

**Japanese-style versus American-style
Human Resource Management Overseas:
Examining Whether the Data Support the "Facts"**

**Schon Beechler, Michelle Najjar,
Kristen Stucker & Allan Bird**

Working Paper No. 105

Schon Beechler, Michelle Najjar, & Kristen Stucker
Management of Organizations Division
Columbia University
Graduate School of Business
New York, NY

Allan Bird
Dept. of International Management
California Polytechnic University
San Luis Obispo, California

The authors would like to thank Ms. May Makuda for her assistance in the data collection in the United States and the American Chamber of Commerce in Japan for their assistance in the data collection in Japan.

An earlier version of this paper was presented at the Academy of International Business, Seoul, Korea, November 1995.

**Working Paper Series
Center on Japanese Economy and Business
Graduate School of Business
Columbia University
February 1996**

**Japanese-Style versus American-style Human Resource Management Overseas:
Not As Different As We Think**

This paper first provides an overview of the existing literature documenting contrasts between human resource management practices in Japanese and Western Firms. Then we present the results of a comparative research study of HRM practices in a sample of Japanese affiliates in the U.S. and American affiliates in Japan.

Introduction

Japanese management and its consequences have been written about extensively for the past two decades as scholars, business people, and the media have grappled with understanding the relative success of Japanese versus Western organizations. During the heyday of Japanese economic supremacy in the early and mid-1980s, the "secrets" of Japanese management were touted as the key to organizational success, as researchers on both sides of the Pacific attempted to uncover the critical factors distinguishing Japanese from their non-Japanese competitors (Bird & Beechler, 1994). Similarly, writers in the mid-1990s are currently examining the differences between Japanese and Western firms, this time to explain the seeming failure of Japanese management. While the focus has changed over the past twenty years, the emphasis on the differences between Japanese and Western firms has remained constant.

Numerous books and articles have been written on the Japanese management systems. Abegglen (1958) was one of the first to bring Japanese management to the attention of a large Western audience, and was followed by Yoshino (1968), Cole (1971) and Dore (1973) who, through in-depth case descriptions, laid the groundwork for the avalanche of writings to follow. These classic studies identified and described those crucial differences in management style and practice that were identified in later studies as critical to Japanese success.

Among the critical differences found in Japanese firms as compared to their American counterparts were more frequent use of consultative decision-making practices, higher frequency of communication, lifetime employment, long-term planning horizons, generalist career paths, quality control circles, and implicit,

informal control mechanisms. Vogel (1975), Ouchi (1981) and Pascale and Athos (1981) continued this tradition by emphasizing similar aspects of Japanese management, including *ringi*, consensus decision making, *nemawashi*, and intensive and clan-like communication and control systems.

Most of the research on Japanese management practices has concentrated on practices in Japan and the ways in which they differ from American practice. In this literature, the critical importance of human resource management practices to the success of Japanese firms has been echoed repeatedly (Clark, 1979; Ouchi, 1981; Rehfeld, 1994). In particular, lifetime employment, generating strong employee cohesiveness and company commitment, has received considerable attention (e.g. Ouchi, 1981; Drucker, 1981; Pascale and Athos, 1981; Gerlach, 1987). High levels of communication, combined with decentralized decision making and collective responsibility have also received considerable attention (Hatvany and Pucik, 1981; Inohara, 1990; Ouchi, 1981; Abegglen and Stalk, 1985). Seniority-based pay systems and slow promotion, with extensive job rotation throughout a wide range of functions has also been described (Pascale and Athos, 1981; Beatty, McCune and Beatty, 1988).

While the above practices have been widely used to distinguish between Japanese and non-Japanese management approaches, surprisingly little empirical research has been conducted to support the conclusions and very few studies include non-Japanese firms as a comparison other.

This paper first provides an overview of the existing literature documenting the contrasts between human resource management practices in Japanese and Western firms. The critical importance of human resources to Japanese organizations has been documented repeatedly over the past twenty years (Clark, 1979; Ouchi, 1981; Rehfeld, 1994) and its transfer overseas has been credited as the

foundation for much of the success of Japanese multinational corporations in recent years.

We frame our review using eight different dimensions which underlie much of the literature in this area and focus our attention on the empirical research measuring these differences. In the second part of the paper, we present the results of a comparative research study examining the HRM practices in a sample of Japanese affiliates in the U.S. and American affiliates in Japan.

The literature has developed certain undeniable "truths" about Japanese HRM practices, yet few of these have been tested empirically and much of our knowledge rests on assumptions and anecdotal evidence. We will first consider the accepted wisdom, as well as the relevant empirical research regarding each of the eight underlying dimensions of HRM practice: formality, explicitness, time horizon, participation, scope, frame of reference, fairness, and individualism. These eight dimensions were derived by classifying policies and practices identified in the general HRM literature. The eight dimensions are applicable across countries and situations yet are clearly distinguishable from each other (see Beechler & Bird, 1994). The literature review below is organized according to these eight dimensions.

The "Facts"

In the last two decades, much of the literature touting Japanese management practices has garnered a significant amount of attention in both the popular press and in academic journals. The reasons for this attention seem to stem from beliefs that American businesses should adopt Japanese-style management practices, and in so doing, will be more successful. With time, these widely held beliefs have come to be accepted as fact, with very little research devoted to true empirical studies regarding Japanese management practices, and even fewer studies analyzing Japanese HRM practices. In a comprehensive review of the literature, fewer than

ten studies out of many regarding Japanese management were found to claim empirical roots.

It is difficult to draw strong conclusions regarding Japanese management practices from the empirical studies available. The studies differ widely in terms of information gathered, sample size, geographic location, and conclusions, and are therefore not comparable. As a preface to this paper, it is important, however, to highlight the significant empirical findings from relevant studies.

Four major long-term studies can be considered classics in the field of Japanese management research: Dore, 1973; Ouchi, 1981; Pascale and Athos, 1981; and Lincoln and Kalleberg, 1990. Ouchi's comprehensive and widely-cited study suggests that Japanese management styles are different from American, and more effective. He describes a "Z-culture," which reflects cooperation in working methods, group activities, openness to criticism from workers, concern for quality of life, and stability in job position. Additionally, in his data gathering, he found Japanese organizations to be characterized by implicit control mechanisms, collective decision-making, and lifetime employment; three qualities which have become commonly associated with Japanese firms.

Pascale and Athos' 1981 book represented data from a six-year study of thirty-four firms, half of which were Japanese and half American. The data are qualitative, and many of the statements made and observations from their studies have become the basis for much of what is commonly referred to as "Japanese management." They state that the Japanese are experts at the "soft S's" of management: staff, skills, and style, whereas American organizations were believed to be less effective because they implemented the "hard S's": strategy, structure, and systems.

Lincoln and Kalleberg's 1990 study presented data from an empirical survey of fifty-one Japanese and fifty-five American plants. Japanese organizations were found to average more management levels than American firms, encouraging

greater commitment to the organization and facilitating the lifetime employment process. Interestingly, results to questions regarding work commitment, organizational commitment, and job satisfaction indicated greater satisfaction and commitment on the part of Americans than for Japanese. In particular, Japanese were *significantly* less satisfied with their jobs than Americans. Other conclusions that belie commonly accepted wisdom include paternalistic values held by company employees. Japanese were found to significantly differ from Americans in response to the statement that a company and its members are like a family, with a Japanese mean of 3.0 and an American mean of 4.37 (scale 1-5, 1=strongly disagree, 5=strongly agree). Apparently, Americans feel more familial in a corporate environment than Japanese.

Dore's (1973) study of 150 workers at two British factories, contrasted with the interviews of 300 employees at two Japanese factories, drew conclusions about the Japanese management system based on data collected during the 1960's. He found the Japanese companies to be characterized by low turnover, seniority-based wages, enterprise unions, and high welfare. He stated, however, that the system is changing rapidly, as convergence between the British and Japanese management styles increases.

Two studies of Japanese subsidiaries in the U.S. (Cutcher-Gershenfeld et al, 1994; Florida and Kenney, 1991) found no strong support for the existence of Japanese style management systems in the U.S. Cutcher-Gershenfeld et al's study of eight Japanese subsidiaries and U.S./Japanese joint ventures analyzed three different types of team systems. Using a case method of analysis, all three types of work environments were found amongst the eight companies, making strong generalizations about a "Japanese" style difficult. Florida and Kenney's study of 73 respondents in seven transplanted auto firms in the U.S. found that management hierarchies are rather flat, compared to "typical" Japanese hierarchical

organizations. Almost half used quality circles, and most of the companies employed pseudo-lifetime employment systems, although almost none are unionized.

Sullivan and Nonaka's (1986) study of 75 American and 75 Japanese senior managers analyzed their information management approaches. They found support for the fact that more Japanese senior managers stress employee task rotation, give general directions to teams, stress breadth, and emphasize values rather than rewards.

In Rosenzweig and Nohria's (1994) study of 249 U.S. based affiliates of European, Canadian, and Japanese foreign firms, Japanese firms had adapted to the local environment much more than their competitors in the areas of time off, benefits, training, and participation. Although a study of foreign-based affiliates may not adequately reflect true HRM practices, it is significant that Japanese MNC's adapted much more than their foreign competitors to local HRM practices.

Choy and Jain (1987) compared management practices of Japanese companies operating in Singapore with their parent companies in Japan. Out of seven companies studied, they found that, at the parent company in Japan, six had company wide unions, seven practiced promotion-from-within, five had on-the-job training, four practiced job rotation, four were characterized by *ringi* (consensus decision making), three held regular management-labor meetings, seven had quality circles, and six had a policy not to lay off workers.

The evidence for support of widely held beliefs regarding HRM practices remains mixed. While several of these studies clearly acknowledge the existence of "typical" Japanese style management, others show that convergence has occurred, or that in fact the extent of typical HRM practices was never as strong as believed. The following sections categorize HRM practices along the eight dimensions, and the literature review is organized accordingly.

The HRM Dimensions:

Formalness is defined as the extent to which HRM activities are codified and/or follow set procedures or sequences. For instance, for performance appraisals, some organizations use standardized forms and conduct interviews at regular intervals while others are less systematic, with little documentation (Bird & Beechler, 1992).

Explicitness refers to the extent to which HRM policies, decision-making criteria, and activities are clearly stated and communicated throughout the organization. Such policies can be stated in great detail or, although they may still be well-understood, may be neither articulated well nor explicitly defined.

Time Horizon refers to the extent to which HRM activities focus on immediate concerns as opposed to future concerns. For example, the incentive component of a compensation package may be based on the achievement of short-term goals (3-6 months) or long-term (18-24 months) goals.

Participation is the extent to which employees and departments participate in HRM decisions. For instance, in some organizations hiring decisions are handled entirely by the personnel office while in others hiring decisions are made jointly by the personnel office and the business unit where the new hire will work.

Scope refers to the breadth of focus of HRM activities, i.e., the extent to which such activities are concentrated on or directed at a limited set versus a wide range of goals or purposes, or are confined to specific or a large group of individuals. Training employees for specific skills or knowledge constitutes a narrow scope, whereas training which provides employees with general skills or abilities exemplifies a broad scope.

Frame of Reference is the degree to which the basis for comparison or evaluation of HRM activities is within organization rather than between organization, i.e., the degree to which HRM activities are inwardly or outwardly

focused. For example, employee performance may be compared to peers within the firm or to some industry or professional standard.

Justice refers to the extent to which HRM activities encompass equity as opposed to equality in the distribution of resources to employees. In other words, justice examines whether firms take into account individual differences or apply a single standard or criterion across all employees. For example, training can be provided to employees on the basis of individual need or to all who qualify, regardless of need.

