

Comparing different international hrm strategies



Human Resources Management is a planned approach to managing people effectively for performance. It aims to establish a more open, flexible management style so that staff will be motivated, developed and managed in a way that they can give their best to support departments missions. Good HRM practices are instrumental in helping departmental objectives and enhance productivity. For the purpose of sharing experience and providing reference in launching HRM initiatives.

HRM Good Practices

Since launching HRM movement in 1994 in the civil service, Civil Service Bureau has sponsored and individual departments have introduced various HRM initiatives. In taking HRM forward, we need a strategic and integrated approach in managing people effectively for performance. In taking a strategic and integrated approach, HRM is linked to the department's strategic direction in a systematic way. Such an approach is often reflected in the following practices –

clarifying a department's strategic direction by way of articulating its Vision, Mission and Values statement;

establishing the strategic linkage and integrating HR programmes through a HRM Plan

projecting its short to long term human resource need through a Manpower Plan.

At the same time, all manager must adopt a more open, flexible and caring style in managing their staff. Such an approach is reflected in number of ways. The three most common practices are –

managing people effectively for performance through an open Performance Management System that call for individual objectives tied to departmental objectives, regular coaching, and developing staff on job;

enhancing staff' competencies to perform better through effectively training people to achieve departmental objective and results

LITREATURE REVIEW

1)Similarities and Differences in Human Resource Management in the European Union

Sources: Thunderbird International Business Review, Vol. 45(6) 729-755 - November-December 2003

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European authors have acknowledged that HRM originally developed in the United States.. European writer; Hendry & Pettigrew, have been critical of apply American HRM views to other countries, especially Europe. Such criticism is entirely valid. A theoretical or practice HR model developed in the cultural context of one country should not indiscriminately applied to another country without testing the cultural biases of its assumption.. While the U. S. influence in HRM has been criticized, there is also a particular fondness among some European HRM academic writers to compare and contrast

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European with U. S. HRM. Brewster and Bournois posed the following question as a point of departure to justify such a comparison, “ To what extent there is sufficient similarity in Europe to require us to question whether there may not be significant difference between HRM in Europe as a whole and the United States of America? The comparison point out that in Europe, HRM is less dependent, companies have less autonomy and freedom of action, trade unionism is more important, the social partners have more influence, legal regulations are more important, and there is a stronger tradition of employee involvement. Brewster and Hegewisch push the comparison between European and American HRM even further and justify the existence of a European HRM model based on these differences.

They conclude that,” There are identifiable difference between the way in which HRM is conducted in Europe and that of the United States, a difference which allows us to speak of a European form of HRM .” Brewster and Bournois also speak of two paradoxical trends that run through HRM in Europe. On the one hand there are clear country difference that can be understood and explained in the context of each national culture and its manifestations in history, laws, institutions, and employee organizations. On the other hand, there is an difference between the ways in which HRM is conducted in Europe vs the United States Brewster has made important contribution in pioneering the notion that there is a European HRM tradition distinct from others. He must be credited with being the first to attempt to develop a “ European” model of HRM distinct from existing U. S. model. His European HRM model locates organizational issues within sectorial and national influences.

However, according to Clark and Mallory, Brewster's European model has four main problems. First, talking about European HRM is an example of reductionism that fails to take into account the cultural diversity of the European nations. Second, Brewster overestimates the level of autonomy enjoyed by HR manager and organizations in the United States. Third, his model is potentially culturally conditioned and inherently ethnocentric.

2) Changes in HRM in Europe: A longitudinal comparative study among 18 European countries

Sources: <http://www.emeraldinsight.com/>

- To examine HRM strategies and practices and HRM position within organizations in various cultural, economic and sociopolitical contexts from a longitudinal perspective.

Findings - The overall picture is that the 18 countries form two major clusters. Countries in Europe can be systematically clustered in a North/West-South/East distinction, regarding HRM practices. There is no indication of convergence between the major clusters. However, movement from one cluster to another was observed, with Italy and East Germany moving to the North-western cluster.

Research limitations/implications - The level of analysis, which is HR practice at a national) and regional level, is a methodological limitation of the present study. Analysis at this level conceals qualitative differences between countries, which are important in the contextual paradigm.

Practical implications – The issue of convergence in HR practices has important implications for HR managers in multinationals who operate in Europe and the transferability of HR practices.

Originality/value – This paper addresses the issue of whether over time there is an increasing “Europeanisation” (convergence) of HRM practices in Europe or not, by studying HR practices in 18 European countries.

