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The impact of human resource management practices on managerial work: Institutional constraints, strategic actions and organizational outcomes

John Hassard
University of Manchester, UK

Jonathan Morris
Cardiff University, UK

Abstract

The article asks what the main consequences have been for managerial work arising from changes to human resource management (HRM) practices during an era of neoliberal corporate restructuring. The authors answer this by making two contributions: (a) theorizing a range of HRM and organizational practices emerging in different socio-economic contexts, and (b) presenting qualitative empirical evidence on changes to managerial work associated with these practices across economies. For the former the authors analyse divergent and convergent human resources trends in relation to national contexts, drawing on wider debates on Varieties of Capitalism (VoC). For the latter, they examine implications for HRM and managerial work arising from firms introducing new organizational forms in Japan, the UK, the US and Brazil. Contending that HRM practices have commonly been researched within a contextual vacuum, the authors develop a position that moves 'beyond the enterprise' to explain HRM in ways situated within wider organizational, economic and political domains.

Keywords

Comparative management, HRM practices, Japan, neo-institutionalism, organizational forms, Varieties of Capitalism

Corresponding author:
John Hassard, Alliance Manchester Business School, University of Manchester, Booth Street West, Manchester, M15 6PB, UK.
Email: john.hassard@manchester.ac.uk

Introduction

Much human resource management (HRM) research has been studied within a contextual vacuum, largely ignoring wider national, institutional and situational differences. It has also ignored dynamics of the global economic environment that shape evolution in HRM systems. We agree with the call by Delbridge et al. (2011) for an HRM perspective that stretches 'beyond the enterprise' and is situated within a wider political, institutional and organizational context. As such, this article asks what the main consequences have been for management arising from the kinds of HRM practices generated within an era of neoliberal corporate restructuring driven by globalization and financialization.

We argue there are a number of gaps in the situational and contextual literature on business, management and organization. Unlike dominant accounts of variation in institutions and practices – notably the Varieties of Capitalism approach – we contend that while institutions considerably constrain practice, there are possibilities for strategic action in HRM practice, albeit within institutional constraints. We extend this to maintain that particular product and labour market differences *within country* offer the potential for very different HRM outcomes. Our research trajectory is thus to explore the complex interactions of national institutions, corporate strategies and employment systems.

In developing this argument, we adopt a logic that links theory, empirics and analysis. Early parts of the article examine important contextual debates encapsulating our analysis of the consequences for managerial employment arising from new HRM practices under global corporate restructuring. In so doing, we consider the broad theorizing of HRM in socio-economic contexts in an enquiry that focuses on issues of convergence and divergence in work and employment systems. On establishing this context our three-stage empirical analysis then presents studies of changes to HRM practices which focus on managerial work across a range of countries and economic systems. The first empirical investigation (2002–2006) analyses issues of restructuring, HRM and managerial employment in three countries – the liberal-market economies (LMEs) of the UK and US, and the coordinated economy (CME) of Japan; the second (2014–2016) then offers additional information on these issues in relation to Japan; and the third (2018 onwards – currently suspended due to the coronavirus pandemic) yet further information in relation to the UK and Japan but also with regard to the 'BRIC' economy, Brazil. Finally, the investigation brings together themes explored in the theoretical and empirical sections to offer conclusions on the extent to which organizations have introduced new organizational forms and the implications for HRM and managerial work in various economic contexts.

Employment and organization under globalization: Institutional perspectives

While theories of national employment systems date back to the 1960s (Wailes et al., 2016), around the turn of the century, new, largely institutional theories emerged to explain differences in the face of globalization and purported pressures towards convergence. Prominent among these was Hall and Soskice's (2001) Varieties of Capitalism (VoC) framework. Essentially, significant changes in the global economy over the past

20 years had raised questions as to whether national differences in employment systems were continuing or had fundamentally changed. These included increased international competition – including that from emerging markets – and growing inequalities within and between national economies. This was often portrayed as a consequence of the erosion of employment protection and the changing nature of labour market institutions, particularly in Anglo-American countries, with such trends being accompanied by the growth of multinational corporations (MNCs) and Global Value Chains, as well as greater employment diversity in developed economies.

The essence of Hall and Soskice's approach is that it rejects the idea that there is one best way to organize. They argue organization takes recourse to various 'spheres' of coordination – including industrial and employee relations – and that there are two ideal-type national systems that resolve coordination problems: a liberal-market type (based on a market-based approach to coordination) and a coordinated-market one (based on greater use of non-market mechanisms). Further, central to the VoC approach is the notion of institutional complementarities – whereby nations with either liberal-market or coordinated forms of coordination tend to develop complementary practices in their organizational spheres (Frege and Goddard, 2014; Gospel and Pendleton, 2005; Hall and Gingerich, 2009).