Finally, *Individualism /Groupism* refers to the extent to which HRM activities are directed toward, or oriented around, individuals as opposed to the group (i.e., workgroup, project team, section, etc.) For example, employees can be compensated based primarily on their own performance or based on the performance of the unit, section or department with which they are affiliated.

These eight dimensions can be applied across each of the HRM functions of planning, staffing, compensation, appraisal and training.

Differences between Japanese and Western HRM Practices on the Eight Dimensions

Formalness

Compared to their Western counterparts Japanese firms have been described as having high levels of informal communication, with group consensus and *nemawashi* seen as an important component of corporate success. Japanese management theory traces these tendencies to Japanese culture that values collectivism over individualism, and the desire to limit individual responsibility. The organizational practices of decentralized decision-making, combined with collective responsibility and minimal status differentiation are mentioned frequently in the literature (Hatvany & Pucik, 1981; Inohara, 1990; Ouchi, 1981; Abegglen & Stalk, 1985) and are used as mechanisms to promote employee commitment to the firm, and enable

employees ("members") to feel a sense of contribution, as well as loyalty, which has often been cited as a source of competitive advantage for Japanese firms.

Conversely, it is also widely accepted that American corporations subscribe to formal corporate planning procedures (e.g. Dunphy, 1987; Kono, 1992) and American companies are generally viewed as unconcerned with promoting long-term loyalty to the organization. Rather they are more interested in maintaining control over decisions that are being implemented.

Based on the previous literature we hypothesize that:

H1: Japanese firms will exhibit less formalness in their human resource practices than their American counterparts.

Applying this hypothesis to each of the five HRM functions individually we would anticipate that:

H1a: Compared to American firms, HRM planning in Japanese firms will be less likely to follow a set sequence of steps.

H1b: Compared to American firms, recruiting and promotion in Japanese firms will be less structured.

H1c: Compared to American firms, compensation policies in Japanese firms will be less standardized.

H1d: Compared to American firms, Japanese firms will have little written documentation for appraisals.

H1e: Compared to American firms, Japanese firms will provide training to employees on a more ad hoc and informal basis.

Explicitness

Japanese organizations are viewed as largely informal, clan-like organizations (Ouchi, 1981) where policies and practices are understood but often not made explicit. For example, Ouchi (1981) noted that American organizational control mechanisms are largely explicit whereas control and decision making procedures in Japanese

firms employ primarily implicit mechanisms. In Japan, there is a lack of formal job descriptions, broad responsibilities, and few policy manuals. In HRM, this translates into a lack of clarity regarding compensation, hiring, training, appraisal and planning.

Based on the prevailing literature, we would therefore hypothesize that:

H2: HRM practices in Japanese firms will be less explicit than those found in American companies.

Specifically, we predict that:

H2a: Compared to their American counterparts, HRM plans in Japanese firms will be less clearly stated.

H2b: Compared to American firms, hiring and promotion criteria in Japanese firms will be more ambiguous and less clearly communicated to employees.

H2c: Compared to American firms, compensation policies in Japanese firms will be less clearly stated and communicated to employees.

H2d: Compared to American firms, appraisal criteria in Japanese firms will be less widely known by employees.

H2e: Compared to American firms, there will be a less clear distinction between training and non-training activities in Japanese firms.

Time Horizon

With few exceptions, Japanese firms have been identified as having a long-term time horizon, particularly compared to their American counterparts (Genay, 1991; Gerlach, 1987; Keys, Denton & Miller, 1994). Hiring fresh graduates and maintaining long-term employment patterns, a strong emphasis on training over the career of the employee, and corporate objectives which focus on market share and other long-term objectives have all been noted as reflective of the long-term time horizon of Japanese firms. "Lifetime employment" and the mutual lifetime

commitment of employees and the company have been heralded as an important cornerstone of strong employee cohesiveness and company loyalty (e.g., Ouchi, 1981; Drucker, 1981; Gerlach, 1987).

In terms of HRM practices, Japanese organizations are known to use ongoing and consistent hiring on the basis of anticipated future needs, with little annual variation in hiring practices (Rohlen, 1974). On-the-job training in Japanese organizations is intensive and designed to train employees with a broad range of skills to be productive in a variety of capacities for a significant length of time (Abo, 1994). Compensation is also based on a premise of long-term employment with gradual increases in pay at a minimal level for the first part of an employee's tenure, leading to a more equitable pay package after an individual has been with the company for a long period of time (Ouchi, 1981; Pascale & Athos, 1981). Starting salaries are traditionally rather low and wages often have a large seniority component (Inohara, 1990).

We therefore hypothesize that:

H3: Japanese firms will have a longer-term orientation toward their HRM practices than will American firms.

Applying this hypothesis to each of the HRM functions we predict that:

H3a: Compared to American firms, the HRM policies and plans will focus more on future than present or past concerns.

H3b: Compared to American firms, employees in Japanese companies will be hired and promoted primarily based on the basis of anticipated future needs rather than current needs.

H3c: Compared to American firms, compensation in Japanese companies will be based on the achievement of long-term goals rather than short term goals.

H3d: Compared to American firms, appraisals in Japanese firms will focus on long-term rather than short-term projects.

H3e: Compared to American firms, the primary objective of training in Japanese companies will be to teach skills for jobs which do not exist currently or which employees do not currently occupy.

Participation

A number of authors (e.g. Ouchi, 1981; Pascale and Athos, 1981; Yoshino, 1976) characterize the participative approach to decision making as the most distinctive and well-known feature of Japanese organizations. The empirical evidence supporting this assertion, however, is mixed.

For example, Pascale (1978b) found that the extent of face-to-face communication in organizations bears no relationship to employees' perceptions of their level of participation in decision making. He found that while communication in the Japanese firms in his sample was high, it should not be confused with participative decision making. Lincoln (1989) in a study of 106 factories in the US and Japan found that authority was more centralized in the Japanese plants but that participation in decisions was also more decentralized in the Japanese firms. Choy and Jain (1987) found that only 5 of the 7 companies in their study practiced bottom-up decision making and only 4 out of the 7 practiced ringi. In addition, these authors found that the major decisions were always made by the top management in these Japanese firms.

In their study of Japanese entrepreneurs, Boliko and Wakabayashi (1994) showed that the overall attitude of Japanese managers is more consultative rather than participative and that they are reluctant to share their decision-making power with employees. However, the study also showed that the more decision making power and responsibility granted to employees, the more profit and market share the entrepreneur enjoyed.

While the empirical evidence in this area is mixed, accepted wisdom regarding high levels of participation in decision making in Japanese firms leads us to hypothesize that:

H4: Japanese firms will have higher levels of employee participation in HRM practices than American firms.

H4a: Compared to American firms, employees and functional departments will participate more actively in HRM planning decisions.

H4b: Compared to American firms, employees and functional departments will participate more actively in promotion decisions.

H4c: Compared to American firms, employees and functional departments will participate more actively in compensation package decisions.

H4d: Compared to American firms, employees and functional departments will participate more actively in evaluation decisions.

H4e: Compared to American firms, employees and functional departments will participate more actively in decisions regarding the amount and type of training provided.

Scope

Compared to their American counterparts, Japanese firms have been described as having a broader scope, focusing on a relatively wide set of goals and activities. For example, Japanese employee bonuses are tied to the broader performance of the organization and bonuses frequently comprise a significant portion of take home pay (Abegglen & Stalk, 1985). This broad focus is also seen in the practices of job rotation and training activities where generalists rather than specialists are developed (Rohlen, 1974; Ouchi, 1981; Clark, 1979). Additionally, appraisals are frequently based on business unit or group performance, rather than on employee-specific skills or abilities (Itoh, 1994).

This leads us to hypothesize that, in general:

H5: Japanese firms will be more likely to have a broad focus in their HRM practices whereas American firms will be more likely to have a narrower scope.

Specifically applying this hypothesis to each of the HRM functions we predict that:

H5a: Compared to American firms, Japanese companies will have greater integration with other functional departments in their HRM planning activities.

H5b: Compared to American firms, employees in Japanese firms will be promoted to a wider range of positions.

H5c: Compared to American firms, fringe benefits will comprise a relatively larger share of the total compensation package for employees in Japanese organizations.

H5d: Compared to American firms, appraisals in Japanese firms will focus to a larger extent on the employee's performance within the context of the broader business unit.

H5e: Compared to American firms, training in Japanese firms will tend to focus more on providing employees with general (rather than specific) skills, abilities and knowledge.

Frame of Reference

Reflecting, in part, differences in labor market mobility, Japanese firms are often described as more internally focused than their American counterparts. For example, with respect to compensation issues, Inohara (1990) has stated that, with the exception of starting salaries, internal company factors, rather than the external labor market are decisive and that there is no "occupational" or industrial" wage rate in Japan. Promotion from within is usually the preferred method used to fill most middle and upper-level management positions (Kono, 1985) and there is a minimum number of years needed to achieve a certain organizational status grade, after which time most employees are automatically promoted to the next level (Kono, 1985). Appraisal and evaluation policies are closely tied to compensation criteria and are based on an employee's performance vis a vis company rather than industry expectations (Abegglen & Stalk, 1985).

We therefore hypothesize that:

H6: Japanese firms will be more likely to have an internal frame of reference for their HRM practices than American firms which will be more likely to have an external frame of reference.

Specifically, we predict that:

H6a: Compared to American firms, Japanese organizations will look primarily at their own internal policies rather than those of other organizations in formulating HRM plans.

H6b: Compared to American firms, vacancies in Japanese firms will be filled primarily by promoting from within the firm rather than hiring from the external labor market.

H6c: Compared to American firms, compensation levels of specific jobs within the business unit of Japanese firms will be determined primarily by comparable jobs within the firm rather than what other organizations are paying.

H6d: Compared to American firms, appraisals in Japanese firms will be based on how well employees perform compared to their peers within the firm rather than some external standard.

H6e: Compared to American firms, training in Japanese firms will be conducted more frequently in-house.

Justice

Japanese organizations are widely recognized for their pursuit of equality rather than equity. For example, Japanese firms tend to reward employees equally whereas American companies are often concerned with evaluating employees fairly. The system of equality-based pay for seniority rather than individual performance has been thought to be an outgrowth of a society which values group contributions over individual recognition (Pascale & Athos, 1981); Beatty, McCune & Beatty, 1988). Salaries are decided in balance with others on one's team and practically all employees in a given unit are given the same salary package (Inohara, 1990). Group-based flexible bonuses and benefits are implemented more commonly than individual incentive programs (Barney, 1990) because of the tendency of Japanese firms to promote cooperation and supportiveness among employees, rather than

singling out individual achievements (Ouchi, 1981). While this has been assumed to be historically true, in their archival study, Mroczkowski and Hanaoka (1989) found that pay for performance has increased in Japan, while pay for seniority has decreased, indicating that the balance between equity and equality is changing.

Based on traditional assumptions regarding equality and equity in Japanese firms, we predict that:

H7: The HRM practices in Japanese firms will be more egalitarian than those in American firms which will tend to emphasize equity over equality.

H7a: Compared to American firms, Japanese companies will give greater consideration to treating all employees equally when formulating HRM plans.

H7b: Compared to American firms, Japanese firms will use a narrow set of criteria applied evenly across all candidates when filling vacancies in the organization.

H7c: Compared to American firms, Japanese companies will base their compensation levels on firm-wide, established standards which are applied to all employees equally.

H7d: Compared to American firms, Japanese companies will apply a narrow set of criteria applied evenly across all candidates when appraising employees.

H7e: Compared to American firms, Japanese firms will provide training to all employees who qualify, regardless of individual need.

