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Competitiveness & Worker-Management Relations: A Review of Selected Recent Studies

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Competitiveness & Worker-Management Relations: A Review of Selected Recent Studies

Comments

Report Submitted to the Commission on the Future of Worker-Management Relations

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HBT TOPICS
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June 21, 1992

Competitiveness & Worker- Management Relations

A Review of Selected Recent Studies

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INDUSTRIAL AND LABOR RELATIONS
Cornell University

Warren E. Farb
Economics and Statistics Administration
U.S. Department of Commerce

Purpose of Briefing

Relate recent work on competitiveness issues to worker-management relations.

- 3 of 18 Council on Competitiveness/Harvard Business School Project papers are reviewed
 - International Differences in Labor Turnover (Blinder and Krueger)
 - Human Resource Development and Utilization (Kochan and Osterman)
 - Capabilities and Capital Investment: New Perspectives on Capital Budgeting (Baldwin and Clark)
- Second Annual Report of the Competitiveness Policy Council
- Other studies reach similar conclusions

Findings

Human resource management and enhanced worker participation are increasingly critical elements of competitiveness

Worker-Management relations are affected by all competitive forces, but most directly by:

- Education and Training
- Investment
- Workplace organization
- Compensation

Worker-Management relations are determined by the private sector but influenced by public policy and economic conditions

Council/Harvard Study Highlights

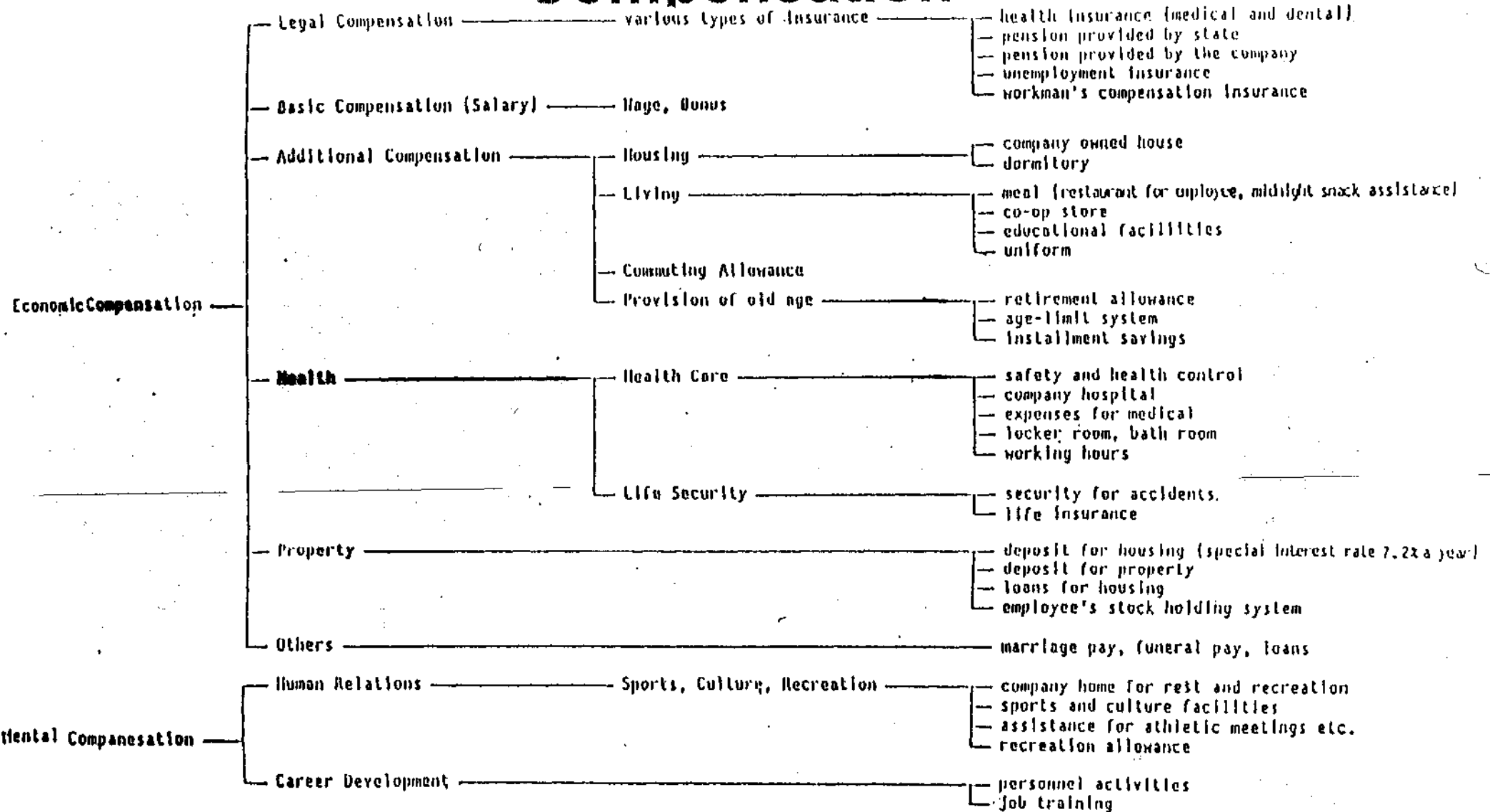
Divergence of Interests

- The U.S. system creates a divergence of interests among shareholders, lenders, investment managers, corporate directors, corporate managers, and employees.
- Foreign systems are different, but not necessarily better or worse
- Need to learn from others where appropriate
- American system can benefit from small changes—not wholesale adoption of the way others behave

Focus on investment—tangible & intangible

- Plant and Equipment
- Human resources
- Research and Development
- Education

Compensation



Alternate Human Resource System

	Traditional	Transformed
<i>Workplace Level</i>		
Job Design	Narrow	Broad
Job Assignment	Single Job	Job Rotation
Work Organization	Individual Jobs	Teamwork
Training	Job Specific	Broad Skills
Career Progression	Seniority Based	Competency Based
Supervision	First Line Management	Team Leader
Quality Control	Specialized Function	Team Function
Participation	Grievance Procedure	Employee Involvement
<i>Personnel Policy Level</i>		
Pay Criteria	External Comparison	Individual Performance
Staffing	Layoffs	Continuity Commitment
Training & Development	Limited	Major Commitment

Building Capabilities

Organizational Capability \Rightarrow Competitive Asset

Internal Integration \Rightarrow Speed and Productivity

External Integration \Rightarrow Quality

Flexibility \Rightarrow Variety & Responsiveness

Capacity to Experiment \Rightarrow Incremental Innovation

Capacity to Cannibalize \Rightarrow Radical Innovation

Competitiveness Policy Council

High-performance workplaces

- Improved skills and work organization cannot be separated
- Individuals, firms, union, and government must work together
- Create environment of life long learning and constant improvement
- Find synergy between government resources and private initiative

Standards based school systems

- Curricula relevant for tomorrow's job market
- School to work transition
- Individualized student incentives