While due to its conceptual simplicity, analytical parsimony and ability to explain national diversity (especially in relation to globalization) the VoC approach has proved useful for developing internationally comparative analyses of employment relations, it has also been subject to a number of criticisms. Notably it has been criticized for: providing an over-simplistic (binary) choice of economy types; its analytically deterministic theoretical perspective (which leaves little scope for agency and conflict); and ignoring international features of competition and the role of MNCs (Katz and Wailes, 2014; Wailes et al., 2016; Wilkinson et al., 2014). In addition, writers critical of the VoC approach point to increasingly strong liberalization pressures across economies (Wright et al., 2016) and the impact of within-country diversity – such as a rise in non-standard work, the growth of service industries, and organizational fragmentation partly associated with outsourcing (Deeg and Jackson, 2007; Doellgast, 2012; Lane and Wood, 2014). In particular, Wright et al. (2016) call for a greater focus on the interplay between institutional arrangements and sectoral variables.

Given these theoretical shortcomings, new institutional perspectives emerged, broadly termed neo-institutional, which sought to explain how institutions across economic domains interact to form distinctive national systems and, crucially, how these influence the strategy, structure and organization of firms and the interrelationship between firms and their HRM practices. This literature has proposed a more actor-centred and dynamic relation between institutions and firms (Aoki, 2007; Jackson, 2010; Morgan, 2007; Wood and Wilkinson, 2014). Such an approach recognizes the importance of agency in the form of creativity and entrepreneurial activity, suggesting a 'constitutive approach' to conceptualizing 'actors and institutions as being mutually interdependent and reflexively intertwined with one another' (Jackson, 2010: 65). Institutionalization is thus a dynamic social process with actors possessing skills and abilities sufficient for them to be considered 'active participants in their own fate' (Morgan, 2005).

Neo-institutionalists have advanced four propositions from this basic premise. First, they challenge the notion of institutional complementarity central to previous forms of institutional analysis, notably VoC (Amable, 2003; Hall and Soskice, 2001; Whitley, 2005). While forms of institutional analyses emphasize different assumptions, they share a common belief that strong complementarities between institutions effect institutional ‘lock-in’, and thus the formation of strong ‘rules-of-the-game’. Due to suppositions of path dependency these are assumed not only to constrain actors but also to lead to significant difficulties in terms of changing strategy.

Second, the issue of the role of dominant institutions and their constraining/deterministic nature has been questioned, with neo-institutionalists arguing for greater recognition of institutional heterogeneity and diversity as well as acknowledging societal tensions and contradictions (Crouch, 2005). Morgan (2007: 353) argues that whereas in the 1990s researchers argued national models of capitalism consisted of integrated and reinforcing institutions – ‘favour[ing] the development of globally competitive firms in particular sectors where the institutional characteristics of the home society facilitated the building of distinctive types of capabilities’ – contemporary firms are highly inventive and use institutions not as constraints but as assets that enable them to shape new capabilities. In other words, ‘institutions are more diverse, malleable and multi-levelled than the national models perspective recognizes’. The suggestion is that possibilities for transformation are greater than forecast by the (path-dependent) national models framework. Jackson (2010), meanwhile, introduces the concept of institutional ambiguity and suggests institutions can take on various meanings depending on context. Here gaps between institutional expectations and strategic action are filled by actors through interpretation, application and enactment in a process of iteration, projection and evaluation. Thus ‘no society or business system can be said empirically to consist of fully integrated and complementary elements’ (Jackson, 2010: 78). These arguments emphasize the multidimensional nature of institutions and downplay determinism, with the result that institutions can represent a poor guide to action (Deeg and Jackson, 2006). Such complementarities are ‘weak’ in that they grow out of historical circumstances reflecting a variety of institutions and where firms have a variety of strategic options available to them.

Third, as a consequence of institutional reassessment, a more actor-centred approach to institutional analysis has been called for – one which ‘allows for the non-identical nature of those actors across societies, sectors, or over time’ (Jackson, 2010: 81). Actors are thus regarded as rule makers as well as takers and institutions are defined as being part of a dynamic process of institutionalization, being produced and reproduced by actors. This reflects a combination of external pressures and individual (firm) choices (Aoki and Jackson, 2008; Jackson, 2010). Further Hall and Thelen (2009) regard institutions as resources which actors use to achieve their ends – they provide opportunities for particular actions, with actors constantly assessing, testing and experimenting with institutions and thus becoming ‘institutional entrepreneurs’ (Crouch, 2005).

And fourth, the question arises as to how actors initiate and engage in (dynamic) relations with institutions. As noted, both Jackson (2010) and Streeck and Thelen (2005) have emphasized institutional ambiguity, with actors constantly reinterpreting institutional opportunities and constraints, and adapting and modifying rules accordingly.

Institutions are therefore diverse, multi-level, and pull in different ways. Actors can use this to develop their own trajectories and are, according to Morgan (2007), 'partially embedded' within them – moving from centre to periphery and vice versa. Crouch (2005) similarly emphasizes institutional heterogeneity and diversity, with the possibility of institutional entrepreneurs breaking out of suboptimal path dependence and into a different path. Crouch further argues that institutional heterogeneity presents actors with alternative strategies when existing paths are blocked. Such neo-institutional accounts therefore suggest that institutions are multi-levelled and contested and that actors have capacity to be creative and entrepreneurial.