Individualism /Groupism

A strong group orientation is a common label which has been applied to Japanese organizations, perhaps as an outgrowth of a culture that is highly collectivistic (e.g. Ouchi, 1981). For example, Hatvany and Pucik (1981) found that it was important for Japanese firms to create a corporate culture that promotes group values and cooperation. Cain (1987) discovered in his study that there is a strong preference for collective responsibility and accountability in Japanese firms, as well as consensus decision making in a culture that has a strong "groupthink" mentality (Mroczkowski & Hanaoka, 1989). This group orientation is also reflected in pay and promotion patterns which follow an approach whereby most employees remain

undifferentiated from their cohort until ten to fifteen years after they have begun employment (Itoh, 1994). We therefore hypothesize that:

H8: The HRM practices in Japanese firms will be more group oriented than those of American firms.

H8a: Compared to American firms, HRM planning in Japanese firms will be focused on utilizing group resources rather than individual resources in the organization.

H8b: Compared to American firms, employees in Japanese firms will be hired and promoted primarily on the basis of their ability to get along with the rest of the group.

H8c: Compared to American firms, employees in Japanese firms will be rewarded primarily on the basis of their section or business unit's performance rather than on their individual achievements.

H8d: Compared to American firms, performance appraisal in Japanese firms will reflect the performance of other employees rather than just the individual appraisee him/herself.

H8e: Compared to American firms, training in Japanese companies will focus on enhancing group skills, ability and knowledge.

Methods

The results reported here are a subset of a comprehensive study conducted between 1989 and 1992, of the strategy, human resource management practices, and performance of 69 Japanese affiliates located in the United States and 89 American affiliates located in Japan. Data were collected through written questionnaires mailed to the managing director or human resource director at each affiliate.

In the United States, a total of 219 questionnaires were mailed to a non-random sample of senior human resource managers in Japanese-owned companies located throughout the United States. Stratifying the sample by geographic location, roughly equal numbers of manufacturing and service firms with 100 employees or more and which had been involved in an earlier study conducted by a major consulting firm of labor practices in overseas affiliates were selected for inclusion

in the study. Sixty-nine of the 219 firms returned usable surveys for a response rate of 32%.

As a follow-up to the American study, we conducted a parallel study of American affiliates in Japan. In this sample, questionnaires were mailed to the entire population of American affiliates which were listed in the directory of American foreign affiliates in Japan, published by the American Chamber of Commerce in Japan. Four hundred seventy nine questionnaires were mailed to the managing directors of these affiliates, and of these, a total of 99 firms responded, for a response rate of 21%. Because of missing data on the variables explored in this paper, 10 of these questionnaires were unusable, yielding a usable sample size of 89 American affiliates in Japan. These response rates are comparable to those of other studies with similar objectives (Dean & Snell, 1991; Hitt, Ireland & Palia, 1982).

The comparison of U.S. subsidiaries in Japan and Japanese subsidiaries in the U.S. would appear to introduce a confounding effect due to the influence of the local environment on HRM policies and practices. However, because we would expect the local environment to influence affiliates toward the adaptation of local norms and practices (Rosenzweig, 1994), this sample actually creates a more rigorous test of the hypotheses and is a more conservative test than a comparison of Japanese firms in Japan and American firms in the U.S. In the present study, Japanese affiliates would tend to be more "American" in the U.S. context than in Japan and American affiliates would be more "Japanese." Therefore, any significant effects from the data analyses indicate strong differences between the two subsamples.

A list of all of the variables used in the analyses and their means and standard deviations are presented in Table 1. Descriptive statistics for the sample as a whole and for the two subsamples are also presented separately in the table. In addition, the appendix lists the five questionnaire items used to create each of the HRM dimension variables, measured on 7-point Likert-type scales with both end-points

defined and summed to create the eight HRM dimension indices. Where necessary, questions were reverse-coded so that for each of the HRM dimension indices a lower value indicates a low score on that dimension (Time Horizon, Formalness, Participation, Explicitness). In the case of Scope, a low score indicates narrow scope, for Groupism a low score represents an individual rather than group focus, for Frame of Reference a low score indicates an internal focus, and for Justice a low score represents an equity orientation while a high score indicates an equality focus.

Table 1 About Here

Results

In order to test our hypotheses we divided the sample according to parent company nationality and performed T-tests on the difference in means between the Japanese and American firms in our sample. These results are presented empirically in Tables 1-3 and graphically in Figures 1 - 9 (see appendix).

First, examining the general hypotheses (H1-8) regarding the predicted differences between Japanese and American firms on each of the eight HRM dimensions, we see from Table 1 that three out of the eight predicted differences on the HRM dimensions are significantly different between the Japanese and American affiliates. First, American affiliates in Japan score significantly higher on HRM formality than their Japanese counterparts, supporting our prediction in Hypothesis 1. Second, American affiliates in Japan have significantly higher HRM participation scores than do Japanese affiliates in the U.S., contrary to our prediction in Hypothesis 4. Finally, compared to their American counterparts, Japanese affiliates

in the U.S. are focused significantly on equality while the American affiliates are more focused on equity, as predicted in Hypothesis 7.

As shown in Table 1, there are no significant differences between the Japanese and American affiliates on the HRM dimensions of Explicitness, Time horizon, Scope, Frame of reference or Individualism/Groupism, contrary to our predictions. In addition, while the results are not statistically significant, the direction of the relationships on the remaining five HRM dimensions are contrary to our hypotheses. For example, Explicitness is greater in Japanese than American affiliates, the Time Horizon of Japanese affiliates is shorter than that for American affiliates, Scope is narrower in Japanese than American affiliates, their Frame of Reference (internal versus external focus) is slightly more externally-focused in the Japanese affiliates, and Individualism is greater in the Japanese than the American affiliates.

Because the Japanese and American subsamples differ on a number of variables which could have an impact on the HRM dimension scores, such as age, method of founding (greenfield or acquisition/joint venture), service or manufacturing industry, level of parent company ownership, percentage of expatriates in the affiliate, and size, we examined the relationships between these variables and each of the HRM dimensions.

Rank-order correlations (see Table 2) between the eight HRM dimensions and the demographic variables described above indicate that the relationships are weak and are not significant. In addition to the correlation analyses, we performed a number of regression equations using the control variables to predict the scores on each of the eight HRM dimensions for the entire sample of affiliates. Although the analyses are not included here because of space limitations, none of the predictor variables (log of sales, log of employees, percentage of expatriates stationed at the affiliate, level of parent company ownership, method of founding, or service or

manufacturing industry) significantly predict any of the eight HRM dimension scores and none of the regression equations are significant.

Table 2 About Here

Next, in order to examine the more detailed hypotheses described above, we performed difference in means tests between the Japanese and American subsamples for each of the five HRM functional areas of appraisal, compensation, planning, staffing and training separately (see Table 3) . We see from this table that out of the forty possible contrasts, there are only ten significant differences between the American and Japanese affiliates in our sample. For example, there are no significant differences on any of the HRM functions of appraisal, compensation, planning, staffing or training on Time Horizon or Individualism, contrary to our hypotheses and the prevailing stereotypes.

In addition, there is only one significant difference on HRM Explicitness and Frame of Reference, both in the training function where Japanese affiliates are significantly more explicit and have a more externally-focused frame of reference than their American counterparts (see Figures 1-9 for graphic depictions of these relationships). There is also only one significant difference between Japanese and American firms on Scope for the staffing function (Japanese affiliates have a narrower scope) and on Justice for the compensation function where Japanese affiliates are significantly more focused on equality than the American affiliates. Japanese firms have a significantly narrower scope in their staffing practices than their American counterparts and a greater emphasis on equality in compensation than the American companies.

Table 3 About Here

Discussion and Conclusions

The results from this study are interesting in that they do not support most of the accepted wisdom in the field regarding the fundamental differences between human resource management practices in Japanese and American firms. Of the eight HRM dimensions, Japanese and American firms differ significantly on only Formality, Participation, and Equity/Equality. While the results on the dimensions of Formality and Equity confirm "accepted wisdom" and our predictions, the finding that American affiliates in Japan have significantly higher levels of participation than Japanese affiliates in the United States is in direct contradiction to the well-known and documented differences between Japanese and American firms is their levels of employee participation, particularly at lower levels in the organization. Quality control circles, employee suggestion plans, and other such mechanisms are known as hallmarks of Japanese firms both at home and abroad and help distinguish "Japanese-style management" from "Western-style management."

It is also interesting that on five of the eight HRM dimensions that there are no significant differences between the Japanese and American affiliates. The results are particularly surprising for the dimensions of Time Horizon and Individualism/Groupism since both a long-term time horizon and a group orientation are hallmarks of "Japanese-style management."

These results may represent the outcome of demands for local isomorphism on the affiliates, Japanese and American (Rosenzweig and Singh, 1991). For example, although Japan is a relatively group-oriented or collectivistic society (Hofstede, 1980), the individualistic nature of the United States and American employees may

force Japanese firms to adopt more individualistic HRM policies and allow American firms to use relatively more collectivistic approaches.

At the same time, where we do find support for our predictions these results may indicate areas where there is greater resistance to local isomorphism. For example, the Japanese-owned affiliates in the sample are significantly less formal than their American counterparts. The level of formalness in the organization impacts on a wide range of practices and policies within the management systems for these affiliates and may be embedded in such a wide variety of policies that it is resistant to change. At the same time, formalness varies significantly among organizations within both Japan and the United States. The salience or importance of this dimension may therefore be fairly low and therefore may not be the focus for isomorphic pressure.

In addition, consistent with our hypothesis, Japanese-owned affiliates are more egalitarian in their approach while the American-owned affiliates have policies and practices which are more equity-focused. Egalitarianism may be resistant to pressures for local isomorphism not because it is not salient but because it represents deeply held beliefs and values about the treatment of human beings vis a vis each other. This dimension may reflect fundamentally different value systems between the Japanese and American managers which are resistant to change, even when confronted with employees who have culturally different value systems.

The results of this study are intriguing but clearly there is a need for further research to explore many of the issues raised in this paper. For example, the findings from this study raise the possibility, but cannot test, how pressures for local isomorphism may be contingent on the degree of embeddedness of a particular policy or practice in deeply held cultural values and its level of salience for local employees.

In addition, a comparative study of Japanese and American firms in their home countries is called for to determine whether the lack of differences between Japanese and American firms uncovered in this study on most of the HRM dimensions reflects adaptation of the local affiliate to its host country environment or a fundamental evolution and perhaps convergence in what we come to know as "Japanese" or "American" management practices.

As practitioners and academics alike continue to search for "best practices" and to uncover the keys to success in today's rapidly changing and increasingly competitive environment, it will be important to not only document the similarities and differences across organizations in their HRM practices but also to explore the linkages between the HRM practices and organizational performance. One conclusion is clear: it is time for us to reexamine the accepted wisdom and actually go out and see if the facts do, indeed, support what we "know" are the differences between American and Japanese management.

