June 1993

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

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

Follow this and additional works at: http://digitalcommons.ilr.cornell.edu/key_workplace
Thank you for downloading an article from DigitalCommons@ILR.
Support this valuable resource today!

This Report is brought to you for free and open access by the Key Workplace Documents at DigitalCommons@ILR. It has been accepted for inclusion in Federal Publications by an authorized administrator of DigitalCommons@ILR. For more information, please contact hlmdigital@cornell.edu.
Competitiveness & Worker-Management Relations: A Review of Selected Recent Studies

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

Incorrect date listed on document.

Suggested Citation

This report is available at DigitalCommons@ILR: http://digitalcommons.ilr.cornell.edu/key_workplace/433
Competitiveness & Worker-Management Relations

A Review of Selected Recent Studies

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

- Legal Compensation
- Various Types of Insurance
  - Health Insurance (Medical and Dental)
  - Pension provided by state
  - Pension provided by the company
  - Unemployment Insurance
  - Workman's Compensation Insurance

- Basic Compensation (Salary)
- Hour, Bonus

- Additional Compensation
- Housing
  - Company owned house
  - Dormitory
- Living
  - Meal (Restaurant for employee, midnight snack assistance)
  - Co-op store
  - Educational facilities
  - Uniform
- Commuting Allowance
- Provision of old age
  - Retirement allowance
  - Age-limit system
  - Installment savings

- Health
- Health Care
  - Company hospital
  - Expenses for medical
  - Locker room, bath room
  - Working hours
- Life Security
  - Security for accidents
  - Life insurance

- Property
- Housing
- Mortgage
- Deposit for housing (special interest rate 7.2%) year
- Deposit for property
- Loans for housing
- Employee's stock holding system

- Others
- Retirement allowance
- Mortgage
- Funeral pay, loans
- Employee's stock holding system

- Human Relations
  - Sports, Culture, Recreation
    - Company home for rest and recreation
    - Sports and culture facilities
    - Assistance for athletic meetings etc.
    - Recreation allowance

- Career Development
- Personnel activities
- Job training

Competitiveness & Worker-Management Relations
# Alternate Human Resource System

<table>
<thead>
<tr>
<th>Workplace Level</th>
<th>Traditional</th>
<th>Transformed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Design</td>
<td>Narrow</td>
<td>Broad</td>
</tr>
<tr>
<td>Job Assignment</td>
<td>Single Job</td>
<td>Job Rotation</td>
</tr>
<tr>
<td>Work Organization</td>
<td>Individual Jobs</td>
<td>Teamwork</td>
</tr>
<tr>
<td>Training</td>
<td>Job Specific</td>
<td>Broad Skills</td>
</tr>
<tr>
<td>Career Progression</td>
<td>Seniority Based</td>
<td>Competency Based</td>
</tr>
<tr>
<td>Supervision</td>
<td>First Line Management</td>
<td>Team Leader</td>
</tr>
<tr>
<td>Quality Control</td>
<td>Specialized Function</td>
<td>Team Function</td>
</tr>
<tr>
<td>Participation</td>
<td>Grievance Procedure</td>
<td>Employee Involvement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personnel Policy Level</th>
<th>Traditional</th>
<th>Transformed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Criteria</td>
<td>External Comparison</td>
<td>Individual Performance</td>
</tr>
<tr>
<td>Staffing</td>
<td>Layoffs</td>
<td>Continuity Commitment</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>Limited</td>
<td>Major Commitment</td>
</tr>
</tbody>
</table>

Competitiveness & Worker-Management Relations
### Building Capabilities

<table>
<thead>
<tr>
<th>Organizational Capability</th>
<th>Competitive Asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Integration</td>
<td>Speed and Productivity</td>
</tr>
<tr>
<td>External Integration</td>
<td>Quality</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Variety &amp; Responsiveness</td>
</tr>
<tr>
<td>Capacity to Experiment</td>
<td>Incremental Innovation</td>
</tr>
<tr>
<td>Capacity to Cannibalize</td>
<td>Radical Innovation</td>
</tr>
</tbody>
</table>
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