Convergence and divergence in employment relations

While, as noted, debates on convergence in employment date back to the 1960s, when it was posited that a universal (US-focused) model would emerge, from the 1980s the focus shifted to Japan in particular, with a number of authors suggesting western firms were taking on more Japanese-style employee relations practices and features (Dore, 2000). Since the 1990s, however, the debate has somewhat shifted back. In economies with CME characteristics (like Japan) the issue is whether – in an era of neo-liberalism, globalization and shareholder value logic – their employment relations practices are converging with a model associated with LMEs in Anglo-American countries. Indeed, as Barry and Wilkinson (2011) argue, a central debate in comparative institutional analysis has been the convergence–divergence one. There are questions as to what exactly an LME model looks like. As Jackson and Kirsch (2014) note, there is considerable diversity between economies classified as LMEs, let alone intra-country diversity, and on certain employment relations measures there is considerable overlap with countries classified as CMEs, and sometimes with archetypical ones such as Germany. Job tenure in an LME such as Ireland, for example, is not much lower than in Germany, and the percentage of the workforce with 10 years plus tenure in Ireland is higher than in several CME countries (Jackson and Kirsch, 2014).

Further, as well as providing job security, long-term tenure in countries such as Japan can be viewed as having considerable disadvantages for employees. In particular, job mobility can prove difficult – if not practically impossible – compared with the US, where it is often viewed in a positive way; for example, people quitting jobs to set up new ventures (Campbell et al., 2012). Similarly, labour turnover rates are very similar for (CME) Germany and (LME) Australia. The US, and to a lesser extent the UK, may be somewhat of an LME outlier here – with low rates of tenure, high turnover and poor levels of job protection, etc. Indeed, the low pay sector in Germany has grown considerably faster than the rate for other EU countries and also for the US. Finally, Keller and Kirsch (2016) note how unionization rates are higher in four of the six LMEs they studied than in Germany and Japan, with over half of all private sector employees not covered by the much vaunted works councils in Germany; they also point to considerable and growing income inequalities.

Various themes emerge here. The first is there is considerable diversity in management strategies at the firm level. For the US, as late as the early 2000s Jacoby (2005) pointed to very different HRM strategies on a firm-by-firm level. Second, having said this, the nature of LME capitalism has itself undergone considerable liberalization, certainly in its US and UK variants (Streeck, 2009), with widespread evidence of downsizing in the 1990s and 2000s (Jackson and Kirsch, 2014). Third, there have been questions of whether the CME model actually exists, certainly in countries such as Germany (Keller and Kirsch, 2016)

Thelen (2014), however, argues that liberalization pressures are channelled in different ways, and Katz and Wailes (2014) similarly find explanations for conversion overly deterministic (see also Jackson and Kirsch, 2014). Meanwhile Katz (2005) argues the growing in-country variation in employment relations is a consequence of rising management prerogative, and that Germany is a prototypical example. Elsewhere, Crouch (2005) argues that the debate should concentrate on the relative decline of complementarities, while Doellgast (2012) points not only to the importance of convergent tendencies associated with the growth of non-standard (often non-union) service employment, but also to the continued influence of traditional institutions serving to constrain liberalization. For Lane and Wood (2009), however, such conflicting trends – which lead to the emergence of a hybrid model – are simply the consequence of 'plasticity'.

Part of such explanation for in-country diversity is the role of MNCs – which, Deeg and Jackson (2007) argue, have increasingly led to a quality of national economies being 'institutionally incomplete'. The argument goes that MNCs are increasingly trying to standardize HRM practices across their operations to achieve competitive advantage (Batt et al., 2009; Pudelko and Harzing, 2008), although Edwards et al. (2013) have argued the presence of both 'systems' and 'dominance' effects are evident, as are 'society effects'. Their results suggest that MNCs configure their HRM practices in response to all three forces rather than just uniform global practices or the institutional context.

Further reflections on Japanese employment

Given the one CME in our empirical investigation (below) is Japan, it is important to stress the extent of convergence in that economy towards a more liberalized model. The Japanese version of a CME is characterized by a largely voluntarist system, certainly in the area of employment relations. This is not to say the state has played an unimportant role in labour relations, but rather it is not so much state-determined in the way Germany is. The Japanese form of CME comprises an industrial relations system reflecting: representation by enterprise unions; corporate governance based on interlocking shareholdings in large keiretsu firms; and long-term employment and extensive investment in core workforces, especially for keiretsu firms.

Indeed, for core permanent staff the HRM system is traditionally based upon long-term employment, seniority-based pay and enterprise unions. However, since the collapse of the 'bubble economy' in the early 1990s, this system – and aspects of the wider CME model such as the corporate governance system – has come under considerable pressure, as a consequence of slow economic growth, international competition (particularly from China), increasing foreign ownership (both direct, in the form of FDI, and increased foreign activity in the Tokyo stock market) and a consequent restructuring of the Japanese economy and its industrial structure. This included a belated 'hollowing out' (or deindustrialization) of the Japanese economy (with manufacturing locating abroad, notably in East Asia), a marked growth of services, significant growth in non-standard work, a feminization of the workforce, and a dramatic decline in union membership. Moreover, many of these features are interrelated.

