

**James P. Begin**

**Dynamic Human Resource Systems**  
**Cross-National Comparisons**



**Walter de Gruyter · Berlin · New York 1997**

# Contents

5

Chapter 1	
National HR Systems: Concepts and Contexts.....	1
1 Introduction .....	1
2 Focus and Justification .....	4
3 What is an HRMS? .....	6
3.1 HRMS Definition in Context .....	7
3.1.1 Inputs and Institutional Processes.....	7
3.1.2 Outputs .....	9
4 Conceptualizing HRMSs and Their Contexts .....	11
4.1 Selection of HRMS Decision Categories .....	12
4.1.1 Work Systems .....	12
4.1.2 Development Systems .....	13
4.1.3 Staffing Systems .....	13
4.1.4 Employee Governance Systems .....	14
4.1.5 Rewards Systems .....	14
4.1.6 Management of HRMSs .....	15
4.2 Selecting HRMS Effects .....	15
4.2.1 Competence .....	17
4.2.2 Functional Flexibility .....	18
4.2.3 External Numerical Flexibility (ENF) .....	18
4.2.4 Internal Numerical Flexibility (INF) .....	19
4.2.5 Financial Flexibility .....	19
4.2.6 Employee Commitment.....	20
4.2.7 Organizational Integration .....	21
4.2.8 Organizational Performance .....	21
4.2.9 Summary: HRMS Effects .....	22
4.3 Identifying HRMS Contingencies.....	23
4.3.1 Congruency of HR Practices as Systems .....	24
4.3.2 Business Organization Practices .....	25
4.3.3 Multi-national Corporations .....	25
4.3.4 The State .....	25
4.3.5 Cultural Values .....	25

4.3.6	External Labor Markets .....	26
4.3.7	Life Cycle of Development .....	26
5	The Countries .....	26
6	Book Organization .....	29

## Chapter 2

	The HRMS of Japan .....	31
1	The Context .....	31
1.1	Japan's Competitive Advantage .....	31
1.2	The Source of Japan's Competitive Advantage .....	34
1.2.1	Factor Conditions .....	35
1.2.2	Demand Conditions .....	38
1.2.3	Related and Supporting Industry .....	38
1.2.4	Firm Rivalry .....	39
2	The HRMS .....	40
2.1	Work Systems .....	40
2.2	Development Systems .....	43
2.2.1	The External Education System .....	43
2.2.2	Training Within the Firm .....	44
2.3	Staffing Systems .....	48
2.3.1	Inflow .....	48
2.3.2	Internal Flow .....	50
2.3.3	Outflow .....	53
2.4	Governance Systems .....	59
2.4.1	Worker Participation .....	59
2.4.2	Collective Bargaining System .....	62
2.5	Reward Systems .....	64
2.5.1	Basic Salary System .....	65
2.5.2	Pay for Performance .....	67
2.5.3	Fringes .....	68
2.5.4	Work Scheduling .....	70
2.5.5	Status Differentials .....	71
2.6	Strategic Management of HRMSs .....	72
2.6.1	Organization/Functions .....	72
2.6.2	The Strategic Integration of HRMSs .....	74

## Chapter 3

	The U.S.A. HRMS .....	77
1	The Context .....	77
1.1	The U.S.A.'s Competitive Advantage .....	77
1.2	The Source of the U.S.A.'s Competitive Advantage .....	78

1.2.1	Factor Conditions.....	79
1.2.2	Demand Conditions .....	81
1.2.3	Related and Supporting Industries .....	81
1.2.4	Firm Rivalry .....	82
2	The HRMS.....	83
2.1	Work Systems .....	83
2.2	Development Systems .....	85
2.2.1	The External Education System .....	85
2.2.2	Training Within the Firm .....	87
2.3	Staffing Systems .....	90
2.3.1	Inflow.....	90
2.3.2	Internal Flow .....	91
2.3.3	Outflow.....	93
2.4	Governance Systems .....	96
2.4.1	Worker Participation.....	97
2.4.2	Collective Bargaining.....	98
2.5	Reward Systems .....	102
2.5.1	Basic Salary System.....	103
2.5.2	Pay for Knowledge.....	103
2.5.3	Pay for Performance .....	104
2.5.4	Fringes .....	105
2.5.5	Working Schedules.....	106
2.5.6	Status Differentials .....	106
2.6	Strategic Management of Human Resource Management Systems .....	107
2.6.1	Organization/Functions .....	107
2.6.2	The Strategic Integration of the U.S.A. HRMS.....	108