References

- Abegglen, J. 1958. *The Japanese Factory: Aspects of Its Social Organization*. Glencoe, IL: The Free Press.
- Abegglen, J. & Stalk, G. 1985. *Kaisha: The Japanese Corporation*. New York: Basic Books Inc.
- Abo, T. 1994. The analysis of Japanese factories located overseas. In Abo, T.(ed). *Hybrid Factory*. New York: Oxford University Press.
- Adams, R, Peterson, R., Schwind, H. 1988. Personal value systems of Japanese trainees and managers in a changing competitive system. *Asia Pacific Journal of Management*, 5 (3): 169-179.
- Amante, M.1993. Human resource management in Japanese enterprises in the Philippines: Issues and problems. *Asia Pacific Journal of Management*, 10(2): 237-245.
- Barney, J. 1990. Profit sharing bonuses and the cost of debt: Business finance and compensation policy in Japanese electronics firms. *Asia Pacific Journal of Management*, 7(1): 49-64.
- Beatty, J.R., McCune, J., & Beatty, R. 1988. A policy-capturing approach to the study of United States and Japanese manager's compensation decisions. *Journal of Management*, 14(3): 465-474.
- Beechler, S. & Bird, A. 1994. The best of both worlds? Human resource management practices in US-based Japanese affiliates. In N. Campbell and F. Burton (eds.), *Japanese Multinationals*. London: Routledge.
- Bird, A. & Beechler, S. 1992. Linking business strategy and human resource management practices: A contingency model. Paper presented at the Academy of Management Annual Meeting, Miami, FL.
- Boliko, M. & Wakabayashi, M.1994. Entrepreneurship, human resource management and business success: A study of Japanese entrepreneurs in small- and medium-scale firms. Association of Japanese Business Studies, Best Papers Proceedings, 1994.
- Cang, X.1987. A cross-cultural study on the leadership behavior of Chinese and Japanese executives. *Asia Pacific Journal of Management*, 4(3): 203-209.
- Choy, C.L. and Jain, H.C. 1987. Japanese management in Singapore: Convergence of human resource management practices. *Asia Pacific Journal of Management*, 4(2): 73-89.
- Clark, R.C. 1979. *The Japanese company*. New Haven, CT: Yale University Press.
- Cole, R. 1971. *Japanese Blue collar: The changing tradition*. Berkeley: University of California Press.
- Cutcher-Gershenfel, J. et al. 1994. Japanese team-based work systems in North America: explaining the diversity. *California Management Review*. 37 (1): 42-64.

- Dean, J. & Snell, S. 1991. Integrated manufacturing and job design. *Academy of Management Journal*, 34: 776-804.
- Dore, R. 1973. *British factory, Japanese factory: The origins of diversity in industrial relations*. Berkeley, CA: University of California Press.
- Drucker, P. 1981. Behind Japan's success. *Harvard Business Review*, 49(2): 83-90.
- Dunphy, D. 1987. Convergence/Divergence: A temporal review of the Japanese enterprise and its management. *Academy of Management Review*, 12(3): 445-459.
- Florida, R. & Kenney, M. 1991. Transplanted organizations: the transfer of Japanese industrial organization to the U.S. *American Sociological Review*. Vol. 56.
- Genay, H. 1991. Japan's corporate groups. *Economic Perspectives*, 15(1): 20-30.
- Gerlach, M. 1987. Business alliances and the strategy of the Japanese firm. *California Management Review*, 30(1): 126-142.
- Harber, A, Samson, D. 1987. Japanese management practice: An integrative framework. *International Journal of Technology Management*, 4(3): 283-303.
- Hatvany, N. and Pucik, V. 1981. An integrated management system: Lessons from the Japanese experience. *Academy of Management Review*, 6(3): 469-480.
- Hitt, M., Ireland, R. & Palia, K. 1982. Industrial firm's grand strategy and functional importance: moderating effects of technology and uncertainty. *Academy of Management Journal*, 25: 265-298.
- Hofstede, G. 1980. *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills: Sage Publications.
- Huddleston, J. 1990. *Gaijin Kaisha: Running a foreign business in Japan*. Armonk, NY: M.E. Sharpe Inc.
- Inohara, H. 1990. *Human resource development in Japanese companies*. Tokyo: Asian Productivity Organization.
- Itoh, H. 1994. Japanese human resource management from the viewpoint of incentive theory. In Aoki, M. and Dore, R. (eds.), *The Japanese firm: Sources of competitive strength*. Oxford: Oxford University Press, 233-264.
- Kamiyama, K. 1994. The typical Japanese overseas factory. In Abo, T. (ed). *Hybrid factory*. New York: Oxford University Press, 58-81.
- Keys, J. & Miller, T. 1984. The Japanese management theory jungle. *Academy of Management Review*, 9(2): 342-353.
- Keys, J., Denton, L., & Miller, T. 1994. The Japanese management theory jungle-revisited. *Journal of Management*, Vol. 20, No. 2: 373-402.

- Kleinberg, Jill. 1994. The crazy group': Emergent culture in a Japanese-American binational work group," in Beechler, S. and Bird, A. (eds.), *International Business and International Relations*. Vol. 6: 11-45. Greenwich, CT: JAI Press.
- Kono, T.1992. *Long-range planning of Japanese corporations*. Berlin: Walter de Gruyter.
- Kono, T. 1984. *Strategy and structure of Japanese enterprise*. London: MacMillan Press.
- Lincoln, J. 1989. Employee work attitudes and management practice in the U.S. and Japan: Evidence from a large comparative survey. *California Management Review*, 32(1): 89-106.
- Lincoln, J. & Kalleberg, A. 1989. *Culture, control, and commitment: A study of work organization and work attitudes in the U.S. and Japan*. Cambridge: Cambridge University Press.
- Lincoln, J. & Kalleberg, A. 1985. Work organization and workforce commitment: A study of plants and employees in the U.S. and Japan. *American Sociological Review*, 50: 738-760.
- Maguire, M.A. and Pascale, R. 1978. Communication, decision-making and implementation among managers in Japanese and American managed companies in the United States. *Sociology and Social Research*, 63(1): 1-23.
- Mansfield, E.1988. Industrial innovation in Japan and the United States. *Science*, 241 (4874):1769-1774.
- Mroczkowski, T., Hanaoka, M. 1989. Continuity and change in Japanese management. *California Management Review*, 31 (2): 39-53.
- Negandhi, A. 1981. *Tables are turning: German and Japanese multinational companies in the United States*. Cambridge, MA: Oelgeschlager, Gunn and Hain Publishers, Inc.
- Negandhi, A. & Baliga, B. 1979. *Quest for survival and growth: A comparative study of American, European, and Japanese multinationals*. New York: Praeger Publishers.
- Nonaka, I. 1990. Redundant, overlapping organization: A Japanese approach to managing the innovation process. *California Management Review*, 32(3): 27-38.
- Ouchi, W. 1981. *Theory Z*. Reading, MA: Addison-Wesley.
- Pascale, R. 1978a. Zen and the art of management. *Harvard Business Review*, 56: 153-162.
- Pascale, R. 1978b. Communication and decision-making across cultures - Japanese and American comparisons. *Administrative Science Quarterly*, 23(1): 91-110.
- Pascale, R. & Athos, A.1981. *The art of Japanese management: Applications for American executives*. New York: Warner Books.

- Rehfeld, J. 1994. *Alchemy of a leader: Combining Western and Japanese management skills to transform your company*. New York: John Wiley & Sons.
- Rohlen, Thomas P. 1974. *For harmony and strength*. Berkeley, CA: University of California Press.
- Rosenzweig, P. & Nohria, N. 1994. Influences on HRM practices in MNC's. *Journal of International Business Studies*. Spring, 229-251.
- Rosenzweig, P. & Singh, J. 1991. Organizational environments and the multinational enterprise. *Academy of management review*, 16(2): 340-361.
- Shenkar, O. & Pucik, V. 1988. Uncovering some paths in the Japanese management theory jungle: Getting lost in a jungle: A commentary on Shenkar. *Human Systems Management*, 7(3): 221-232.
- Sullivan, J.J. & Nonaka, I. 1986. The application of organizational learning theory to Japanese and American management. *Journal of International Business Studies*. Fall, 127-138.
- Vogel, E. 1975. *Modern Japanese organization and decision-making*. Berkeley, CA: University of California Press.
- White, M. & Trevor, M. 1983. *Under Japanese management: The experience of British workers*. London: Heinemann Educational Books Ltd.
- Yoshino, M. 1968. *Japan's managerial system: Tradition and innovation*. Cambridge, MA: MIT Press.

Table 1: Descriptive Statistics

| Variable | Number of Cases | Mean | Stan. Dev. | Minimum | Maximum | t-value for difference in means |
|--------------------------------|-----------------|--------|------------|---------|---------|---------------------------------|
| AGE | | | | | | |
| Full Sample | 131 | 18.11 | 11.72 | 3.00 | 48.00 | |
| U.S. Firms | 76 | 21.62 | 12.83 | | | 4.29* |
| Japanese Firms | 55 | 13.25 | 7.80 | | | |
| OWNERSHIP | | | | | | |
| Full Sample | 158 | 84.51 | 31.86 | 0.00 | 100.00 | |
| U.S. Firms | 89 | 78.73 | 36.62 | | | -2.64* |
| Japanese Firms | 69 | 91.97 | 22.54 | | | |
| # EMPLOYEES | | | | | | |
| Full Sample | 145 | 359.20 | 842.61 | 1.00 | 7200.00 | |
| U.S. Firms | 76 | 492.70 | 1095.69 | | | 2.03* |
| Japanese Firms | 69 | 210.00 | 358.67 | | | |
| HRM FORMALITY | | | | | | |
| Full Sample | 153 | 4.45 | 1.17 | 1.00 | 7.00 | |
| U.S. Firms | 85 | 4.62 | 1.20 | | | 1.98* |
| Japanese Firms | 68 | 4.25 | 1.10 | | | |
| HRM EXPLICITNESS | | | | | | |
| Full Sample | 153 | 3.76 | 1.04 | 1.20 | 6.80 | |
| U.S. Firms | 85 | 3.65 | 1.06 | | | -1.48 |
| Japanese Firms | 68 | 3.90 | 1.01 | | | |
| HRM TIME HORIZON | | | | | | |
| Full Sample | 153 | 3.56 | 0.90 | 1.00 | 7.00 | |
| U.S. Firms | 85 | 3.60 | 1.00 | | | 0.70 |
| Japanese Firms | 68 | 3.50 | 0.77 | | | |
| HRM PARTICIPATION | | | | | | |
| Full Sample | 153 | 3.99 | 1.13 | 1.20 | 6.80 | |
| U.S. Firms | 85 | 4.26 | 1.10 | | | 3.47* |
| Japanese Firms | 68 | 3.64 | 1.08 | | | |
| HRM SCOPE | | | | | | |
| Full Sample | 153 | 3.75 | 0.86 | 1.00 | 6.00 | |
| U.S. Firms | 85 | 3.84 | 0.89 | | | 1.46 |
| Japanese Firms | 68 | 3.64 | 0.82 | | | |
| HRM FRAME OF REFERENCE | | | | | | |
| Full Sample | 153 | 3.51 | 0.75 | 1.60 | 5.80 | |
| U.S. Firms | 85 | 3.46 | 0.67 | | | -0.96 |
| Japanese Firms | 68 | 3.58 | 0.84 | | | |
| HRM JUSTICE | | | | | | |
| Full Sample | 153 | 3.24 | 0.79 | 1.00 | 5.25 | |
| U.S. Firms | 85 | 3.11 | 0.79 | | | -2.46* |
| Japanese Firms | 68 | 3.42 | 0.76 | | | |
| HRM INDIVIDUALISM | | | | | | |
| Full Sample | 153 | 3.29 | 0.81 | 1.20 | 5.40 | |
| U.S. Firms | 85 | 3.22 | 0.84 | | | -1.30 |
| Japanese Firms | 68 | 3.39 | 0.77 | | | |
| COUNTRY (Dummy Variable 0,1) | | | | | | |
| 0 = U.S. Firms | 89 | | | | | |
| 1 = Japanese Firms | 69 | | | | | |
| INDUSTRY (Dummy Variable 0, 1) | | | | | | |
| 0 = Manufacturing Firm | 101 | | | | | |
| 1 = Service Firms | 48 | | | | | |
| FOUNDING (Dummy Variable 0, 1) | | | | | | |
| 0 = Other | 37 | | | | | |
| 1 = Greenfield Site | 93 | | | | | |