Recent research on HRM in Japan notes partial change and an increasing discrepancy between core and periphery (Shibata, 2016; Yamauchi, 2016; Yun, 2016). Prior to this, core workers in Japan had been protected by a corporate governance system which provided for a stakeholder model (Dore, 2000). In this the Japanese model was based on the relationship between the keiretsus, the banks and extensive cross-shareholdings in the corporate groups. Such a governance system enabled employees to be sheltered from market competition in a 'company as community' system (Inagami and Whittaker, 2005), with risk transferred to suppliers and non-core employees. However, this system has been transformed over the past 10–20 years according to Dore (2009), notably accompanied by a rise in shareholder sovereignty, thus posing the question of whether Japan can still be categorized as a CME. Much of the change in corporate governance was a consequence of increasing foreign ownership of Japanese firms, foreign ownership of Japanese shares, and Japanese companies adjusting their practices in the face of intense competition, with corporate finance becoming far more market-orientated (and thus coming under foreign control) (Aoki et al., 2007; Chizema and Shinozawa, 2012; Colpan et al., 2011; Jackson, 2009; Jacoby, 2005).

Closely related to corporate governance reforms and restructuring of the Japanese economy have been HRM system changes. The system had traditionally been characterized by the three 'pillars' of lifetime employment (LTE), seniority-based pay and enterprise unions. However the Japanese economy and labour market had undergone three major and interrelated structural changes found in other CMEs, such as Germany, namely: the rise of the service economy, the growth of the 'atypical' workforce and the incorporation of female employees. Nevertheless, despite these trends, data also point to a great degree of resilience. The practice of lifetime employment, for example, which had been predicted to decline, indicated much continuity. In comparing long-term employment in the US and Japan over 25 years, Kambayashi and Kato (2017) found it particularly resilient in Japan (up until 2007, at least) – despite Japan's 'lost decade' of the 1990s – and in contrast to the US, where notably it had declined despite economic growth. Keizer's (2009) research, based on four Japanese case studies, found continued attachment to lifetime employment. He also pointed to the modest impact of changes to the seniority-based pay system, despite its heralded demise in Japan, arguing that new practices had been grafted onto the existing system. Further, while Ishida and Sato (2011) argue there has been a widespread paradigm shift in Japanese HRM, Sekiguchi (2013) argues the introduction of more individualized pay systems in Japan is largely illusory, and the consequence of a management fashion which spread through Japanese business in the early 2000s – one that became a 'rationalized myth', with survey data pointing to significant implementation problems.

Perhaps the most significant change to the Japanese model, however, has been the demise of unionization levels – in common with most OECD economies, including other CMEs such as Germany. Enterprise unions were the product of a post-1945 accord, with enterprise-level bargaining following the annual *Shunto* economy-wide wages offensive. Structurally, unions in Japan have faced difficulties in dealing with formal changes in the economy, because they were not responsible for organizing the labour growth segments of the economy, such as female employees and atypical workers. Further, they have been marginalized at a national policy-making level (Shibata, 2016; Yun, 2016). Union membership in private enterprises fell from 12.2 million in 1990 to 9.8 in 2014 and density has steadily fallen from 46.2% in 1950 to 30.8% in 1980 to 17.5% in 2014 (JILPT, 2016).

The picture of HRM change in Japan, therefore, is somewhat confused. On the one hand data point to major structural change. This has accompanied a decline in manufacturing jobs, a rise in services, a growth in female jobs and a significant rise in atypical and non-standard employment, such as temporary work. Whereas in 1990 non-regular workers comprised 20% of the workforce, this increased to 26% in 2000 and 37.5% by 2015, when female employees made up 42% of the workforce. On the other, survey data point to the resilience of core parts of the HRM system, such as lifetime employment and seniority-based pay, but again with enterprise unions facing difficulties.

How do we interpret this information? Based on large-scale survey data, Aoki and Jackson (2008) argue that fragmentation is occurring in the Japanese employment relations system. This is similar to Thelen's (2014) argument for similar developments in Germany, with the emergence of a segmented, dualistic and layered form of CME (see also Doellgast, 2012). Additionally, Jackson (2009) tracks variations in Japanese employment relations, arguing that while large firms are fairly homogeneous in terms of lifetime employment practices, there is more variation for pay systems, based largely on differences in corporate governance arrangements. Indeed, he distinguishes three models of employment relations and corporate governance within Japan: first a model with minimal adaptation (bank financing, LTE, minor shareholding influence, etc.); second a hybrid model with mixed market-orientated finance and ownership characteristics, but traditional HRM practices, and including the large manufacturing keiretsus; and third a different form of hybrid, representing firms who have traditional corporate governance arrangements but more marketized employment relations, primarily comprised of newer firms in Japan.

Methods and methodology

Having established a context for this study by way of institutional analysis, and subsequently focused this discussion on key issues of divergence and convergence in employment and organizational systems, as noted earlier, the investigation now asks what the main consequences have been for managerial work arising from the kinds of HRM practices generated within neoliberal corporate restructuring. To make sense of this issue we address the problem not only by way of evaluating new forms of human resource practices, but also through analysis of relations between such practices and the nature of managerial work in major economies. In so doing, we have focused on managers in large corporations given recent decades have reflected a period in which they have had to make sense of how several 'big actors' (Latour, 2005) have reshaped their work, and notably though the development of a range of corporate restructuring prescriptions, digital communications systems and information-access technologies.

