



Chapter 2

National Employment Systems and International HRM



Dr. Nova Mardiana, S.E., M.M.



By: Silvia Agustina (2211011172)

International HRM

Contents



Types and numbers of national system



National business systems and HRM in MNCs



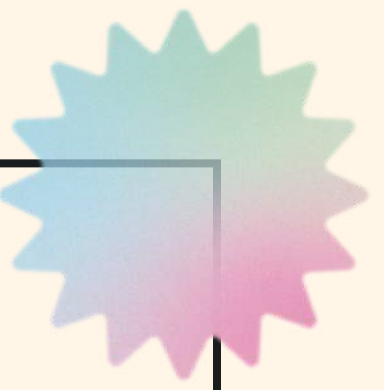
Management, ownership and country-of-origin effects



Study Case



Conclusion

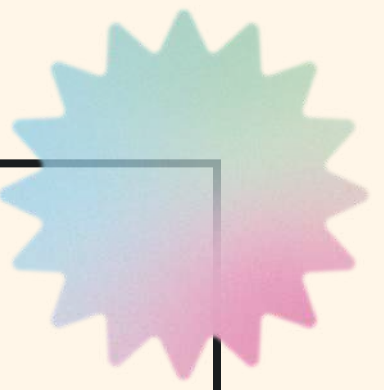


Types and numbers of national system



According to the United Nations there were 193 different states globally. Each state has its own way of managing business and employment, but there are similarities among them. For example, Brazil's business operations might resemble those of Argentina more than Japan's. Instead of focusing on individual states, it's helpful for students and researchers to identify common types of national systems. Understanding these systems can provide insights into how multinational corporations (MNCs) from different countries shape their HRM policies and practices, and how they adapt to host country systems.





Types and numbers of national system

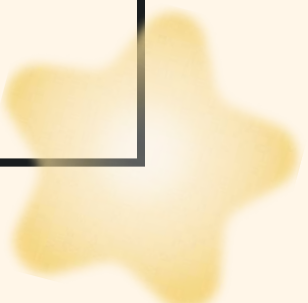


Two varieties of capitalism?

1. National industrial relations and pay-setting arrangements
2. Vocational training and education
3. Corporate governance
4. Inter-firm relations
5. Intra-firm relations

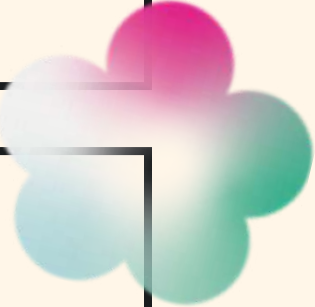
Geographical groupings of countries

Other groupings of countries, based more on geography and politics rather than theoretical premises, also have validity in understanding HRM models.

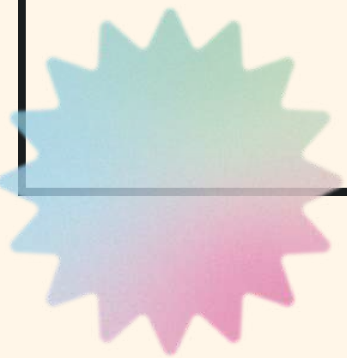




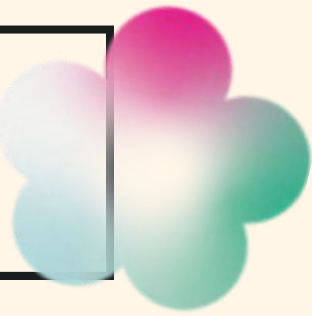
National business systems and HRM in MNCs



The impact of national business systems on firms' policies and practices raises questions regarding multinational corporations (MNCs). MNCs operate across multiple national systems, but it's unclear whether effects stem more from their home country (country of origin effects) or the host country (country of operation effects). Factors like long-term versus short-term orientation may reflect country of origin effects, while legal regulations like minimum wages or worker rights are influenced by host country effects.