Table 2: Rank Order Correlations Between Control Variables and HRM Dimensions

| | Log Sales | Log Ees. | Formalness | Explicitness | Time Horizon | Participation | Scope | Equality | Individualism | % Expats. | Founding | Ownership |
|------------------|-----------|----------|------------|--------------|--------------|---------------|---------|----------|---------------|-----------|----------|-----------|
| Log Sales | 1.0000 | | | | | | | | | | | |
| Log Employees | .2233 | 1.0000 | | | | | | | | | | |
| Formality | .1129 | -.0605 | 1.0000 | | | | | | | | | |
| Explicitness | -.1001 | .2161 | -.6554** | 1.0000 | | | | | | | | |
| Time Horizon | -.2144 | .1155 | .3988** | -.1871* | 1.0000 | | | | | | | |
| Participation | .0440 | -.0153 | .5362** | -.3705** | .5152** | 1.0000 | | | | | | |
| Scope | .2065 | .1931 | .3441** | -.1892* | .3532** | .3437** | 1.0000 | | | | | |
| Equality | .3900* | .2346 | -.0869 | .0849 | -.0674 | -.1254 | .0805 | 1.0000 | | | | |
| Individualism | -.1099 | .1620 | -.0163 | .2300** | .1907* | -.0399 | .3299** | .3315** | 1.0000 | | | |
| % Expats | | | .0199 | .0109 | .0409 | .0275 | .1769 | .0785 | .1686 | 1.0000 | | |
| Founding | | | .0184 | .0698 | .1004 | .1417 | -.0774 | .0829 | -.0579 | .0611 | 1.0000 | |
| Parent Ownership | | | .0522 | -.0005 | .1099 | -.0347 | -.1335 | -.0484 | -.0435 | .0022 | .0646 | 1.0000 |

* significant at p<.05
 ** significant at p<.01
 *** significant at p<.005

Table 3: T-tests for Differences in Japanese and American Subsample Means for HRM Functions

| HRM Function | Appraisal | Compensation | Planning | Staffing | Training |
|------------------------|-----------|--------------|----------|----------|----------|
| HRM Dimension: | | | | | |
| Formalness | 0.88 | -0.94 | 2.06* | 2.17* | 2.96* |
| Explicitness | -1.70 | 1.20 | 1.74 | -1.21 | -4.83* |
| Time Horizon | -0.29 | -1.89 | 1.71 | 1.25 | 1.38 |
| Participation | 2.76* | 2.06* | 1.90 | 1.59 | 2.56* |
| Scope | 0.75 | -1.19 | 1.87 | 2.01* | 0.06 |
| Frame of Reference | 0.77 | 0.62 | -0.16 | 0.89 | 2.93* |
| Justice | -1.25 | 2.11* | -1.74 | -0.71 | -1.10 |
| Individualism/Groupism | -1.24 | -0.25 | -0.04 | -1.82 | -0.86 |