This study examines therefore how since the millennium work has changed markedly for managers, and for middle managers in particular (by definition those who manage at least one subordinate level of managers while also reporting to a higher managerial level). During the interview-based investigation, the article illuminates how the manager's lifeworld has been transformed consistent with the demands of various organizational, technological and human resource innovations, with this often reflecting moves to greater 'behavioural visibility' (Leonardi and Treem, 2020). Empirically, the study examines managerial work in organizations experiencing significant restructuring. This was the case for most corporations visited, many having undergone recurrent rounds of downsizing and delayering. This scenario is reflected in many liberal-market, coordinated-market, and other forms of capitalism (Hassard and Morris, 2018), a situation associated with increased employment insecurity among managerial workforces.

In developing this research, we wished initially to obtain data from both liberal-market (UK, US) and major coordinated-market (Japan) economies, but later decided to expand the scope of investigation by way of research in BRIC nations (Brazil, China). The data which inform the empirical component of this article are drawn from three investigations which have developed qualitative comparative analysis of HRM issues primarily from semi-structured interviews. This approach was adopted because in contrast to one-shot case studies or cross-sectional research it allowed the flexibility to describe not only how perceptions and experiences of managerial, employment and HRM issues were formed, but also how they changed and developed during a period of significant corporate transformation in major economies.

During this research, managers were typically interviewed by two researchers, with most sessions being audio-recorded. In a few cases interviewees declined to be so recorded, and here the researchers made handwritten notes. Interviews typically lasted between 60 and 90 minutes and focused on issues relevant to addressing the core research question of how the experience of management work has changed under corporate restructuring and new HRM practices. In gaining answers the semi-structured interview schedule covered issues such as managerial tasks, duties and responsibilities; performance management and reward systems; job security and career trajectories; changes to organization structures and processes; corporate strategy, climate and culture; work–life balance and well-being. Typically interview sessions covered the majority of core research topics but rarely in the order set.

In terms of the investigations themselves, the first was a large-scale study which related HRM issues to new organizational forms and their implications for managerial work in the US, UK and Japan, and which ran initially from 2002 to 2006. This comprised 259 interviews with senior, human resources and middle managers in 26 companies and across the three countries. Interviewees were drawn from matched case study companies and including manufacturing and services, high and low technology products and private and public sectors. The firms researched were in automotive, steel, engineering, utilities, financial services and public sectors.

The second was an in-depth study of HRM change and its implications for managers in Japan (2014–2016), and comprised interviewing 60 managers in four companies. Again the firms were drawn from a range of segments – a large manufacturing keiretsu, a privatized telecommunications organization, a high technology internet operation and a newer entrant telecommunications company.

The third investigation (from 2018) is an ongoing study designed largely to replicate the first, but with the addition of two BRIC economies, Brazil and China. Data contributing to the article are drawn from interviews conducted (pre coronavirus pandemic) with 58 managers in 21 organizations in Brazil, Japan and the UK, and including firms from the automotive, electronics, utilities, financial services, glass products, telecoms and electronics sectors. Many of these firms were also visited in both the first and second rounds of research.

During these investigations a comparative dimension has been invoked to contrast the experiences of managers working in broadly liberal-market (UK, US) economies with those in a coordinated-market economy (Japan), while heeding the call of Wailes et al. (2016) the research has recently added BRIC economies to broaden the data set and basis for analysis.

Empirical investigations

In what follows we offer information from our three empirical investigations, with this material being presented in analytical form before a series of conclusions is drawn in the final section.

Study one

The first study (2002–2006) evaluated the extent to which organizations were introducing new organizational forms in three countries (Japan, UK, US) and the implications for HRM and managerial work. While the researchers did not find evidence of so-called 'post bureaucratic' forms, restructuring had taken place, including narrowing boundaries, significant delayering and widespread downsizing. For example, the Japanese keiretsus were moving to a looser type of federation, with fewer but larger suppliers, while in the public sector greater outsourcing was reported (Ahmadjian and Robinson, 2001). In the USA and UK, similarly, boundaries had also shifted with extensive outsourcing and divestment of non-core activities across sectors (automotive, electronics, financial services, utilities and health), this being pronounced in larger/older firms, which had transformed previously vertically-integrated operations. In the UK, the public sector organizations had also been subject to marketization and the contacting out of services. Indeed, all organizations across the three countries reported significant change – either through downsizing, delayering, or both.