3) Employers Find An Innovative Way To Escape The Growing Expense Of Providing References

Sources: www.workpass.co.uk/calculator

UK – Unemployment is at its highest for over a decade and still rising fast. One unexpected impact of this trend has been to increase the administrative burden on Human Resource departments, whose staff are required to provide references for the rising number of former employee who are seeking jobs.

Added to that is the growing scrutiny of landlord and lending organisation seeking to authenticate the salary detail of current employees, in the wake of recent scandals about irresponsible lending. It is all making managing references unacceptably time-consuming and costly for HR team, at a time when most businesses are seeking to find new efficiencies and save money.

As a result, more and more employers are choosing to entrust reference management to the specialists at WorkPass. “Using WorkPass is one of those rare things in business: a genuine no-brainer.” It’s an innovative, online solution that’s able to handle all kinds of reference requests relating <https://assignbuster.com/comparing-different-international-hrm-strategies/>

to both previous employees looking for work and current ones looking for, say, a bank loan or to rent a property.”

WorkPass is a wholly owned subsidiary of Verifile Ltd – the UK’s leading provider of pre-employment screening services. Its services are fully compliant with the Data Protection Act -which means that using WorkPass helps businesses pass the common compliance challenges associated with providing references over to WorkPass, thereby reducing their risks.

Ben-Cohen continues: “ We take data protection very seriously. That’s why we make sure that each employee has control over who can access their data by letting them generate consent codes which provide controlled access to their details on our site.”

As well as effortlessly maintaining high levels of compliance, clients can provide a platinum service that enhances the good reputation of their organisation, while freeing up costly HR resource, helping them to deliver real and rapid cost savings.

Uniquely on the market, WorkPass is offered as a free service to employers and employees. Reference-seekers instead pay a small access fee for the benefit of getting accurate and speedy responses to their online queries, often within seconds – saving them time and money as well.

Employers can offer a flexible choice of reference through WorkPass. These include providing basic references, confirming only dates of employment and position held; detailed references of the sort usually sought by financial

institutions requiring confirmation of salary; and customised references, such as those required under compromise agreements.

4) The Human Resource Development function: the ambiguity of its status within the UK public service

Source: <http://ras.sagepub.com/cgi/content>

Improving performance through better employee development practice is a recurrent theme within the UK public sector. Human Resource Development is seen as playing a pivotal role in this process. This article will review the role, structure and status of HRD within the UK public service. It will consider the apparent paradox that exists. On the one hand, the HRD function is reported to have a vital role in the development of those working within public service organizations. On the other hand, some hold the view that the reshaping of the function is diminishing its status and influence. The article draws on the findings of the first phase of study examining the role, structure and status of the HRD function in UK public sector organizations. Findings suggest that how the HRD function is presented and represented is problematic.

5) The Unique Recruiting and Human Resources Practices in Japan

SOURCES: The Unique Recruiting and Human Resources Practices in Japan

By Ames Gross and Larry Hewes

Spring 1997

Published in International HR Journal

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EXECUTIVE SUMMARY

- Foreign firm attempting to enter the Japanese market must first acquaint themselves with Japan's labor laws and human resource practices in order to be successful.
- Although not required by statute, in Japan, workers generally have lifetime employment with a single company.
- In Japan, promotions and increases in responsibility are usually based on seniority, rather than solely on merit, and the promotion of a younger employee over more senior co workers can cause discomfort in the workplace.
- While Japan does have a national health system, many foreign company enroll their workers in a private health insurance plan, which are offered by foreign insurance companies.

As matter of background, the Japanese economy is now recovering from a long period of recession and stagnation. It is a “ huge” economy in world term, second only in power and size to that of the United States. In many way, Japan's economy is superior to that of the United States; for example, Japan is the world's largest creditor nation while the United States is the largest debtor nation. Japan run a trade surplus while the United States has a deficit, and the savings rate of Japan's citizens far that of the United States. Japan has a population of 130 millions people, and its society — which has been for centuries, and even during several decades, closed —is opening up more and more to foreign commerce. For example, there are many more

foreign car in Japan now than there were just 10 years ago, and hundreds of U. S. and European company now do business in Japan.

Given the size of its market and its economic power, it behaves almost any U. S. business to look seriously at doing business with Japan. For some companies – those whose products are so unique or who simply do not have the resources to establish a physical presence in Japan — purely exporting may work, however, setting up an office in Japan and, of course, recruiting and hiring staff are the best way to go. However, one cannot do this successfully without understanding what the human resources issues and labor laws in Japan are, and how the written and unwritten traditions governing business and employment operate in that country.

The purpose of this article is to provide foreign employer with some guideline on this subject. Recruiting, hiring, firing, termination, out placement, salary, title, and other basic subjects are covered.