* significant at p<.05

Figure 1: Sample Differences on HRM Dimensions: Formality

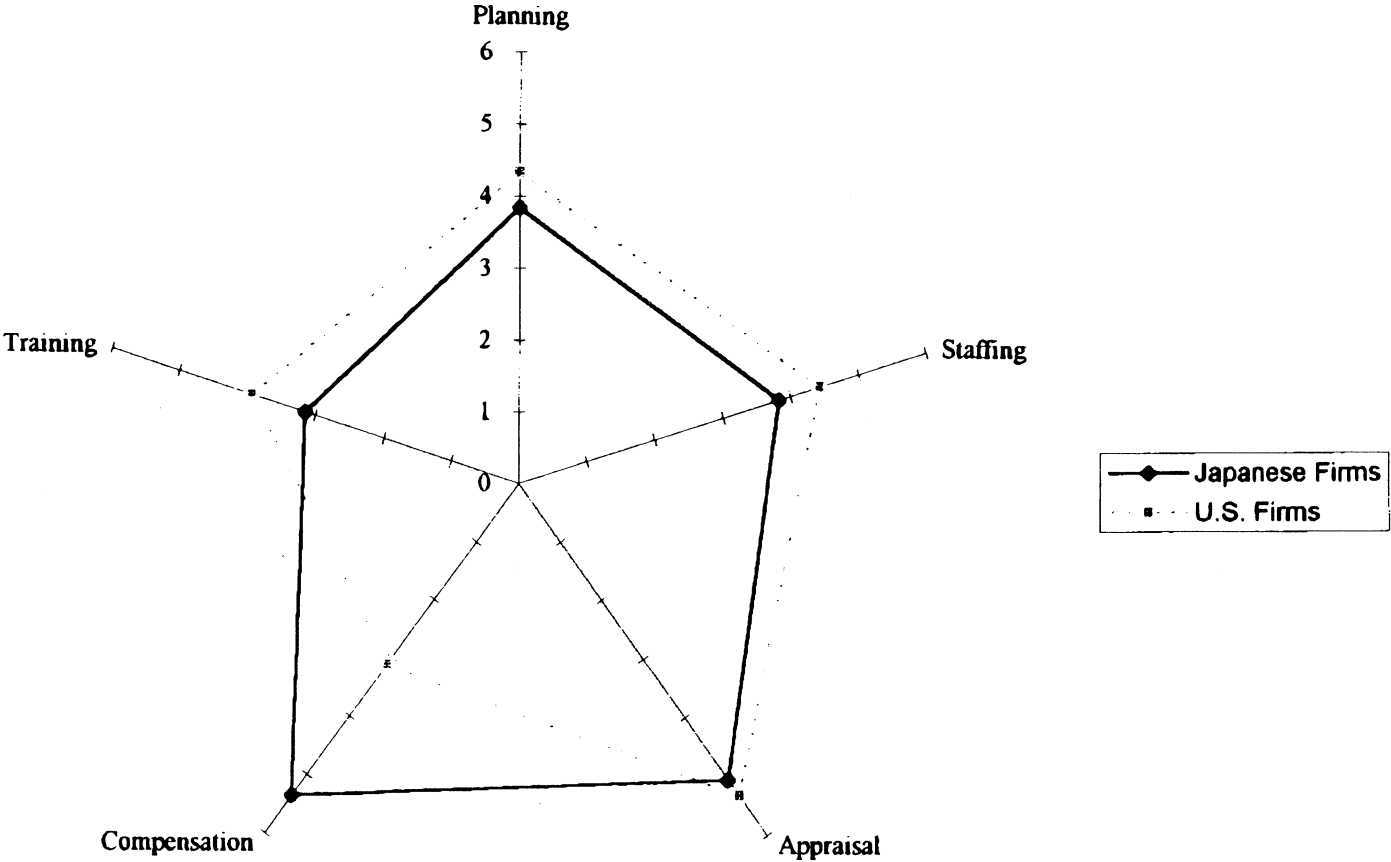


Figure 2: Sample Differences on HRM Dimensions: Explicitness

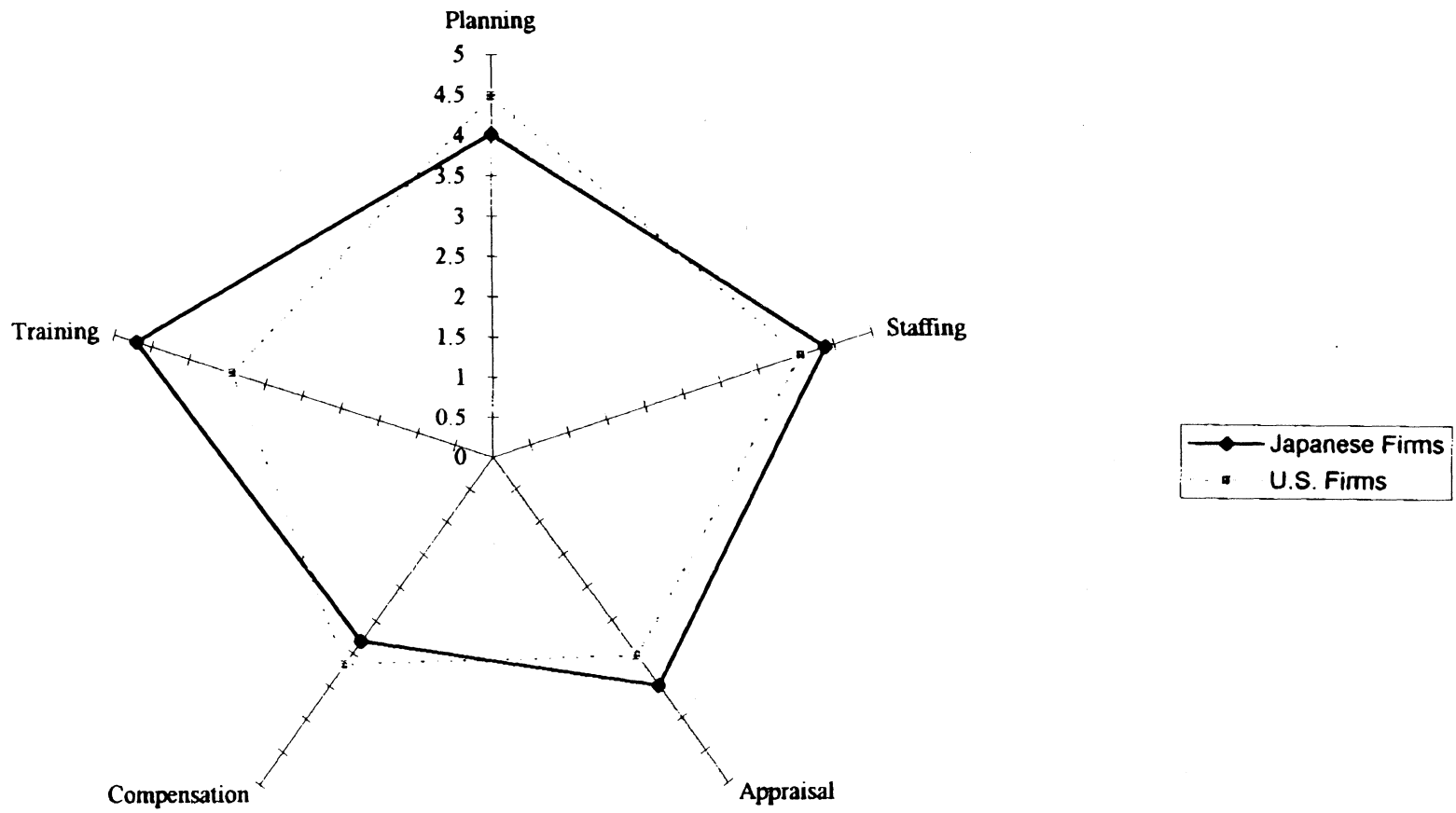


Figure 3: Sample Differences on HRM Dimensions: Time Horizon

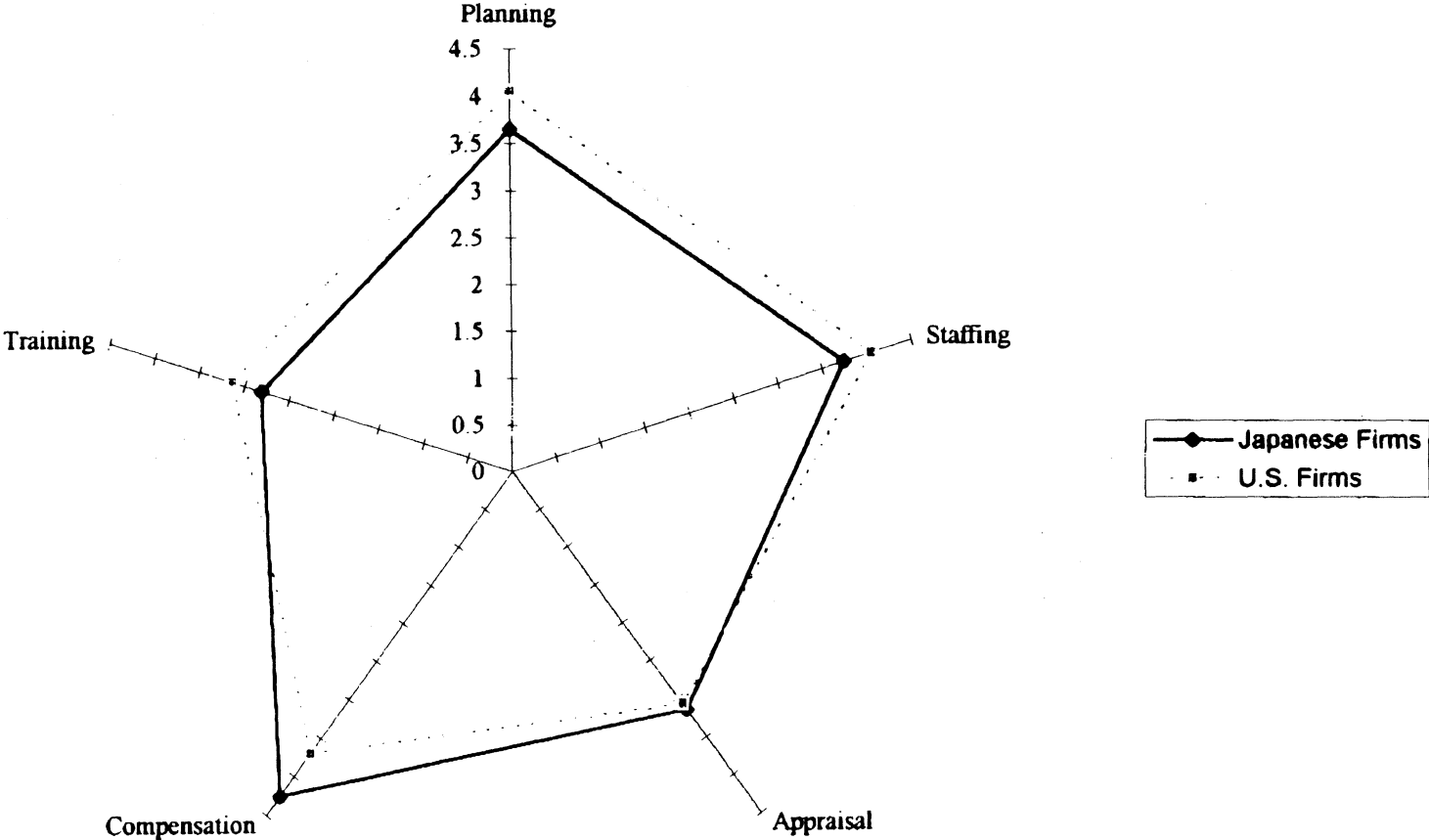


Figure 4: Sample Differences on HRM Dimensions: Participation

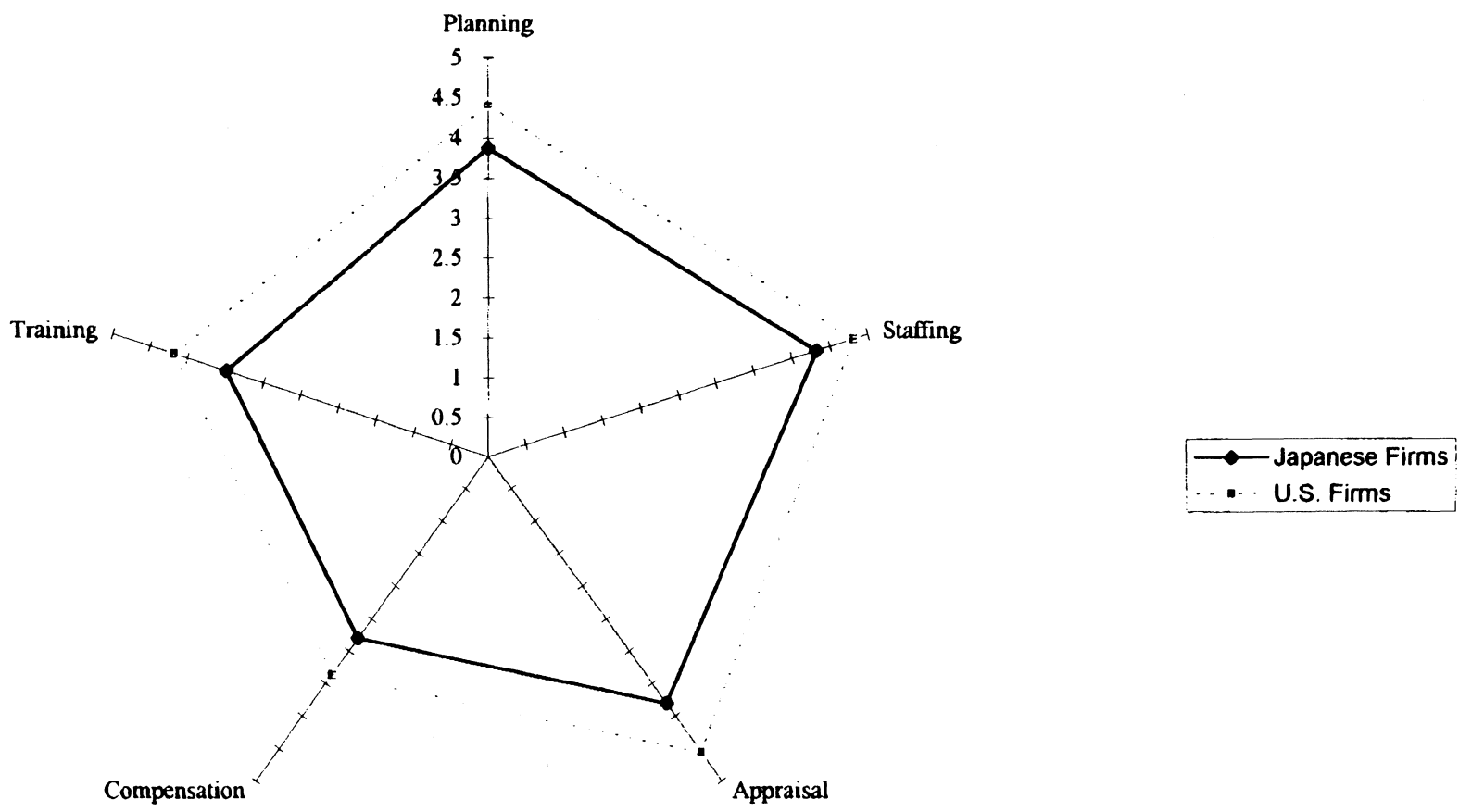