Downsizing was found across eight of nine Japanese organizations, eight of ten US, and all seven in the UK, with delayering in six Japanese, seven US and six UK organizations. Exercises in downsizing had started considerably earlier in the US and UK than Japan. In addition, US firms relied most heavily on compulsory redundancies, which were rare in Japan, where hiring freezes, early retirement and transfers were more common. Meanwhile delayering indicates the emergence of new organizational forms. It was extensive throughout the sample organizations (19 of 26) of the three countries studied, and most pronounced in the large/older firms (with up to four layers removed in Japanese, five in UK and seven in US organizations). These developments had a major impact on the nature of HRM practices and managerial work, with significant implications for work intensity, career prospects and satisfaction/motivation, notably among middle managers. This was of particular salience in Japan where many personnel practices are predicated upon hierarchy, and pay, promotion and career development have traditionally been synonymous with long-term seniority. Delayering was prominent in manufacturing firms, apparently motivated by needs to speed up decision-making and reduce costs, this also resulting in longer working hours, greater work intensification, broader task roles, increased spans of control and extended task domains.

Such radical organizational change also increased managerial perceptions of job insecurity, reflecting an 'insecurity culture' at some organizations; this in turn reflecting wider changes to HRM systems. Nowhere was this truer than in Japan where there had formerly been close relations between employment systems (e.g. internal labour markets), job tenure (e.g. lifetime employment) and pay systems (e.g. seniority-based pay). Of course, job tenure had also formerly been an important feature of large companies in the US and UK, but in Japan it had been strongly institutionalized and societally normative. Despite reports of its demise, LTE remained a key tenet of HRM in our case study companies. This was despite a large increase in mid-career hires, fewer employees being eligible for LTE, and LTE generally being for a shorter duration. In addition, seniority-based pay systems seemed equally resilient, despite the purported widespread diffusion of performance-related pay schemes; mainly because of widespread implementation difficulties, although promotion opportunities were increasingly constrained (Watanabe, 2000). In the US a significant bonus culture was evident, even for mid-level managers (up to 50% of total pay). Furthermore, whereas in the US downsizing exercises were accompanied by compulsory redundancy programmes, this was unusual both in the UK, where voluntary programmes were often relied on, and Japan, where a mixture of hiring freezes and early retirement schemes was common.

In sum, global internationalization seemed to be acting as a force for convergence, with this also signalling a shift from managerial to investor capitalism in large firms, even in Japan. New forms of organizing were widespread, at least as defined by changing internal and external boundaries and as represented by downsizing and delayering, and outsourcing and divestment, across the three countries. In many ways there were broad similarities between forms of organizational restructuring and their impacts on managerial work in terms of working time and intensity, career progression, perceived job insecurity and employee motivation. The specifics of how this played out were, however, different. In the US (and the UK to a lesser extent), middle managers were acutely aware of increased job insecurity, which was perhaps unsurprising given the prevalence of compulsory redundancies associated with downsizing. While there was evidence of greater job insecurity in the Japanese case (and both promotion and pay largely continued to be based on seniority) it was not as acute as in the other national cases, and even where managers were pressed into early retirement, they were transferred to an affiliate, albeit often on worse employment terms and conditions. However, this represented a significant break with normative expectations of a job for life, which was significant for managers, often clearly articulated and generating a deep sense of anxiety and dismay among them (see also Genda, 2005; Matanle, 2003). Thus while these changes to organizational forms, HRM and the nature of managerial work are to an extent mediated by path-dependent institutional forms, large firms in very different economies have faced similar competitive pressures, creating powerful imperatives for engaging in cost reduction strategies.

Study two

The results from the second study (2014–2016) – conducted exclusively with Japanese companies – supported the impression of convergence, but also suggested a significant degree of continuity. In this investigation we studied two ‘older’ firms (founded before World War II) and compared their HRM practices with those of two firms established more recently (in the 1980s and 1990s).

In the two older companies – a large manufacturing keiretsu (MatureCo) and a large privatized telecommunications organization (PrivatisedCo) – a fairly traditional form of Japanese HRM was practised, traditional at least for large Japanese organizations. For PrivatisedCo, although 25% of its shares were now foreign owned, the firm had not been subject to intense international competition, and generally preserved the ‘three pillars’. The firm had maintained lifetime employment until the age of 50, when staff are required to join a subsidiary on inferior terms and conditions. It utilized its subsidiaries in a fairly traditional way: to buffer the core organization and maintain its hierarchy and lifetime employment; for instance, all employees were full-time and permanent. The firm had also maintained fairly traditional recruitment methods, although there were an increasing number of mid-career hires. Remuneration systems at PrivatisedCo had undergone modifications with a degree of output-based pay (*seikashugi*) introduced. However seniority was still the major determinant of pay, albeit the proportion related to age and tenure was lower than previously. Seniority was closely aligned to remuneration in that it was still generally linked to promotion, but with a long period (15 years plus) before promotion to a managerial position, fewer people being promoted than hitherto, and the fast-track promotion system abolished.