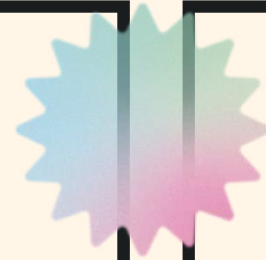


National business systems and HRM in MNCs



- **The Negotiation of Policies: Collaboration and Contestation in the MNC**

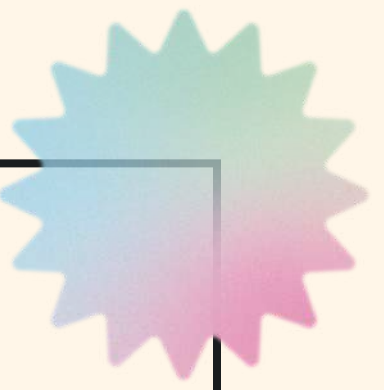
It's about how MNCs manage their HR, considering what differs from managing HR in domestic firms. Key points to consider include the power dynamics between employers and employees, known as the 'effort-reward' bargain. It's a balancing act for firms to control employees while also encouraging their initiative and loyalty



- **The MNC as an International Employment System**

In MNCs, decisions about HRM are influenced by various factors beyond just national business systems. Top decision-makers in MNCs have the power to shape HR policies across borders. However, they may not necessarily prefer replicating their home country's practices abroad. Instead, they might aim for a global standard, often based on a blend of Western and Japanese management principles.

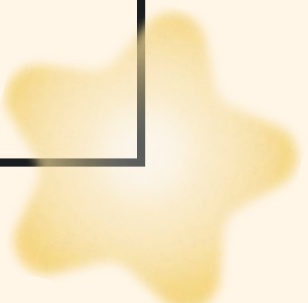




Management, ownership and country-of-origin effects



The varieties of capitalism literature explores how national differences in institutions and financing methods affect managerial choices and business systems. In coordinated market economies like Germany, where long-term financing is common, investors have a say in how firms are run. In liberal market economies like the US, short-term returns are prioritized, leading to different HR policies.



Study Case

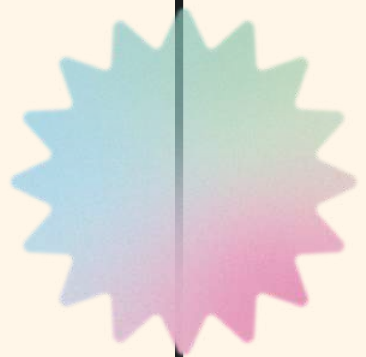
XYZ Corporation

XYZ Corporation, a multinational manufacturing company headquartered in the United States, operates subsidiaries in Germany, Japan, and Brazil. Each subsidiary operates within unique national business systems (NBS). In Germany and Japan, subsidiaries benefit from coordinated market economies characterized by long-term relationships between firms and financial institutions. HR practices prioritize employee stability, skill development, and employee involvement in decision-making. In Brazil, the subsidiary operates within a context influenced by the Mediterranean model, facing challenges related to a less structured business environment. HR policies focus on managing diversity and flexibility in employment arrangements.

At the corporate level, XYZ Corporation's top decision-makers balance centralization and localization in HRM practices. While some policies are standardized globally, others are adapted to suit local conditions. Changes in ownership structures and globalization present new challenges and opportunities. Top management must assess the implications of these changes on HRM strategies and ensure alignment with corporate objectives while respecting local contexts.

Conclusion

In this chapter, we explored how different countries organize capitalism and HRM, and how this impacts HRM in MNCs. We discussed various models of national organization, including coordinated market economies like Germany and Japan, and liberal market economies like the US and UK. We also touched on other groupings like the Mediterranean model. To understand HRM in MNCs, we need to consider not just national rules but also how ideas about management are influenced by different actors and power dynamics. We looked at why MNCs might apply elements of their home business system abroad. Lastly, we considered how globalization and changes in MNC ownership may affect national differences and management choices.



Thank you!



Go easy on me for the questions please :(