Figure 5: Sample Differences on HRM Dimensions: Scope

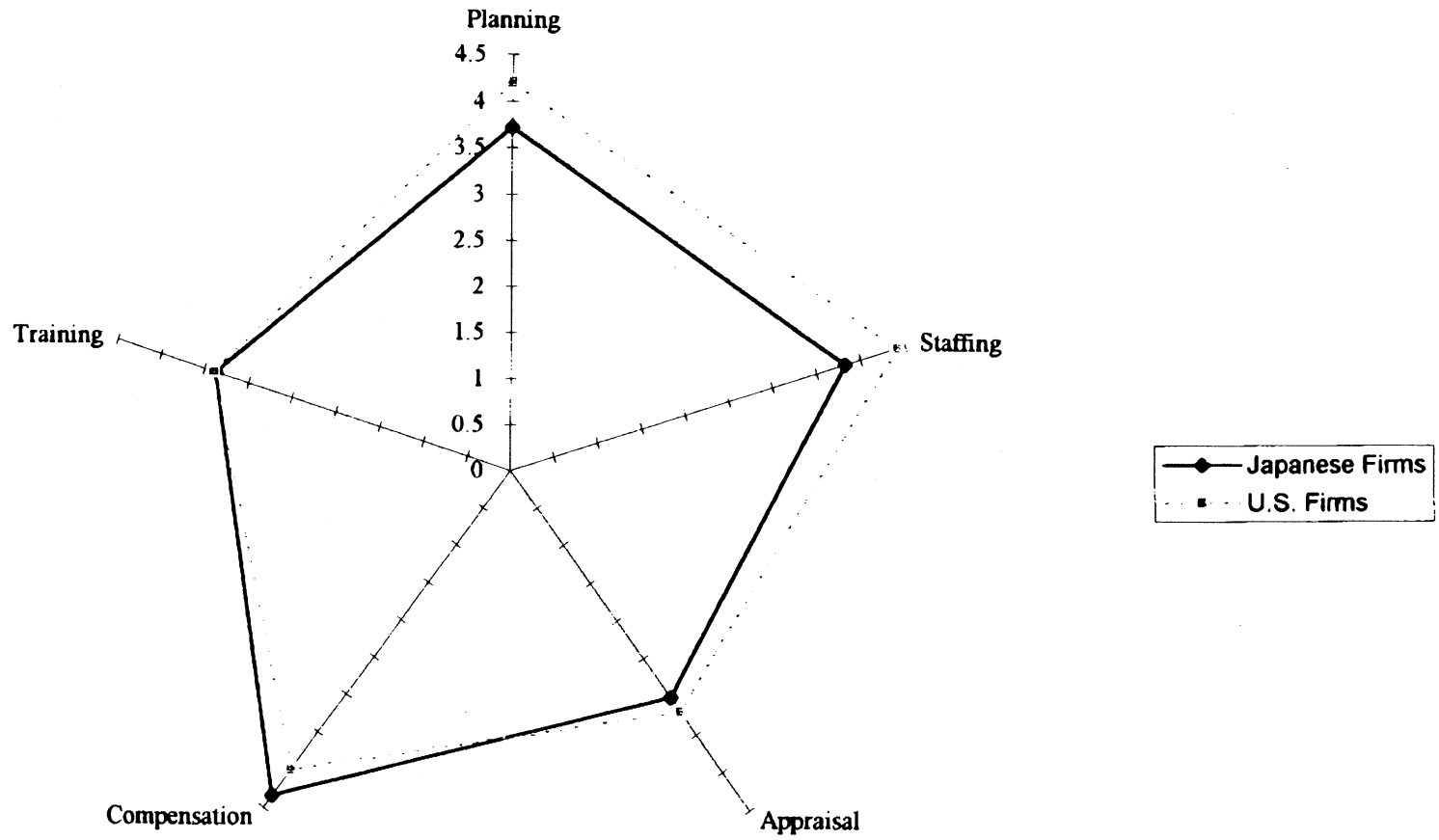


Figure 6: Sample Differences on HRM Dimensions: Frame of Reference

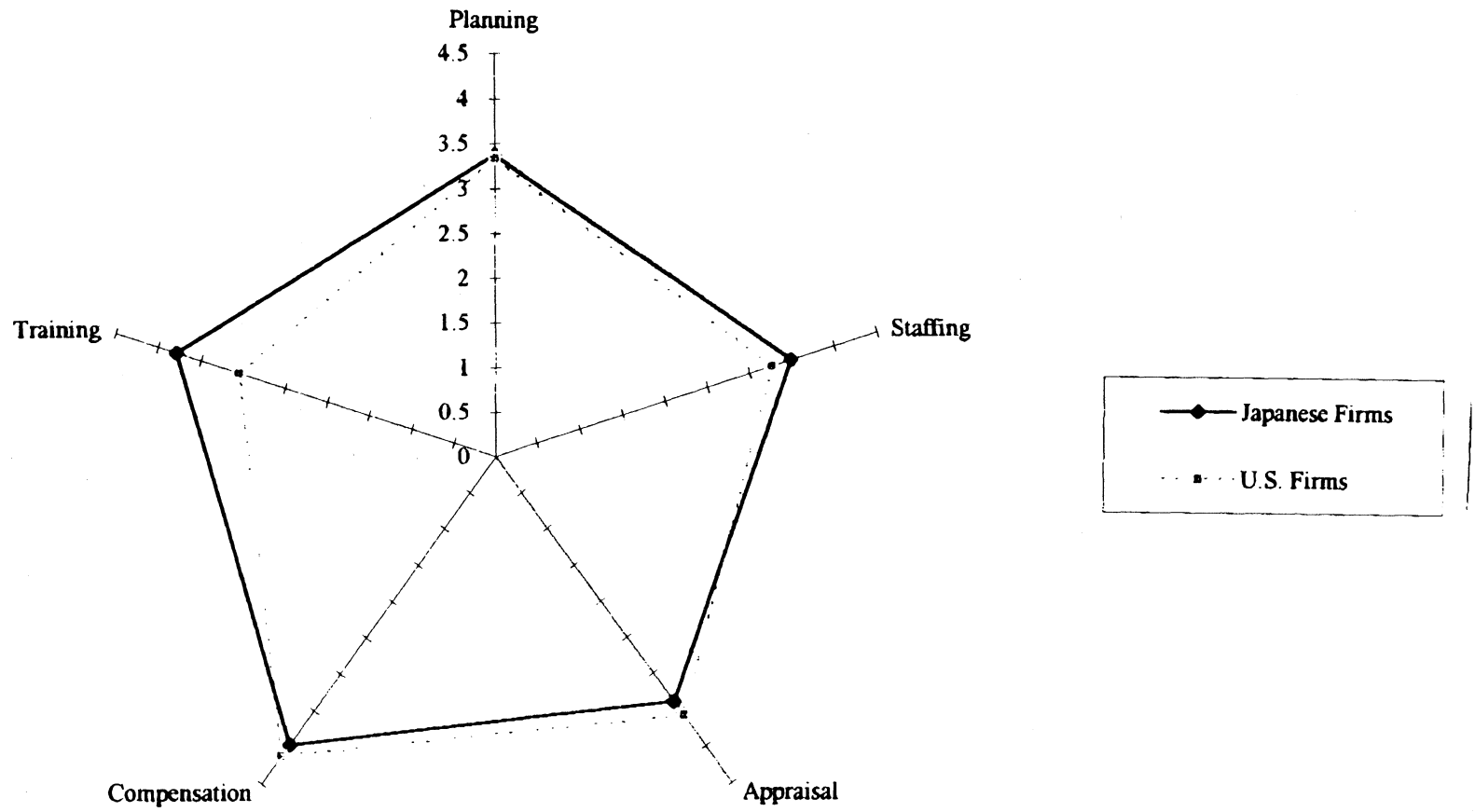


Figure 7: Sample Differences on HRM Dimensions: Justice

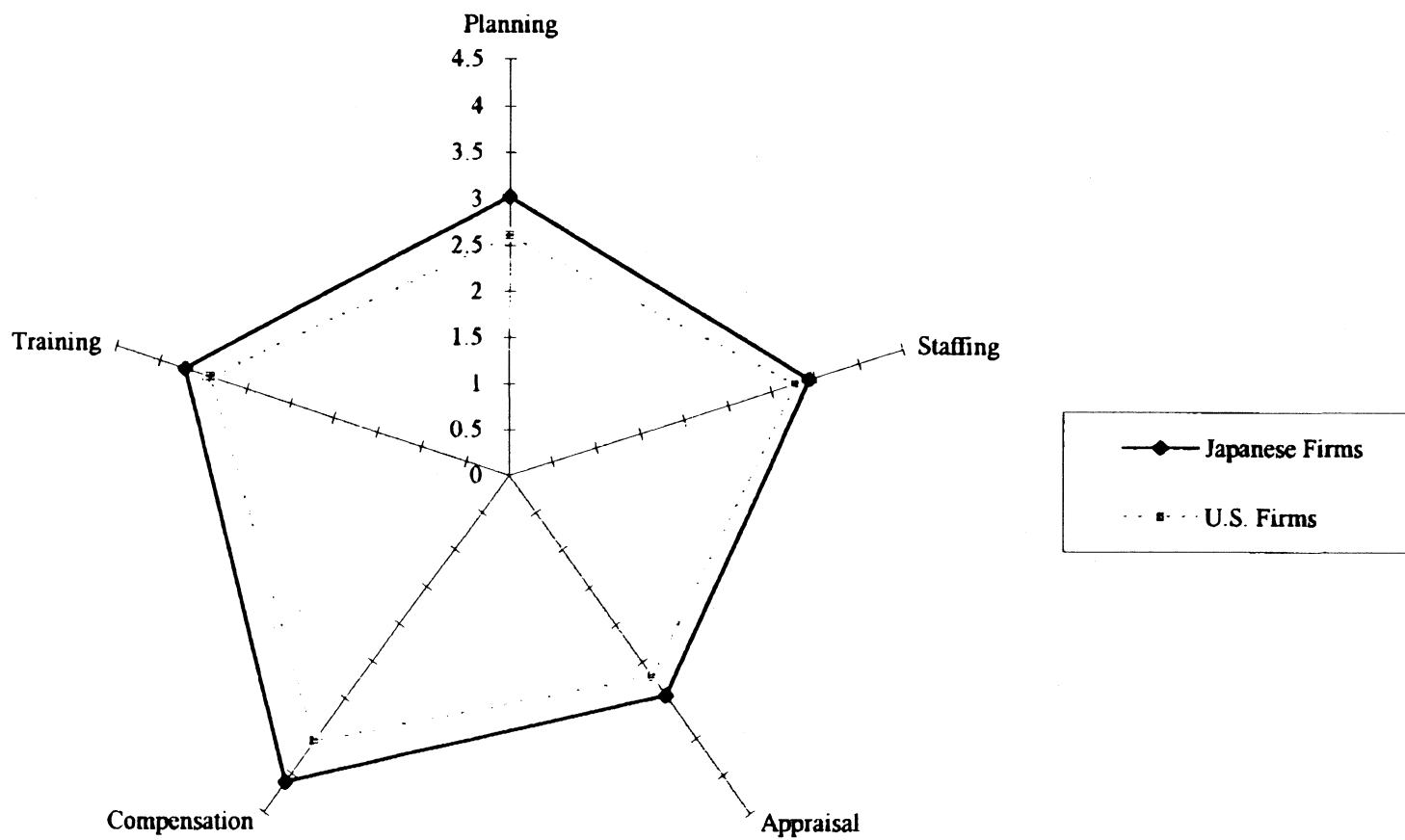


Figure 8: Sample Differences on HRM Dimensions: Individualism

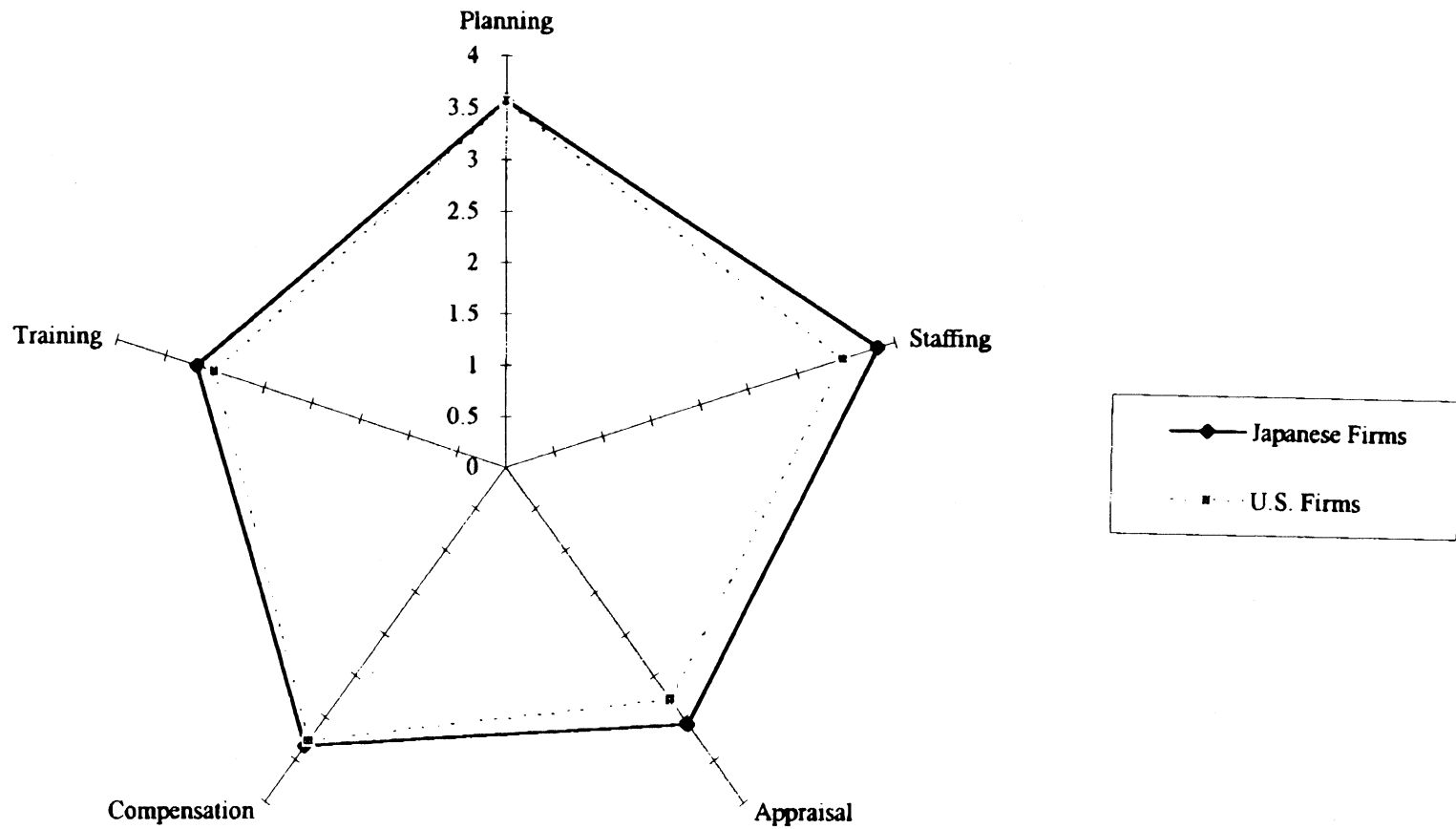
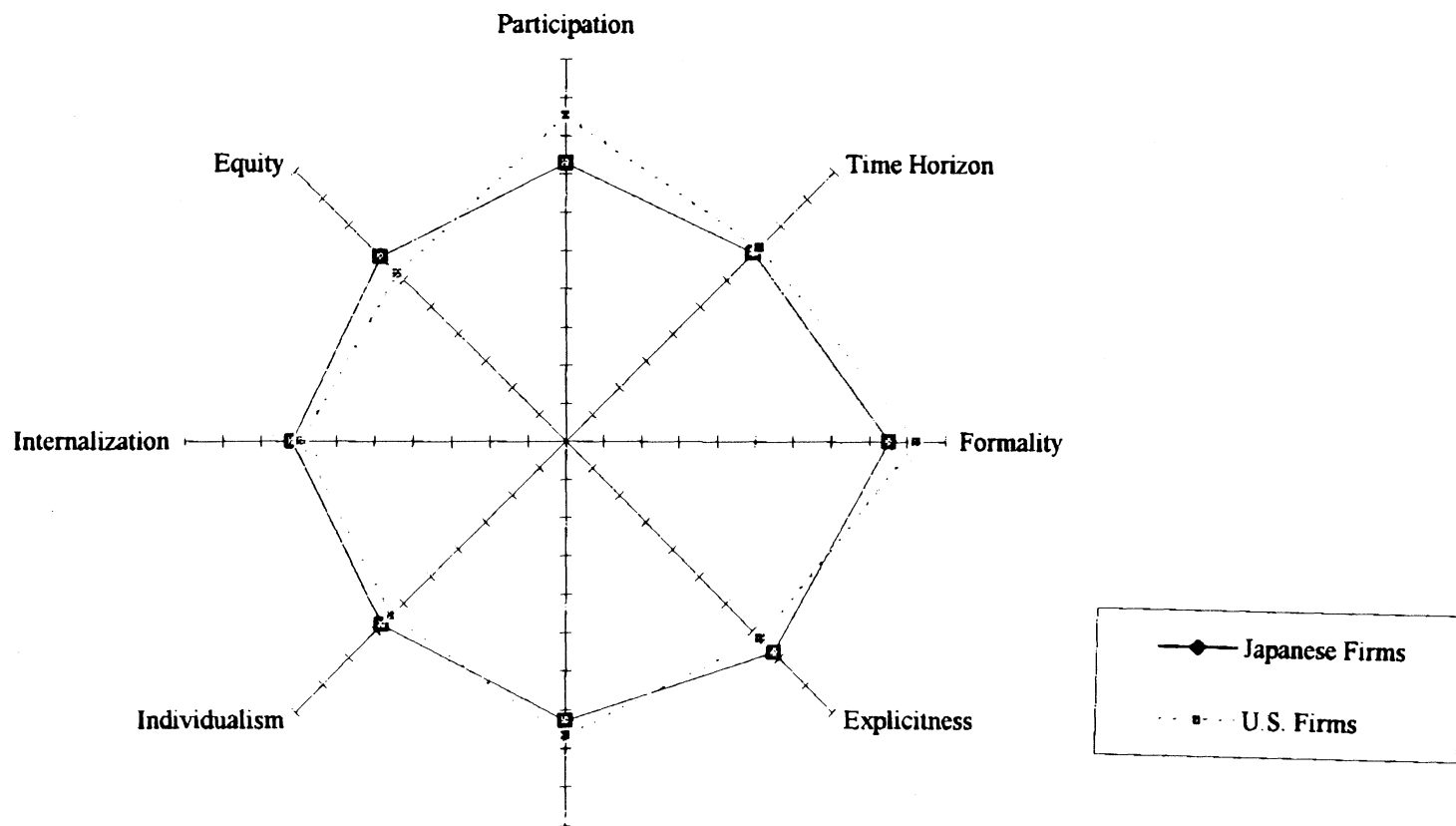