6) The transferability of Japanese HRM practices to Thailand

Jun Onishi

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This research examined the transferability of Japanese human resource management to Thailand. Attitude toward life-time employment, seniority system, consensual decision-making, quality circle, and house unions were considered. The sample included 560 managers and staff of Japanese companies in Thailand. The results indicate that all five practices except

seniority are transferable. The Thai employees have more positive attitudes toward consensual decision-making, quality circles and house unions than the Japanese managers in the Japanese manufacturers in Thailand. Some Japanese managers think that consensual decision-making and quality circle are not appropriate or accepted in Thailand. This belief may limit the implementation of these practices. Regarding seniority, both the Japanese manager and the Thai employees agreed that performance should be evaluated by achievement, but years of service should be part of evaluation criteria.

OBJECTIVES

1. To study HRM practices in Europe
2. To study structures operating within international companies across Europe.
3. To study the structure and operation of the European Union
4. To study the corporate culture in Europe

RESEARCH METHODOLOGY

Research would be undertaken through secondary data. The data collected from

1. Journals
2. Magazines
3. Internet

4. Books

HR PRACTICES IN EUROPE

HR in perspective across Europe

A brief look at the economic and social context of the fifteen longer-established EU member states.

Austria joined the EU in 1995. It has benefited greatly from both physically and linguistically close to Germany and it holds key position on transalpine transport routes. This small, but highly efficient, central European state has well-developed system of labour relations, a high level of employee involvement and a welfare system that, although generous, nevertheless incorporates a sufficient incentive to remain in work.

Denmark has driven up its wage level to be the highest in the world by heavily taxing employees and relying heavily on collective bargaining to regulate pay and employment condition. However, it has one of the most skilled workforce in Europe and has been a pioneer in flexible working methods. This has helped Denmark to achieve high, sustained productivity level in recent years.

Finland joined the EU in 1995. It has few natural resources and a complex language that could easily have become a barriers to international trade. However, it has been able to take full advantages of EU and eurozone membership to achieve a low level of price inflation and invest in its human capital to produce a highly skilled workforce. The Finnish economy has also benefited by employers being able to tap into ready supply of labour from the Baltic states.

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France has low level of unionisation, but highly militant trade unions. The official stance towards foreign-owned multinational enterprises has often been hostile and there has been a tendency to overreact to corporate restructuring by the application of penal sanctions. The 35-hour week has not been a success and the French government is now trying to unpick itself from many of its past policies.

Germany is the biggest and by far the most successful of the older EU states. During the last two decades it has achieved a difficult transition in its eastern states from a system of state-run monopolies to a modern market economy. Complete integration has not, however, been fully achieved and a 20% wage gap still exists between eastern and western states. Neither has Germany been able to significantly narrow the equal pay gap between male and female employees.

Greece joined the EU in 1981. It continues to be a country with many small employers, generally poor labour relations and government that have frittered away much of the economic gain from EU accession through unproductive public spending and early retirement schemes. Statutory work obligations are commonly flouted, particularly in leading sectors such as construction. Government employment data is generally weak, out of date and unreliable. Greece relies very heavily upon its tourism and agricultural industries and has not been successful at attracting a sustained volume of major inward investment projects. Moreover, it has never fully exploited its physical location close to major external markets in the Middle East.

Ireland provides the best ex within the EU of a small country overcoming its lack of natural resources and peripheral geographical position to become a true 'tiger economy'. This has largely been achieved through a low rate of corporation tax, a sustained inward investment strategy and an open-door policy towards immigrants from central and eastern Europe. Ireland has not focused on being a low-wage location, but has concentrated on minimising bureaucratic burden and keeping overhead such as social security costs to a minimum.

Italy has overcome many of its past economic and political instability problems, and its most recent reforms have helped to encourage flexibility and open up the labour market. However, it has still not overcome its major north-south economic divide, reduced the bureaucratic burden that it continues to place on employer, or resolved the inconsistent application of its complex employment laws.

Spain joined the European Union in 1986 and was at first a country burdened by poor labour productivity, tight employment protection laws and wage indexation. Although these problems have not entirely disappeared Spain is now western Europe's second tiger economy, with rapid economic expansion driven by a property boom and a plentiful supply of low cost labour from north Africa.

Sweden joined the EU in 1995. During the 70s and 80s, Sweden had to undertake a major economic restructuring exercise to deal with a decline in its forestry and iron ore mining sectors. Its highly sophisticated and extensive welfare system helped to make this exercise a success. Since accession,

however, the Swedish economy has underperformed. This is primarily due to the high tax burden imposed on ordinary workers to sustain the generous welfare provisions, the creation of a dependency culture, and the narrowness of pay differentials.

