

Research on the Ways for Companies to Gain Competitive Advantages in UK

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Abstract—This paper mainly discusses the management of remuneration. In order to make the research easily understood, the paper was arranged as follows. Firstly, the paper analyses the union fracturing of collectivism and gives the reasons for the trend of remuneration from “collectivism” to “individualism”. Secondly, the paper discusses the extent that a shift from “collectivism” to “individualism” in the management of remuneration. And then, the paper discusses how the shift influences the reward systems in the UK. Finally, the paper draws the conclusion according to the analysis.

Keywords—companies; collectivism to individualism; competitive advantage

I. INTRODUCTION

Companies can gain competitive advantages through establishing facilities where they can pay less than their competitors pay. The remuneration that companies pay mainly depends on the worker's distribution to the company, the supply of and demand for the special skills that are so-called going wage in an area, and the collective-bargaining ability, the cost of living, government legislation (John D. Daniels, Lee H. Radebaugh and Daniel P. Sullivan, 2005). Direct remuneration cannot reflect the amount a firm must pay for a job in the special environment. As it is known that in the past, the union relying on the national legislation negotiates with the company's management. And the union also organizes some strikes and slowdowns to effect changes that can be national in scope. In such circumstance, the quantity of a company's producing and distribution of the produces should be depending on the way labor views their work conditions in the national scope rather than on how it regards the company's special work and remuneration. However, the situation is changing as the development of the economy, politics and the surplus of the workforce. The international mobility of the labor force is an important factor. For example, Shared Resources that is a small American company operating computer system recruits employees in India to work on contracts in Columbus, Ohio (Timothy Aeppel, 1999). It should care for the “collectivism” to “individualism” in the management of remuneration.

II. ANALYSIS OF THE UNION FRACTURING OF COLLECTIVISM

The important structural changes in the labor market such as the changing balance of manufacturing and the service sectors (Institute for Employment Research, 1987), the mixture of full-time, part-time and temporary workers, the decreasing size of business units suggest that the collectivism of the trade unions were built tend to slip away. Collectivism is also being fractured by the management of the company. The use of mediation by an impartial party is voluntary in the United Kingdom. And now, union membership as a portion of the total workforce is falling in many countries. For example, as for the United Kingdom, there was 45.5 percent of workforce in trade unions in 1995, but the proportion declined to 29.4 percent in 2000. So there are more and more responsibilities for the company's human resource management to deal with. Hence, there some reasons for the fracturing of collectivism.

- As the development of the economy and improvement of the living conditions, people include the workers demand the more suitable rewards for their relatives and themselves. And the demands are different each other according to the individual worker's condition. They do not only depend on the trade union to negotiate with the company, because the negotiation of the trade union with the company just stand for the common demand and interest of the worker, but the demand of different worker is changing vary in recent years. And now, the workers more prefer to directly get to the company's human resource management to express his or her demands. The collectivism is loose for the workers preclude it.
- The proportion of white-collar workers in the total worker is increasing, and the white-collar workers regard themselves as managers rather than laborers. So they do not join the union to ask their needs for the company, they usually negotiate with the company's management directly.
- The workers more require fair rewards according to their contribution to the business. If the contributions of them are different and the rewards are the same,

such factors will decrease the initiatives of the workers. So when a company makes their remuneration plans, they do not always negotiate with the trade unions as before, they more emphasize the individual demand of the workers.

- The service employment is increasing in relation to the manufacturing employment. There is more variation in service assignment than in manufacturing employment; so many workers believe that the situations differ from the coworkers (Nancy Mills, 2001). They do not need to depend on the union at present, because they often are the employers as themselves.
- The number and portion of part-time and temporary workers in rising, they do not regard themselves can work long enough, so they usually do not like collective bargaining with the company, and also do not want join the trade union.
- Generally speaking, the growing young workers do not believe collectivism as the old ones. There are few of the young workers that suffered the economic deprivation, and they do not know the importance of union. They often put the questions to the value of collective solutions (Nancy Mills, 2001).
- In addition, the cultural values of individualism and collectivism are the premise of a psychological contract. Individualism and collectivism are defined as the background of the employee's propensity to employer and the background of the employee's internal interpretation of the elements proposed by the organization. Within the context framework are the firm (or organization) and the society that affect, influence, and support the culture's values toward individualism or collectivism.