The other ‘older’ firm, MatureCo, was a hundred-year-old multidivisional electrical group, which had undergone a significant restructuring of its strategic operations, as well as modifications to its corporate governance. The firm had experienced intense competition from lower-cost Asian rivals, a hollowing out of its traditional operations, sluggish domestic demand and consequentially declining profitability. There was a departure from the traditional cross-shareholding model (including the main bank and keiretsu firms) with far more ‘active’ shareholders introduced in the form of foreign investors (40%), who had become increasingly influential and driven many strategic policies, particularly cost reduction campaigns. As a result, the group had ceased production of former core product ranges in consumer products, semiconductors and consumer electronics, or had transferred production to subsidiaries or sold it onto third parties. Subsidiaries in this context were used to separate well performing from not so well performing parts of the group. The latter faced a precarious position – one which potentially had profound implications for traditional employee relations practices based on LTE, seniority pay and enterprise unions. Despite this, there had been few major modifications to the HRM system. The lifetime employment system was still in place, although far fewer staff were eligible because of divestments. Older managers (over 50) were routinely transferred to subsidiaries and the company had recruited significantly in the mid-career market. Further, while younger managers were attracted to MatureCo by LTE, all those interviewed were considering a future away from the company and knew staff who had left, reflective of dramatic change in Japan's external labour market. There were moves to modify traditional seniority arrangements similar to those at PrivatisedCo and for wage rises to be more closely linked to output and performance, with formalization of the appraisal system and the introduction of new job descriptions. However, changes to the pay system had little genuine financial effect on individuals as the appraisal made little difference to pay (only around 3%). However, fewer employees were eligible for higher pay, given there were fewer core workers due to recruitment freezes and delayering, with appraisal being increasingly important for promotion. Furthermore, promotion was an extremely slow process and no longer guaranteed. In sum, the HRM practices at both MatureCo and PrivatisedCo indicated much continuity with past practices – notably in respect of LTE and seniority pay – albeit with important modifications being noted.

When researching the two 'newer' companies – TechCo and NewtelCo – we anticipated considerable organizational innovation, given their industrial sectors, personnel demographics and corporate age. TechCo was founded in 1998 and engaged in a variety of internet applications, while NewtelCo was founded in 1981 and involved initially in mobile telephone services (before expanding into related fields). NewtelCo was viewed as something of a maverick company in Japan in terms of its corporate governance, funding arrangements and acquisition strategies. By Japanese standards, it had undergone a rapid and innovative expansion programme, based primarily on a combination of M&A activity and organic growth. TechCo had also undergone rapid expansion. This was achieved in large part through setting up a series of spin-off subsidiaries based on ideas put forward by employees – employees who were sometimes in their early twenties and subsequently acted as CEOs for these companies.

Somewhat surprisingly, both firms pursued a fairly traditional HRM strategy in terms of attitudes towards job security. TechCo pursued a long-term employment policy with the claim they had never laid off a full-time employee, while NewtelCo aimed similarly to retain secure long-term employment, with labour turnover at around 2–3%. In both companies, younger managers suggested they could envisage leaving the company at some stage, either to start their own business or to explore other corporate avenues. Some interviewees claimed these views were representative of the changing attitudes of the younger generation of Japanese managers.

Whereas in terms of employment security TechCo and NewtelCo held to fairly traditional HRM practices, their policies on remuneration were more akin to US or UK practices. At TechCo interviews suggested pay was clearly not aligned to seniority; for as noted above many CEOs and senior managers of subsidiaries were extremely young. At NewtelCo, the company had a fairly flat structure and promotion could be relatively fast, with first level managers often in their late twenties and second level in their early thirties. Employees however could also be demoted. Promotion was based on appraisal and there was a considerable performance-related pay element (of up to 30%). NewtelCo and TechCo were also non-unionized, with indications of an antipathy to such organizations expressed by managers.

In short, the four companies studied displayed a variety of HRM strategies, with lifetime employment strong in each of them, but with far more variation on pay systems and unionization.

Study three

Unlike in the first study, where results indicated fairly dramatic organizational changes – such as a forceful concentration on core competences, and significant downsizing and delayering – the results of this most recent (from 2018) round of interviews mostly suggested less radical, more incremental, changes. The UK interviews (conducted predominantly in firms originally visited in 2002–2006) indicated considerable deepening of features indicated in the first round – with trends seemingly exacerbated by the global financial crisis (GFC, 2008–2009) and a consequence of intensified competition. In some cases, the UK firms were in vigorous intra-corporation competition. For the automotive industry, the organization researched was continuously competing with sister plants globally, while at the management consulting firm a principal KPI was how much work, in skilled technology services, could be offshored to India for cost reasons These firms had mostly continued processes of concentrating on core activities and/or of outsourcing production/services they had established much earlier. Similarly, mangers at a UK utilities operation indicated their organization, which had experienced a long and continuous growth and acquisitions phase, recently altered its corporate strategy to concentrate, once again, on mainly providing water services. However, at this company change had been far more than incremental. Managers described how the organization had undertaken further downsizing and delayering during a major restructuring phase in 2008 – a programme one manager described as ‘brutal and fast paced’, while another as a ‘period of horrendous change’. In addition to downsizing and delayering a number of firms were also ‘downgrading’ positions – where posts being vacated were lowered in hierarchical ranking and remuneration levels. Again, similar to evidence from the first research phase at the company, managers reported work as stressful and as continuously being intensified, with employees undertaking long hours and routinely working at home during the weekend. As a result of delayering, and thus a much flatter organizational structure, promotion opportunities were reported to be increasingly limited.

