with anxiety by minimizing uncertainty.

Masculinity vs. Femininity: " The distribution of emotional roles between the genders". Masculine cultures' values are competitiveness, assertiveness, materialism, ambition and power,

whereas feminine cultures place more value on relationships and quality of life.

Geert Hofstede added a fifth dimension after conducting an additional international study using a Chinese value survey instrument developed within the Chinese region. Hofstede described this dimension as Confucian Dynamism which is also known as Long Term Orientation.

Long-Term Orientation vs. Short-Term Orientation:” The degree of focus on the society embraces dealing with virtue”. Societies with a short-term orientation generally have a strong concern with establishing the absolute Truth. In societies with a long-term orientation, people believe that truth depends very much on circumstance, contexture and timing.

Japan HRM practices vs. America HRM practices

Japan as one of the world major growing economies, has a homogenous culture which many countries have tried to emulate the management policies and practices with varying degrees of success. The Japanese society is highly characterised by a strong sense of group and community. Strong loyalty enrooted in their character, for which they are prepared to sacrifice their personal interests for the benefit of the group. In contrast, America being the world most dominant leader, has a influential management style and culture contexts. The rest of the world has looked upon it as models and sources of managerial innovations. American strong strategic and comprehensive approach to managing people make it the top notch leader in today’s Human Resource Management.

Differences in Power Distance between Japan and America

Japanese are mindful of their hierarchical position in any social setting and act accordingly to the existing culture. Culture in Japan are define as high power distance as mostly of the decisions must be confirmed by each hierarchical layer and finalised by the top management. An example is the “ Ringi” method of decision making. This process involves a great deal of informal consultation and leads to the preparation of a written proposal which is circulated to affected employees by the implementation and then to the senior management level. Being a particularistic country, employees in Japanese company are treated based on ranks and seniority and the number of years they served in that particular company. Long term and life-time employment are often offer for regular core employees who are loyal and display commitment to the company.

On the other hand, American displayed small power distance. They tends to treat people fairly. American hierarchy is being established for convenience purpose. Communication is open, informal and direct. They tends to express what they exactly mean without talking around things. Leaders are approachable and accessible and individuals are being rely based on their expertise.

Collectivistic Japanese vs. Individualism American

Japanese society shows many characteristics of being a collectivistic society and also being classified as collectivistic by Western standards. The integration of the individual into groups is part of the principal goal in Japanese society. Relationship and harmony becomes an crucial part of the working society and prevails over business itself. Mass focus in strong group

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-cohesiveness include extended families such as putting harmony of group above the expression of individual opinions is the differentiated characteristics in which Japanese displayed. The Japanese emphasize teamwork, participation and leadership in the organisation. They discourages open expression and open conflict because of the importance of avoiding embarrassment.

American comprises highly individualistic culture. They are self-focused and prefer to act as individuals rather than members of the group. There is individual freedom and success to purse one's career progression and interests and they believe individuals can shape and control one's destinies. Employees are more concerned with their own careers and personal success rather than the goals of the organisation. They do at times, displayed collectivism in the face of a common threat.

Masculinity focus vs. Masculinity focus in Japan and America

Japan is one of the most masculine societies in the world which is highly driven by competition, achievement and success. Even at the very young age, they are being taught on the importance of winning. And in corporate Japan, employees strive to the best of their abilities when they are fighting against their competitors in winning. On the other hand, It is still tentatively hard for women to climb up the corporate ladders in Japan with their masculine norm of long working hours which result in high discrimination against woman. In contrast, Male seniors are still much more appreciated and stand a higher chance in achieving the promotion opportunities.

Americans are ambitious, competitive, goal oriented and high achievers. Americans tend to display and talk openly in a friendly manner on their achievements. In the States, hiring and firing employees are justified accordingly on the market conditions. Employees are employed based on individual skills and working experience. Hiring and promotion decisions are based on the basis of merits as opposed to status, hierarchy and gender. The American system is performance oriented and job status is based on the performance of their job scope. Many new hires are professionals who are highly educated and well-trained.