III. THE EXTENT FROM "COLLECTIVISM" TO "INDIVIDUALISM" IN THE MANAGEMENT OF REMUNERATION

Reward management in practice needs to be located in wide socio-economic context. Economic factors are important part of the physical and societal factors. Economic factors include the existence and influence of capital markets, factor endowments, the workforce market conditions, and so on. In recent years, the economy motion is not stable; many unstable factors promote the conditions. The terrorist attacks of September make the economic slowdown by eroding consumer and business confidence, which also make more and more workers lose job. According to the U.S. Bureau of Economic Analysis put the figure of damages and other insurance costs around \$ 21.4 billion (The International Monetary Fund, 2001).

More importantly, Efforts to reduce discrimination through equal employment opportunities and create diversity in the workforce through diversified coverage of the entire business structure. The UK workforce is increasingly diversified, thus strengthening individualism. At another level, the associability of individuals to society in the UK is bound by communalism (Triandis, 1995). Communalism is a

theory or system of government in which communities are virtually autonomous and loosely bound in a federation (Webster's II, 2001).

IV. COLLECTIVISM TURNING DECLINED

The overall decline in collectivism is a long-running trend. In the past times, companies often emphasize the work teams or foster group cohesiveness and to involve workers in general, which can replace the limited number of work. It is common for the companies to compensate their workers on group output partly so that their peers can exert pressure, which can decline the absenteeism and increase work efficiency. Although the work teams can take advantages for the companies, they have failed in many countries. For example, Levi-Strauss set up work teams in its U.S. factories but got poor results because the workers wanted to be paid on an individual incentive system (Ralph T. King, Jr, 1998). And now, the company prefers to pay the compensation to their employee depending on the worker's contributions to the business, the supply of and demand for the special skills and so on. So when they make their remuneration plans, it is necessary for them to take care of the individual demands and requires of the workers. In a collectivist society, such as Japan, there is a preference for more egalitarian allocations, regardless of contributions (Chao C. Chen, 1995).

Actually, collectivists may respond to questions on the side of reliance on team structures, willingness to pursue goals when shared, favoring norms that promote assistance and collaboration, and situational attributions for task success and failure (theirs and others"), among the like (Oyserman et al. 2002; Wagner et al. 2012). By contraries, Self-report measures switch out things for people (usually unspecified others) and are designed to gauge the extent to which individuals are more self-focused or more relation-focused, distinguishing individualists from collectivists, respectively (Chen and West 2007; Wagner 1995). Given questions to respond to about whether one prefers to "go it alone" versus "go in with others," individualists may come down on the side of self-reliance, willingness to pursue goals when self-set, favoring norms that allow for maximum autonomy, and dispositional attributions for task success (theirs) and failure (others"), among other markers (Dierdorff et al. 2011; Oyserman et al. 2002).

V. CHANGES IN MANAGEMENT OF REMUNERATION

In the recent decades, there have been considerable changes in the nature of work and in the management of the employment relationship. There is a significant change in the pattern of employment. The organizational size reduces and the workforce composition change, which make the contest of reward practices change greatly. Because of the fracturing of collectivism, many workforces do not want to depend on the trade union to decide their remuneration and they prefer to the individual rewards. So for the company's human resource management, it is necessary for them to discern the trend shift from "collectivism" to "individualism" and make the suitable remuneration strategies and plans for the workers.