Figure 9: Sample Differences Across HRM Dimensions



Appendix: Questionnaire Items

Indices for each of the eight HRM dimensions were created from five component questionnaire items. All questions used 7-point scales and were anchored on each end by opposite descriptions, as listed below.

PARTICIPATION

| | |
|---|--|
| • Employees and functional departments do not participate actively in HRM planning. | • Employees and functional departments participate actively in HRM planning decisions. |
| • Employees and functional departments do not participate actively in hiring and promotion decisions. | • Employees and functional departments participate actively in hiring and promotion decisions. |
| • Employees are not involved in establishing the mix of components in their compensation package. | • Employees are highly involved in establishing the mix of components in their compensation package. |
| • Employees are not actively involved in decisions concerning how or when they are evaluated. | • Employees are actively involved in decisions concerning how and when they are evaluated. |
| • Employees have little discretion over the amount and type of training they receive. | • Employees have large discretion over the amount and type of training they receive. |

TIME HORIZON

| | |
|---|--|
| • HRM plans and policies focus primarily on responding to immediate concerns. | • HRM plans and policies focus primarily on future concerns. |
| • People are hired and promoted primarily on the basis of the firm's immediate needs. | • People are hired and promoted primarily on the basis of the firm's anticipated future needs. |
| • The incentive component of the compensation package is based on achievement of short-term goals (less than one year). | • The incentive component of the compensation package is based on achievement of long-term goals (more than 1 year). |
| • Appraisals focus primarily on short-term projects (less than one year). | • Appraisals focus primarily on long-term projects (more than one year). |
| • The primary objective of training is teaching people the skills they need to perform in their current jobs. | • The primary objective of training is to teach skills for jobs which employees do not currently occupy or which do not yet exist. |

FORMALITY

| | |
|--|---|
| • HRM planning follows no set sequence of steps. | • HRM planning follows a well-defined process. |
| • Decisions concerning recruiting and promotion are highly unstructured and do not follow an established sequence of steps. | • Decisions concerning recruiting and promotion are highly structured, and follow a well-established sequence of steps. |
| • Compensation policies are not standardized; there is wide variation in application among employees, even at the same managerial level. | • Compensation policies are standardized and applied uniformly to all applicable employees. |
| • Appraisals are very informal. There is little written documentation. | • Appraisals are very formal. Standardized forms are filled out and processed at regular intervals. |
| • Training is provided to employees on an ad hoc basis. | • Training is provided to employees on a systematic basis. |

EXPLICITNESS

| | |
|---|---|
| <ul style="list-style-type: none"> • HRM plans are stated clearly and in great detail. | <ul style="list-style-type: none"> • HRM plans are not stated clearly, but are still understood by employees. |
| <ul style="list-style-type: none"> • Hiring and promotion criteria are clearly stated and communicated to employees. | <ul style="list-style-type: none"> • Hiring and promotion criteria are ambiguous and not clearly communicated to employees. |
| <ul style="list-style-type: none"> • Compensation policies are clearly stated and widely communicated within the firm. | <ul style="list-style-type: none"> • Compensation policies are not clearly stated, nor widely communicated within the firm. |
| <ul style="list-style-type: none"> • Appraisal criteria are clearly stated and widely known within the business unit. | <ul style="list-style-type: none"> • Appraisal criteria are ambiguous and not widely known within the business unit. |
| <ul style="list-style-type: none"> • What constitutes training is clearly identified and delineated. Distractions are made between what is training and what is not. | <ul style="list-style-type: none"> • What constitutes training is ambiguous. There is no clear distinction between training and non-training activities. |

SCOPE

| | |
|---|--|
| <ul style="list-style-type: none"> • HRM planning adopts a narrow approach, focusing on specific issues of hiring, promotion, etc. | <ul style="list-style-type: none"> • HRM planning adopts a big picture approach, integrating its activities with those of other departments. |
| <ul style="list-style-type: none"> • There are few careers paths to the top; and the range of positions one can be promoted to are limited. | <ul style="list-style-type: none"> • There are many career paths to the top; and people can be promoted to a wide range of positions. |
| <ul style="list-style-type: none"> • There are few fringe benefits and they compromise a very small part of the total compensation package. | <ul style="list-style-type: none"> • There are many fringe benefits and they comprise a very large part of the total compensation package. |
| <ul style="list-style-type: none"> • Appraisals focus primarily on an employee's performance on a specific task or in a specific position. | <ul style="list-style-type: none"> • Appraisals focus primarily on an employee's overall performance in the business unit. |
| <ul style="list-style-type: none"> • The primary objective of training is to provide an employee with a specific skill, ability, or item of knowledge. | <ul style="list-style-type: none"> • The primary objective of training is to provide an employee with general skills, abilities, and knowledge. |

INDIVIDUAL VS. GROUP

| | |
|---|--|
| <ul style="list-style-type: none"> • HRM planning focus on utilization of individual resources (identifying and planning to maximize the skills and abilities of individuals). | <ul style="list-style-type: none"> • HRM planning focuses on the utilization of group resources (identifying and planning to maximize the skills and abilities of departments or sections). |
| <ul style="list-style-type: none"> • People are hired and promoted primarily on the basis of their individual technical skills. | <ul style="list-style-type: none"> • People are hired and promoted primarily on the basis of their ability to get along with other employees. |
| <ul style="list-style-type: none"> • People are rewarded primarily on the basis of their own performance. | <ul style="list-style-type: none"> • People are rewarded primarily on the basis of their section's, department's, or business unit's performance. |
| <ul style="list-style-type: none"> • Performance appraisal results are based solely on the performance of the individual employee. | <ul style="list-style-type: none"> • Performance appraisal results reflect the performance of people other than the appraisee. |
| <ul style="list-style-type: none"> • Training focuses on enhancing individual skills, ability, and knowledge. | <ul style="list-style-type: none"> • Training focuses on enhancing group (section, project team, etc.) skills, ability, and knowledge. |

INTERNAL VS. EXTERNAL

| | |
|---|---|
| <ul style="list-style-type: none"> • When formulating HRM plans, my business unit looks primarily at what the firm is doing now or has done in the past. | <ul style="list-style-type: none"> • When formulating HRM plans, my business unit looks primarily at the activities of other firms when developing policy. |
| <ul style="list-style-type: none"> • Vacancies are filled primarily by promoting people from inside the firm. | <ul style="list-style-type: none"> • Vacancies are filled primarily by recruiting people from outside the firm. |
| <ul style="list-style-type: none"> • Compensation levels for specific jobs within the business unit are determined primarily by comparison to comparable jobs within the firm. | <ul style="list-style-type: none"> • Compensation levels for specific jobs within the business unit are determined primarily by market rates fro similar jobs. |
| <ul style="list-style-type: none"> • Appraisals are based on how well employees perform compared to peers within the firm. | <ul style="list-style-type: none"> • Appraisals are based on objective standards that are widely used outside as well as inside the firm. |
| <ul style="list-style-type: none"> • Training is most frequently conducted in-house. | <ul style="list-style-type: none"> • Training is most frequently conducted outside of the firm. |

EQUALITY VS. EQUITY

| | |
|--|---|
| <ul style="list-style-type: none"> • When formulating HRM plans, consideration is given to treating all employees fairly. | <ul style="list-style-type: none"> • When formulating HRM plans, consideration is given to treating all employees equally. |
| <ul style="list-style-type: none"> • Vacancies are filled by most qualified persons as defined by a broad set of criteria (tenure, technical skills, interpersonal skills, and the organization's objectives and requirements). | <ul style="list-style-type: none"> • Vacancies are filled by the most qualified person as defined by a narrow set of criteria (job requirements, technical skills, etc.) applied evenly across all candidates. |
| <ul style="list-style-type: none"> • Compensation is determined primarily by the individual's contribution to the firm. | <ul style="list-style-type: none"> • Compensation is determined primarily by firm-wide, established standards. |
| <ul style="list-style-type: none"> • Appraisals are based on how well employees perform compared to peers within the firm. | <ul style="list-style-type: none"> • Appraisals are based on objective standards that are widely used outside as well as inside the firm. |
| <ul style="list-style-type: none"> • Training is provided to employees based on individual need. | <ul style="list-style-type: none"> • Training is provided to all employees who qualify, regardless of individual need. |