High Uncertainty Japan vs. Low Uncertainty Avoidance America

Japan is ranked as one of the most uncertainty avoiding countries which is easily differentiated from the rest of the countries. They dislike uncertainty and everything must be in good control without any uncertainty occurring. Japanese spend a lot of time and effort into feasibility studies and all risk factors must be minimized before any decision is made. Detailed facts and figures must also be provided for supporting every decision the organization makes. This high degree of uncertainty avoidance is one of the reasons why changes are still so difficult to realize in current Japan.

America is being described as the most uncertainty accepting country. There is a large degree of acceptance for new ideas, innovative products and a willingness to try new inventions. Americans are more tolerant of ideas and opinions from anyone and allow the freedom of expression. They accept risks and are risk-takers. Americans live more easily with uncertainty and

skeptical about rules and regulations. They believe all problems can be solved and all obstacles will be overcome.

Long-Term Orientation in Japan vs. Short-Term Orientation in America

Japan being long term orientation is seen in the consistent high rate in terms of investment and research and development even in economically down time. Japanese prefer to progress slowly towards a long-term goal. Values associated with long-term orientation are thrift, perseverance and making sacrifices for the future. Japanese embraces long-term commitments and sacrifice for a purpose. Serving the stakeholders and future generation are the long term commitment for most Japanese company at current.

American orientation dimension focus on short term oriented culture. They measure their business as a short term basis as they are performance-oriented and result-oriented. Individuals are driven for quick results and are expected to produce quick results in the shortest time. Americans value the past and current resulting in respect for tradition and fulfilling social obligations.

Varieties of Capitalism

Facing the globalization process national economies and their institutional arrangements are confronted with the increasing competition to each other in order to generate the best economical results as national wealth growth, high employment etc. The liberal argumentation in this issue supports therefore institutional deregulation and the welfare-state retrenchment as the adequate responses to the challenge and names the economies of the USA and of the UK as the successful models of capitalism. In their opinion,

the less liberal market economies as f. ex. Germany, Sweden, France or Japan should change their institutional arrangements into liberal ones to keep competitive on the global markets.

The varieties of capitalism approach to the political economy is actor-centered, which is to say we see the political economy as a terrain populated by several actors, each of whom seeks to advance his interest in a rational way of strategic interactions with others. In which the relevant actors may be individuals, firms, producer groups, or government related.

LME Vs CME

Liberal market economies (LMEs), which coordinate activities via hierarchies and competitive market arrangements, classically described by Williamson. The LME system is based on arms-length exchange of goods and services, in the context of competition and formal contracting. Actors adjust to the price signals generated by markets. In many cases an effective coordination is achieved and equilibrium outcomes of firms' behavior are given by supply and demand.

Coordinated market economies (CMEs), which make more use of non-market relations. Key elements of non-market relations are extensive relational investment, incomplete contracts and network monitoring based on the exchange of private information within networks, as opposed to competitive behavior.

Both LMEs and CMEs have institutional capacities-albeit different capacities-for being competitive. For instance, firms in LMEs tend to compete on the basis of low cost and radical product innovation. Why? Because LMEs have <https://assignbuster.com/comparing-human-resources-united-states-and-japan-commerce-essay/>

institutions like weakly regulated labor markets as well as financial systems that impose short-term investment horizons but allow high risk taking. These enable firms to keep labor costs down, shed labor and close plants quickly, shift capital rapidly from one industry to another, and invest in risky but potentially revolutionary and lucrative research and development projects. In contrast, firms in CMEs compete more on the basis of quality and incremental innovation, such as adopting breakthrough technologies developed elsewhere. This is because CMEs have institutions like cooperative industrial relations systems within firms, coordinated wage bargaining across firms, national vocational training programs, and financial systems that allow for long-term investment horizons. These produce highly skilled managers and workers who tend to cooperate in planning, trouble shooting, and the introduction of the latest technologies in ways that enhance product quality (Hall and Soskice 2001b; Soskice 1999; Streeck 1991). This is not to say that all LMEs and CMEs perform successfully.