It means the company's human resource management should pursue the effective remuneration system. Pay is a central organizational concern like as it is with financial control and cost management decisions, so the level of distribution of pay bring the Personnel or HR (Human Resource) function center stage. Despite some voluntary moves toward codetermination, many existing examples have been mandated by legislation such as in Germany (John Addison, 1999). The company's human resource management needs to seek to address employee motivation, commitment, and morale and set up a "strategic pay" system. HR should take of require and other demands of the workers, especially the value. Pay by person not collection is an individual reward system for the employee. Many workers may feel that the best jobs go to overpaid, under-motivated others, especially because the companies sometimes send managers abroad to reward or find a place for them rather than for their potential performance (J. Stewart Black and Hal B. Gregersen, 1999). As to the individualism, HR should make sure the fairness as possible; otherwise unfairness remuneration system can attack the initiatives of the employees. I believe that comparisons for an individual can relate to the levels of his or her performance, qualification, delivery, or productivity.

As for the fracturing of unions, the company needs not to negotiate with the trade unions to decide the remuneration and work conditions of the employees, or the scope and extent of negotiation changes small and narrow. So the company's human resource management has more flexible and free choice to determine the remuneration system. However, the company should not ignore the necessary the living conditions of the employees to low the reward standard. They should ensure that the low pay for the employee can satisfy the basic living needs such as the eating, living place, the study of the employee to make sure that they can grasp the new knowledge to make contribution to the company. The reward objective for the employer is to make the remuneration system become more suitable for the worker's performance and attract of motivate the employees to work more efficient to make profits. However, in many countries, a company companies give end-of-the-year bonus, housing, allowance, long vacations, profit sharing, and payment supplement based on the number of children the worker has (Alberto Alesina, Edward Glaeser and Bruce Sacerdote, 2001). So the company's human resource management should not deliberately low the pay of the workers without the help of trade unions.

Even though the unions are fracturing in recent years, the fracturing is not in the whole world. For example, Unions in Sweden have maintained their strength because they have forged cooperation with large companies such as Volvo and Electrolux to share the rewards of the companies (John D. Daniels, Lee H. Radebaugh and Daniel P. Sullivan, 2005). So the company should not ignore the existence of the unions and make appropriate and fair reward policies for the workers to ensure the rights of them.

VI. THE INFLUENCES TO THE REWARD SYSTEMS IN THE UK

The shift from "collectivism" to "individualism" makes the reward systems in the UK change and it should emphasize the demands of the individual worker. As we know that from 1979s the mold of the reward policies on employment and industrial relations matters was broken. The changes came to the end by legislation designed to free business from the government regulation, and limit the freedom of trade unions, which can influence the employer's behavior. Because of the slowdown of the economy, the growth in unemployment of 1979 to 1997 declined the roles of trade unions in the payment demands. And many large parts of public sector were sold off to the private sectors, which made the public sectors declined rapidly, so the collectivism is not popular used in the UK reward system. The privatization of nationalized industries brought large changes in pay arrangements for the employed in the companies. And in some countries in which people have a high need to avoid risk, worker prefer job security and income preservation rather than income growth (Paul S. Hempel, 1998). As for the United Kingdom, the risk of the economy and politics is smaller than other countries, so its reward system can take little care for this point.

The trend of individualism require the UK reward system more emphasize the individual performance-related pay and widen the pay dispersion and increase variability of the income for employees. According to the Workplace Industrial Relationship Surveys (WIRS) of UK, the numbers of employees and establishments" reduction was covered by collective bargaining between 1980 and 1990. In my opinion, the employee relations and the reward in UK should change in some extent and some industries. The government of UK may give up a few of rights for the reward policies. And in the 1980, the reward management became more popular than ever and the Conservative Governments deconstruct existing collectivized. The reward system in UK deemed to have response to the changing economic conditions, and it also need to improve the human resource performance and ensure structural changes in the labor force. Reward system in UK may move from relatively inflexible salary structures to emphasizing performance-related reward systems, which may change the innovation of encourages, enterprise and the spirit of the enterprises (Armstrong M. and Murliss H, 1998).