The evidence from many Japanese case firms was similar to their UK counterparts in that trajectories of managerial work largely mirrored those discerned in earlier research. In the large automotive and electronics firms, the post-GFC period had seen a pattern of production sites following customer location globally. Similar to evidence from the Brazilian companies, interviewees in Japan suggested this had seen highly internationalized firms in the automotive and electronics sectors begin to increasingly standardize HR systems in training, evaluation and promotion, etc., although somewhat confusingly seniority remained important in the Japanese context. Furthermore, levels of managerial labour turnover were much higher in the US plants of these companies than their plants in Japan. The explanation for this was ‘cultural differences’ and notable a far stronger attachment to internal labour markets in Japan as well as the continued importance of LTE. However, a large Japanese automotive manufacturer also noted the increasing global recruitment of some specialist staff, such as IT engineers from India. Performance pay had again been introduced, but remained relatively insignificant in terms of overall remuneration and was often tied to corporate performance. Work for managers, meanwhile, was exacting – with long hours and much reduced promotion opportunities.

For Brazilian companies, the levels of organizational change reported had not been as dramatic, for example, as those for the UK and in particular the US. Indeed, the GFC was reported as being somewhat 'irrelevant' in this regard. However interviewees reported that in 2016 a deep-seated economic crisis had set in, which saw similar strategic and HRM remedies applied in Brazil to those in the US and UK – such as downsizing and delayering, and a renewed concentration on core activities. In contrast to the US, however, for large manufacturing firms the extent of retrenchment was seen as 'partial', due to the financial assistance provided by central government and given Brazilian law made it difficult to lay off significant numbers of staff. Nevertheless, the implications for managers were reported as 'predictable' – longer working hours, fewer opportunities for promotion and significant levels of work stress. Furthermore, a notable recent development reported by Brazilian companies was the progressive 'global harmonization' of HRM systems – in the form of standardized grades, appraisal systems, training, etc. However in this context, rather than something to be resisted it provided possibilities for managers to move overseas and therefore had proven attractive for recruitment.

Conclusions

In line with our theorizing on HRM practices and divergent and convergent socio-economic trends, our data initially sought to answer questions on whether, from the early 2000s, common forms of organizational restructuring – driven by globalization and financialization – were being introduced within large organizations across a set of market economies characterized as either liberal (US, UK) or coordinated (Japan). Our findings suggested a fairly similar set of organizational responses: notably widespread downsizing and delayering, and firms concentrating more ardently on core competences by divesting and outsourcing. This research then explored the consequences for HRM and managerial work and again the consequences were similar – work intensification, increased job insecurity, deteriorating work–life balance and reduced career prospects. These patterns were reported across organizations and sectors in the three countries studied.

However, despite possible Anglo-American convergence pressures arising from needs to cut labour costs globally, in one economy, Japan, HRM arrangements were found to be far more robust than might have been expected. In the Japanese case, lifetime employment proved resilient as did seniority pay systems, despite evidence of modification and adaptation. Given these results, a second investigation was directed at extending this research by studying HRM issues in a small number of Japanese companies. Here firms were divided into 'old' and 'new', data were gathered post-GFC, and a broader range of managers interviewed, including many junior managers. In some respects the results were as expected, with 'newer' firms being nowhere near as wedded to seniority-based pay as 'older' employers and also with the former reporting a far more hostile attitude towards unions. However, a counterintuitive result was reported for one key HRM issue – lifetime employment. Whereas the two older firms had largely continued adopting LTE, reports from the two 'newer', high technology, firms suggested they *also* promoted the practice. Nevertheless, whether this represented a genuine normative attachment to LTE in Japanese industry or was being offered by newer employers largely to attract high quality graduates was unclear (and requires further investigation).

In contrast, the third study was intended to be a follow-up to the first (and is still in progress). From the findings thus far – mainly from interviews in the UK, Japan and Brazil (with more to be carried out in China and the US) – the situation reflects similar trends in terms of HRM practices and managerial experiences to those reported earlier, although in most cases of a more incremental than radical kind, despite notable exceptions.

Finally, to offer a generic statement from what are highly contextual findings, this research can be interpreted as pointing to hybrid forms of HRM evolving in response to differences in strategic preference and variations in product and labour market forms. Overall, the findings point to a neo-institutional theoretical perspective emerging from the data and analysis. While not excessively downplaying the impact of national institutions on HRM systems, this position is less deterministic than some authors would favour; for ultimately complementarities have a much lower profile than might otherwise be assumed.

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ORCID iDs

John Hassard https://orcid.org/0000-0003-0468-4609
Jonathan Morris https://orcid.org/0000-0002-4307-5948

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Author biographies

John Hassard is Professor of Organizational Analysis at the Alliance Manchester Business School, University of Manchester. His research interests lie in organization theory, business history and managerial work, with empirical studies often adopting an international comparative perspective. He has published 20 books, and 100+ peer-reviewed journal articles.

Jonathan Morris is Professor of Organisational Analysis at Cardiff University's Business School. He is interested in the managerial implications of new organizational forms, and the impact of neoliberalism upon professional and creative work. He has published nine books and over 100 journal articles on these themes.