The United Kingdom operate a very different corporate and work culture from the European continent. It has virtually abandoned sectoral collective bargaining and has been reluctant to embrace formalised systems of employee participation. It has tended to take a minimalist approach to all EU social and employment Directives and has refused to join the eurozone. Although this has helped to encourage the growth of new enterprises, much of the UK' advantage in attracting inward investment has been gained through its cultural and linguistic links with the USA. Labour costs, however, remain high by EU standard and productivity is well below the level that this degree of economic freedom should have achieved.

Comparison between employment characteristics in EU15 and new EU states (averages)

Employment characteristic

EU15 States

New EU States

Employee cannot change own working methods

29%

37%

Employees working on shifts

12. 1%

23%

Employees working on Sunday

6. 5%

11. 7%

Employees with fixed-term/temporary job

10. 5%

8. 7%

Employees working at night

4. 4%

5. 4%

Employees with a second job

1. 8%

5. 2%

Length of time in present job

10. 9 years

13. 4 years

Length of working week

38. 2 hours

44. 4 hours

Language training in workplace (av/yr)

4 hours

11 hours

Management training in workplace (av/yr)

12 hours

7 hours

The HRM concept remains undeveloped in many of established EU member states such as France and Germany. This is largely due to over-reliance on administrative procedures and company rules, the codetermination powers of works councils, the prevalence of sectoral collective bargaining, and widespread union resistance to workplace innovation. It therefore remains uncertain how far HRM method will become the norm for managing personnel issues in the new member states.

European HR trends

Europe accounts for one-tenth of the world population. Two-thirds of Europeans live in countries that are member of the economic federation known as the European Union (EU). The proportion of the population (aged

15-64) who are employed in the EU is just 66. 0%, compared to 69. 3% in Japan and 71. 5% in the USA.

The average employee in the EU works for 38. 5 hours per week, 18% of the EU working population works part-time, 14. 8% are on temporary contract and 5. 1% of employees started their job in the last 3 months. 12. 9% of the population aged 15-64 have undergone tertiary education and almost 10% of the EU population aged 25-64 take part in lifelong learning activities. EU citizens spend 12. 2% of GDP on pension and their average retirement age is 59. 9 years.

HR policies and strategies checklist

The focus HR strategy over the last decade has been to find an ever-widening range of methods to cut cost and improve operational performance. These tend to be carried out irrespective of the current stage of the economic cycle or a company relative competitive position. Options which were once regarded as either in or out of fashion are now being assessed purely on their merit, and are being swiftly adopted if they seem likely to succeed.

We have entered an era of corporate perfectionism in which almost anything is possible. The prevailing aim of companies is not just to be more efficient and effective than their business rivals, but to be so good that it will be dangerous for competitors to try to emulate their achievements.

Cost saving

Reduction of operational costs: redundancy – delayering – pay cuts and freezes – increasing variable pay as percentage of total pay, recruitment

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freezes – outsourcing – removing ‘deputy’ posts – gain sharing -,
rationalising company car policies – maximising grants or subsidies.

Control of overheads: relocation to lower-cost centres , use of teleworkers –
cutting benefits – rationalising back-office functions – expense account audits
– trimming expense budgets – extending the working day.

Limitation of future liabilities: changing from defined benefit to defined
contribution pension schemes – removing incremental pay scales – curtailing
‘grade creep’.

Pain sharing: board pay cuts, HQ downsizing – single status facilities –
limiting top management severance packages , utplacement counselling.

Operational flexibility

Job flexibility: job design – flexible working hours – annual hours contracts –
time off in lieu (TOIL) – time banking , part-time working , fixed-term
contracts , multi-skilled work teams.

Pay and benefit flexibility: profit sharing – employee share ownership – share
options – self -service benefits.

Operational flexibility: time management , improving managerial leverage ,
the 24/7 workplace – use of freelance and temporary staff – suggestion
schemes.

Human capital

Encouragement of lifelong learning: individual learning accounts , action
learning – elearning – cpd – mentoring.

Retention of know-how: strategy for older workers – staged retirement , removing age barriers – knowledge management – developing knowledge banks.

Promotion of equal opportunities: removing glass ceiling – equality training – equal opportunities monitoring – diversity policies – positive action.

Promotion of health and fitness: in-house fitness centre – discounts on external facilities – stress counselling – company sports teams – regular medicals.

Performance effectiveness

Use of performance management methods: benchmarking – process reengineering – management by objectives – employee appraisal – upward feedback (360 degree feedback) – decentralization – empowerment – delegation – quality circle – open door policies – performance incentive – supply chain management – HR system integration – data mining and warehousing.