As for the shift from "collectivism" to "individualism", the companies should not freely fire of lay off an employee even though they have the rights. So for the reward system can ensure the employee legal rights being hired. A company has no legal recourse except to fire the workers, maybe the company permanently closed down its operation, at which time it must pay high severance compensation to the fired workers (Christine Evans-Klock, Peggy Kelly and Corinne Vargha, 1999). The related agenda may seek to a suitable reward system to break the old dependency concept and replace it with another one. It can give a high level regarding the representative of change from "collectivism" to "individualism" in the management of wages, salaries and benefits. And reward management acquired some significance within the political rhetoric in the 1980. The

company also requires the human resource management to formulate more flexible remuneration plans.

VII. THE RESPONSES OF THE COMPANY'S REWARD

Some companies may adopt strategic reward to make their payment policies. The full potential rewards are to strengthen the high performance in many more workplaces. The UK had made reward changes for over five years and such changes helped the organization move forward. Because some reward reasons, there are 10 percent of expatriates failing to complete their assignments abroad (John D. Daniels and Gary Insch, 1998). The UK may use market pay median as their target, which applies a range of scenarios that include pay adjustments as merit awards and promotions and this can ensure consistency of the rewards. It is more complex for the reward system according to the shift from "collectivism" to "individualism. The related constitution should consider the external factors such as the economic dimension-economic growth or recession, inflation and unemployment, and internal factors such as the company's business operation, the profit, the structure of the board. It should consider that set clear criteria for the person who is included in or excluded from the ASR. And for the company, it is necessary to select the relevant data and reliable sources. The data sources need to be reviewed annually to make sure they are suitable for the objective.

The pay levels based on the market in the private sector is very common. And as for the shift from "collectivism" to "individualism, the public sector also adopted the same pay systems, expect for the higher-graded workers. The companies applied a business-focused reward strategy to prompt their employees and achieve the business goals. About three-quarters of worker believe that the pay and reward is fair and effective. In the public sector, rewards are a key tool to improve the service. However, there is a risk if increased investment that swallowed up the inflation pay awards. So it is necessary for the companies to avoid discrimination against the special individuals when operating reward systems. As we know that many subsidiary employees are likely to work for someone from their own country (Vijay Pothukuchi et al, 2002). The employers should make sure that the employees have pensions to compensate the uncertain loss of the workers such as falls in the stock market and accident. The key reward challenge for the recent years becomes to be balance contradictory. So in my opinion, the employers need to tailor the reward "brand" and clearly know whom they should pay for and make tight decisions about reward spend.

VIII. CONCLUSION

Generally speaking, direct remuneration cannot reflect the amount a firm must pay for a job in the special environment. As we know that in the past, the union relying on the national legislation negotiates with the company's management. And the union also organizes some strikes and slowdowns to effect changes that can be national in scope. In such circumstance, the quantity of a company's producing and distribution of the produces should be depending on the way labor views their work conditions in the national scope

rather than on how it regards the company's special work and remuneration. However, critics usually accuse companies of behaving unethically when they hire foreign employees are lower wages than domestic workers (Michael Massing, 2001). Thus the remuneration policies and the reward system become more complex because they refer to many foreign employees. For the fracturing of collectivism are the mixture of full-time, part-time and temporary workers, the decreasing size of business units suggest that the collectivism of the trade unions were built tend to slip away. Collectivism is also being fractured by the management of the company. Reward management in practice needs to be located in wide socio-economic context. Economic factors are important part of the physical and societal factors. The overall decline in collectivism is a long-running trend. The organizational size reduces and the workforce composition change, which make the contest of reward practices change greatly. Because of the fracturing of collectivism, many workforces do not want to depend on the trade union to decide their remuneration and they prefer to the individual rewards. The shift from "collectivism" to "individualism" makes the reward systems in the UK change, more emphasize the individual performance-related pay, widen the pay dispersion and increase variability of the income for employees. The companies applied a business-focused reward strategy to prompt their employees and achieve the business goals. However, there are some dimensions for the employers to improve the reward systems.

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