Many firms in a coordinated market economies employ productive strategies that rely on highly skilled labor force given substantial work and encourage to share information it acquires in order to generate continuous improvements in product lines and productive processes. However, companies which adopt such strategies are vulnerable to hold up by their employees and stealing of skilled workers by other companies.

Labour legislation in United States

Wages & Working Hours

In US, the Department of Labor enforces the Fair Labor Standards Act (FLSA), which sets basic minimum wage and overtime pay standards. (US Department of Labor, 30. 10. 12). The Act requires that employees must receive at least the minimum wage of \$7. 25 per hour and may not be employed for more than 40 hours in a week without receiving at least one and one-half times their regular rates of pay for the overtime hours.

Overtime Pay: Not less than one and one-half times regular rate of pay

Vacation and Sick Leave

The Fair Labor Standards Act (FLSA) does not require payment for time not worked, such as vacations, sick leave or federal or other holidays. These benefits are matters of agreement between an employer and an employee (or the employee's representative).

The Family and Medical Leave Act (FMLA) provides for up to 12 weeks of unpaid leave for certain medical and family situations (e. g., adoption) for either the employee or a member of the covered and eligible employee's immediate family; however, in many instances paid leave may be substituted for unpaid FMLA leave.

Severance Pay

Severance pay is often granted to employees upon termination of employment. It is usually based on length of employment for which an employee is eligible upon termination. There is no requirement in the Fair Labor Standards Act (FLSA) for severance pay. Severance pay is a matter of agreement between an employer and an employee (or the employee's

representative). The Employee Benefits Security Administration (EBSA) may be able to assist an employee who did not receive severance benefits under their employer-sponsored plan.

Equal Opportunity

Title VII of the Civil Rights Act of 1964 prohibits discrimination in hiring, promotion, discharge, pay, fringe benefits, job training, classification, referral, and other aspects of employment, on the basis of race, colour, religion, sex or national origin. This law is enforced by the Equal Employment Opportunity Commission (EEOC).

Unemployment insurance programs

In general, the Federal-State Unemployment Insurance Program provides unemployment benefits to eligible workers who are unemployed through no fault of their own (as determined under State law), and meet other eligibility requirements of State law.

Unemployment insurance payments (benefits) are intended to provide temporary financial assistance to unemployed workers who meet the requirements of State law.

Each State administers a separate unemployment insurance program within guidelines established by Federal law. Eligibility for unemployment insurance, benefit amounts and the length of time benefits are available are determined by the State law under which unemployment insurance claims are established.

In addition to helping workers and their families, the Unemployment Insurance programs play a key role in helping businesses, communities, and the nation's economy. The program helps cushion the impact of economic downturns and brings economic stability to communities, states, and the nation by providing temporary income support for laid-off workers.

Unions and their members

The Labour-Management Reporting and Disclosure Act (LMRDA) of 1959 deals with the relationship between a union and its members. It protects union funds and promotes union democracy by requiring labour organizations to file annual financial reports, by requiring union officials, employers, and labour consultants to file reports regarding certain labour relations practices, and by establishing standards for the election of union officers. The act is administered by the Office of Labour-Management Standards (OLMS).

Summary

In summary, we can see that the labour system in United States is fairly open with moderate regulation with emphasis on human rights with regards to minimum wages and equality of employment. Most of the other aspects of labour employment including severance pay, vacation pay, sick leave are left to the agreement between each firm and their employees.

This is in line with their low uncertainty avoidance culture in which they accept risks and are risk-takers. American live more easily with uncertainty

about rules and regulations. They believe all problems can be solved and all obstacles will be overcome with the right resolve.