## Chapter 4

The U.K. HRMS .....	111
1 The Context.....	111
1.1 The U.K.'s Competitive Advantage .....	111
1.2 The Source of the U.K.'s Competitive Advantage.....	112
1.2.1 Factor Conditions.....	113
1.2.2 Demand Conditions .....	116
1.2.3 Related and Supporting Industry.....	117
1.2.4 Firm Rivalry .....	117
2 The HRMS.....	118
2.1 Work Systems .....	119
2.2 Development Systems.....	122
2.2.1 The External Education System.....	122

2.2.2	Training Within the Firm .....	124
2.3	Staffing Systems .....	128
2.3.1	Inflow.....	128
2.3.2	Internal Flow .....	130
2.3.3	Outflow.....	131
2.4	Governance .....	135
2.4.1	Worker Participation.....	135
2.4.2	Collective Bargaining.....	137
2.5	Rewards Systems .....	142
2.5.1	Basic Salary System.....	142
2.5.2	Pay for Knowledge.....	143
2.5.3	Pay for Performance .....	143
2.5.4	Fringe Benefits.....	144
2.5.5	Work Scheduling .....	145
2.5.6	Status Differentials .....	146
2.6	Strategic Management Of Human Resource Management Systems .....	146
2.6.1	Organization/Functions.....	147
2.6.2	The Strategic Integration of the U.K. HRMS .....	151
 Chapter 5		
	The German HRMS .....	153
1	The Context.....	153
1.1	Germany's Competitive Advantage.....	153
1.2	The Source of Germany's Competitive Advantage .....	154
1.2.2	Factor Conditions.....	155
1.2.2	Demand Conditions .....	157
1.2.3	Related and Supporting Industry.....	157
1.2.4	Firm Rivalry .....	158
2	The HRMS.....	159
2.1	Work Systems .....	160
2.2	Development Systems.....	162
2.2.1	The External Education System.....	162
2.2.2	Training Within the Firm .....	165
2.3	Staffing Systems .....	167
2.3.1	Inflow.....	167
2.3.2	Internal Flow .....	169
2.3.3	Outflow.....	170
2.4	Governance Systems .....	174
2.4.1	Worker Participation.....	175
2.4.2	Collective Bargaining System .....	179

2.5	Rewards Systems .....	185
2.5.1	Basic Salary System.....	185
2.5.2	Pay for Knowledge.....	186
2.5.3	Pay for Performance .....	186
2.5.4	Fringes .....	186
2.5.5	Work Scheduling .....	187
2.5.6	Status Differentials .....	189
2.6	Strategic Management of Human Resource Management Systems .....	189
2.6.1	Organization/Functions .....	190
2.6.2	The Strategic Integration of Human Resource Management Systems .....	192
 Chapter 6		
	The HRMS of Sweden .....	195
1	The Context.....	195
1.1	Sweden's Competitive Advantage .....	195
1.2	The Source of Sweden's Competitive Advantage .....	196
1.2.1	Factor Conditions.....	196
1.2.2	Demand Conditions .....	199
1.2.3	Related and Supporting Clusters .....	200
1.2.4	Firm Rivalry .....	200
2	The HRMS.....	202
2.1	Work Systems .....	202
2.2	Development Systems.....	204
2.2.1	The External Education System.....	205
2.2.2	Training Within the Firm .....	208
2.3	Staffing System .....	208
2.3.1	Inflow.....	209
2.3.2	Internal Flow .....	211
2.3.3	Outflow.....	212
2.4	Governance Systems .....	215
2.4.1	Worker Participation.....	215
2.4.2	Collective Bargaining .....	218
2.5	Rewards System .....	228
2.5.1	Basic Salary System.....	228
2.5.2	Pay for Knowledge.....	229
2.5.3	Pay for Performance .....	229
2.5.4	Fringes .....	230
2.5.5	Work Scheduling .....	232
2.5.6	Status Differentials .....	233