Improvement of recruitment process: student sponsorship – on-line recruitment – automated scanning – background checks – positive vetting – verification of cv data – University ratings – personality/literacy testing – assessment centres – head-hunting – succession planning.

Reduction of absenteeism: attendance bonuses- wellness programmes – surveillance of those on long-term absence – motivational programmes.

Prevention of fraud and theft: expense claim audits – ctv scanning – whistleblowing schemes – amnesties – forensic audits.

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Further important element in HR management are 'softer' policy concerns and personnel administration, together with legal compliances and the avoidance of litigation. Increased board visibility and accountability have become areas of concern following recent exposures of corporate irregularities such as the Enron affair. Data privacy and security are also becoming more significant issues and are making the application of HR policies a much more complex task.

Corporate culture

Family-friendly workplace: work/life balance – childcare – eldercare – parental leave – emergency leave – term time working – job sharing – flexible working arrangements – sabbaticals.

Corporate governance: annual social and environmental reports – remuneration committee – independent reviews – visibility and accountability of corporate boards.

Localisation: support for local events – service contracts with SME's – replacement of expatriates with local employee – environmental improvement schemes.

Employee welfare: Dutch-style arbo services – hospital visits – disability counselling – company social functions – attendance at funeral – long service awards – flowers on birth of employee's children – car-sharing initiative – season ticket loans.

Legal and ethical compliance

Safety: statutory obligations – codes of conduct – safety training , health and safety audits – joint committees – safety signs – emergency procedures – alcohol and drugs testing.

Employment: statutory obligation – custom and practice – codes of conduct – disability quotas – collective agreements – works councils – European work councils.

Privacy and security: codes of practice – data security standards – international transfers of personal data – email monitoring – subject access procedures – emergency planning – – workplace security zoning.

Personnel accounting: tax compliance , - payroll procedures – IAS 19 – remuneration committees.

Community: corporate social responsibility (CSR) – work experience – student exchange – sponsorship.

Labour courts and court systems in Europe

Belgium

There are two levels of specialist labour court in Belgium:

Labour tribunals: Courts of first instance dealing primarily with individual employment contract issues.

Labour courts: These hear appeals referred by tribunals and seek to resolve significant collective disputes.

Each tribunal retains a team of labour prosecutor who may be called upon to provide opinions to the court and are also responsible for instituting criminal proceeding against employers when health and safety laws have been seriously breached.

Denmark

Denmark operate a well established and highly complex array of courts, arbitration and conciliation machinery. Actions concerning individual employments contracts are heard by the general courts. The Labour Court Act governs the activities of the labour court that hear cases involving breaches of collective agreements. However, the starting point for dispute resolution is usually the set of 'standard rules' that are common to almost all collective agreement. These define a number of steps to be followed as soon as a problem arises in the workplace. The parties are first obliged to negotiate, then to seek private arbitration if required and, finally, to go to court rather than resort to strike action or lock-outs. No individual employee can bring a case, or be the sole subject of a labour court actions.

Germany

Around 650, 000 cases are heard by labour courts each year in Germany. Of these around 90% concern individuals rather than trade unions or works councils (as collective suits). Half of all cases are settled at an initial hearing before a lower labour court, but 1, 000 cases a year eventually go through the full appeals process.

Three levels of courts of appeal

1) Labour courts (Arbeitsgerichte)

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2) Higher labour courts (Landesarbeitsgerichte)

3) The Federal Supreme Labour Court (Bundesarbeitsgericht) – final court of appeal

These deal with private law disputes involving statutory rights – such as wrongful dismissal, infringements of works council procedure, wage payment problems and the interpretation of collective agreement. Social security cases are heard by separate courts of social affairs. Conflicts of interest between works councils and employers are dealt with by ad hoc settlement committees

Italy

Labour courts are an integrated element of the civil court system. They are composed of professional judges who deal with a wide range of social insurance and social welfare issues as well as internal civil service disputes and labour laws.

There are three levels of labour court:

1) The court of first instance

2) The appeals court

3) The Cassazione

All parties must be legally represented at every level of labour courts. Both individuals and collective bodies may seek a decision by the court.

However, unions may intervene in individual disputes if the case involves the

interpretations of a collective agreement. Most cases that are heard by a court of first instance are permitted to go forward upon appeals.

Spain

Around 300, 000 cases are heard by Spanish labour courts each year.

However, only 40% of all cases relate to contracts of employment, with the balance being taken up by social security disputes.

There are three levels of labour court:

- 1) The social courts at a provincial level.
- 2) The social chamber of the high courts at a regional level.
- 3) The social chamber of the Supreme Court in Mad