As Americans generally display small power distance, they tend to treat people fairly. American hierarchy is being established for convenience, communication is open, informal and direct. This could be one of the reasons behind their Labour-Management Report and Disclosure Act and the foundation behind the Equal Employment Opportunity Commission (EEOC).

This open-culture nature of labour regulation would be a big draw for multinational corporations who are seeking overseas expansion in the face of globalization.

Labour legislation in Japan

Wages & Working hours

Japan's Ministry of Health, Labour and Welfare dictates that an employer shall not have a worker work more than 40 hours per week, excluding rest periods, and more than 8 hours per day for each day of the week, excluding rest periods. (Japan Institute for Labour Policy and Training, 27. 10. 2012)

Overtime Pay

In the event that an employer extends the working hours or has a worker work on a day off, the employer shall pay increased wages for work during such hours or on such days at a rate no less than the rate stipulated by cabinet order within the range of no less than 25 percent and no more than 50 percent over the normal wage per working hour or day; provided,

however, than in the event that the working hour thus extended exceed 60 hours per month, the employer shall pay increased wages for work during those hours at a rate no less than 50 percent over the normal wage per working hour. The Ministry may prescribe changes to these standards or limits or other items as they deem appropriate.

Rest periods

An employer shall provide workers with at least 45 minutes of rest periods during working hours in the event that working hours exceed 6 hours, and at least one hour in the event that working hours exceed 8 hours.

Annual Leave

An employer shall also grant annual paid leave in accordance to the following table.

Number of years of continuous service from the 6 months completion day

Working days

1 year

1 working day

2 years

2 working days

3 years

4 working days

4 years

6 working days

5 years

8 working days

6 years or more

10 working days

Dismissal

A dismissal shall, where the dismissal lacks objectively reasonable grounds and is not considered to be appropriate in general societal terms, be treated as a misuse of that right and invalid.

An employer shall not dismiss a worker during a period of absence from work for medical treatment with respect to injuries or illnesses suffered in the course of employment nor within 30 days thereafter, and shall not dismiss a woman during a period of absence from work before and after childbirth nor within 30 days thereafter; provided, however, that this shall not apply in the event that the employer pays compensation for discontinuance in accordance nor when the continuance of the enterprise has been made impossible by a natural disaster or other unavoidable reason.

In the event that an employer wishes to dismiss a worker, the employer shall provide at least 30 days advance notice. An employer who does not give 30 days' advance notice shall pay the average wages for a period of not less than 30 days; provided, however, that this shall not apply in the event that the continuance of the enterprise has been made impossible by a natural disaster or other unavoidable reason nor when the worker is dismissed for reasons attributable to the worker.

Equal Treatment

An employer shall not engage in discriminatory treatment with respect to wages, working hours or other working conditions by reason of the nationality, creed or social status of any worker.

In addition, under the Principle of Equal Wages for Men and Women), an employer shall not engage in discriminatory treatment of a woman as compared with a man with respect to wages by reason of the worker being a woman.

Employment Insurance System

Employment insurance in Japan is an obligatory insurance managed by the government and it is compulsory for any enterprise which employs more than one worker.

Under this scheme, benefits are granted to the unemployed, to workers who are having trouble continuing their employment and to those who voluntarily receive vocational training. It aims to promote workers' welfare and prevent unemployment by increasing work opportunities and skills training.

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Summary

On the contrary from the United States system, labour employment conditions in Japan are very much regulated and controlled by the government. This is due in part to the fact that Japan is one of the most uncertainty avoiding countries. They dislike uncertainty and everything must be in good control without any uncertain occurring. As such, this is the need for many specific standards and limits in the form of exact figures to avoid ambiguity and confusion.

There is also government emphasis on gender discrimination as Japan is a highly-masculine society. These rules protect working women as it is still tentatively hard for women to climb up the corporate ladders in Japan with their masculine norm of long working hours which result in high discrimination against woman.

An interesting point to note is that their labour legislation takes into account the impact of natural disasters on employment terms and agreements. Quite appropriate since Japan is an earthquake-prone country.

Japan