2.6 Strategic Management of Human Resource Management Systems .....	234
2.6.1 Organization/Functions .....	234
2.6.2 The Strategic Integration of the Swedish HRMS .....	236
<b>Chapter 7</b>	
The HRMS of Singapore .....	239
1 The Context .....	239
1.1 Singapore's Competitive Advantage .....	239
1.2 The Source of Singapore's Competitive Advantage .....	240
1.2.1 Factor Conditions .....	241
1.2.2 Demand Conditions .....	244
1.2.3 Related and Supporting Industry .....	244
1.2.4 Firm Rivalry .....	245
2 The HRMS .....	246
2.1 Work Systems .....	246
2.2 Development Systems .....	247
2.3 Staffing Systems .....	249
2.4 Governance Systems .....	251
2.4.1 Worker Participation .....	251
2.4.2 Collective Bargaining .....	252
2.5 Reward Systems .....	253
2.6 Strategic Management of Human Resource Management Systems .....	256
<b>Chapter 8</b>	
HRMS Effects; Obstacles to HRMS Diffusion .....	259
1 The HRMS Effects .....	259
1.1 Japan .....	260
1.1.1 Competence .....	260
1.1.2 Functional Flexibility .....	260
1.1.3 External Numerical Flexibility .....	266
1.1.4 Internal Numerical Flexibility .....	268
1.1.5 Financial Flexibility .....	268
1.1.6 Organizational Commitment .....	272
1.1.7 Organizational Integration .....	277
1.1.8 Organizational Performance .....	280
1.2 U.S.A. ....	285
1.2.1 Competence .....	285
1.2.2 Functional flexibility .....	286
1.2.3 External Numerical Flexibility .....	286

1.2.4	Internal Numerical Flexibility .....	287
1.2.5	Financial Flexibility .....	287
1.2.6	Organizational Commitment .....	288
1.2.7	Organizational Integration .....	289
1.2.8	Organizational/Societal Performance .....	290
1.3	U.K. ....	291
1.3.1	Competence .....	291
1.3.2	Functional Flexibility .....	292
1.3.3	External Numerical Flexibility .....	293
1.3.4	Internal Numerical Flexibility .....	293
1.3.5	Financial Flexibility .....	293
1.3.6	Organizational Commitment .....	294
1.3.7	Organizational Integration .....	294
1.3.8	Organizational Performance .....	295
1.4	Germany .....	296
1.4.1	Competence .....	296
1.4.2	Functional Flexibility .....	297
1.4.3	External Numerical Flexibility .....	298
1.4.4	Internal Numerical Flexibility .....	299
1.4.5	Financial Flexibility .....	299
1.4.6	Organizational Commitment .....	300
1.4.7	Organizational Integration .....	300
1.4.8	Organizational Performance .....	301
1.5	Sweden .....	302
1.5.1	Competence .....	303
1.5.2	Functional Flexibility .....	303
1.5.3	External Numerical Flexibility .....	304
1.5.4	Internal Numerical Flexibility .....	304
1.5.5	Financial Flexibility .....	305
1.5.6	Organizational Commitment .....	305
1.5.7	Organizational Integration .....	306
1.5.8	Organizational Performance .....	306
1.6	Singapore .....	308
1.6.1	Competence .....	308
1.6.2	Functional Flexibility .....	309
1.6.3	External Numerical Flexibility .....	310
1.6.4	Internal Numerical Flexibility .....	310
1.6.5	Financial Flexibility .....	310
1.6.6	Organizational Commitment .....	311
1.6.7	Organizational Integration .....	313
1.6.8	Organizational Performance .....	314



2	Probable Obstacles to HRMS Diffusion .....	315
2.1	HR Practices as Systems .....	316
2.2	Firm Organization Practices .....	317
2.3	The Role of Multi-National Firms .....	317
2.4	The Role of the State .....	318
2.5	Cultural Values .....	319
2.6	External Labor Markets .....	320
2.7	Life Cycle of Development .....	320
 Chapter 9		
	Understanding Dynamic HR Systems: A Typology .....	323
1	Competence .....	324
2	Functional Flexibility .....	326
3	External Numerical Flexibility (ENF).....	328
4	Internal Numerical Flexibility (INF) .....	331
5	Financial Flexibility .....	332
6	Organizational Commitment .....	333
7	Organizational Integration.....	336
8	Organizational Performance .....	338
9	Summary .....	340
References .....		341
Index .....		371