
A European perspective on HRM

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Abstract: This paper provides a European perspective on Human Resource Management (HRM). It explores these issues by examining the growing field of comparative HRM; exploring some of the conceptual approaches to the topic and the different explanations for national differences that they espouse; considering some of the issues that make HRM in Europe distinctive; examining the notion of Europe itself and the variations within it; and considering whether the differences within Europe are reducing over time as a result of globalisation. The paper argues that Europe offers a wider ranging and more critical concept of HRM.

Keywords: comparative HRM; Europe; paradigms; critical HRM.

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1 Introduction

As a concept HRM came to researchers and practitioners in Europe from the USA. Concepts and ideas about HRM have followed the

“Gulf Stream ... drifting in from the USA and hitting the UK first, then crossing the Benelux countries ... and Germany and France and proceeding finally to southern Europe.” (DeFidelto and Slater, 2001; p.281)

The hegemony of the USA in terms of research and publications has led to a division of opinion in Europe: do we have to accept the US approach or are we, or should we be, developing a distinctive approach of our own?

This paper explores these issues by examining in turn a series of questions that it is believed are central to the study of HRM in Europe: Section 2 exploring the ways we conceive of the notion of HRM. Section 3 examining the growing field of comparative HRM; Section 4 exploring some of the conceptual approaches to the topic and the different explanations for national differences that they espouse; Section 5 considering some of the issues that make HRM in Europe distinctive and examining the notion of Europe itself and the variations within it; Section 6 considering the impact of time on this picture and whether the advent of globalisation has led to a convergence in HRM, so that the distinctiveness of Europe is lessening. Finally, the paper attempts to identify whether it makes sense to speak of a European perspective on HRM.

2 What is HRM?

In order to understand the notion of HRM we have to be clear about the contested nature of the concept (what we are studying); the focus (what it aims to do); the levels at which it can be applied (the range of our studies); and, hence, the research paradigms through which the subject is studied. It will be pointed out that European authorities have made a distinctive contribution in most of these areas.

2.1 *The nature of HRM*

HRM is a subject without an agreed definition. The appropriate subject matter for HRM is much debated, despite the fact that identification of specific activities and policies is central to theoretical approaches to HRM (Weber and Kabst, 2004). There is no agreed list of what HRM covers. Some subjects seem to be included in most lists of the topics covered by HRM – resourcing, development, reward – but other topics (like employee participation, trade union relationships, health and safety, equal opportunities, flexible working, career progression, work design and environmental concerns) are included in some conceptions of HRM and ignored in others.

There is, perhaps, greater consistency in the USA around what is included in the study of HRM and even around the notion of what constitutes ‘good’ HRM: a coalescing of views around the concept of “high performance work systems”. The US Department of Labour (1993) list of characteristics is well-known;¹ but almost every item on the list is open to debate amongst European authors (see Brewster, 1999). Beyond generalisations like “all aspects of the management of people” what is studied varies considerably. Thus, the Nordic countries are likely to see the organisation’s relationship with the human and physical environment as part of HRM; across Europe industrial relations will be included as part of the topic; etc.

2.2 *The focus of HRM*

There are also extensive debates about the focus of academic work in HRM. In whose interest is HRM being studied? Is the purpose to analyse the management of people as a contributor to finding more cost-effective ways that it can be done: in other words to understand or assist senior managers in meeting their organisational objectives. Or is the purpose critically to analyse the way human resources are managed? How important is the ‘so what’ question?

For most researchers from the USA, the purpose of the study of HRM and, in particular Strategic HRM (Fombrun et al., 1984; Ulrich, 1987; Wright and McMahan, 1992), is seen as being about generating understanding in order to improve the way that human resources are managed within the organisation, with the ultimate aim of improving organisational performance, as judged by its impact on the organisation's declared corporate strategy (Tichy et al., 1982; Huselid, 1995), the customer (Ulrich, 1989) or shareholders (Huselid, 1995; Becker and Gerhart, 1996; Becker et al., 1997). Further, it is implicit that this objective will apply in all cases. Thus, the widely cited definition by Wright and McMahan states that SHRM is "the pattern of planned human resource deployments and activities intended to enable a firm to achieve its goals" (Wright and McMahan, 1992, p.298).

Many European researchers would accept this focus. But many others would not. For them, HRM has many more stakeholders. The objectives of the senior managers in the company are seen as research information to be challenged. It is not just the neo-Marxist theorists (Hyman, 1987; Friedman, 1997) who focus on managerial approaches to controlling potential dissidence. The willingness to challenge managerial objectives and actions is more common in Europe.

The literature exploring the link between HRM and firm performance is a good example (Huselid, 1995; Pfeffer and Veiga, 1999). Most of the critiques of that literature from those writing in the universalist paradigm has been concerned with weaknesses in the empirical or statistical data (Cappelli and Newmark, 2001; Gerhart, 1999; Huselid and Becker, 1996). The critiques of the concept within Europe have tended to be more wide-ranging, examining the assumptions of universalism, of the inevitable 'goodness' of the link and the effects on those other than managers in the system (Guest, 1997; Guest et al., 2003; Marchington and Grugulis, 2000; Paauwe and Boselie, 2005; Wood, 1999).

Perhaps in a country like the USA where "freeing business from outside interference" is seen as a broadly approved objective, it makes sense to develop a vision of HRM which takes as its scope the policies and practices of management. Europeans, however, find that this, ironically, excludes much of the work of HR specialists and many of the issues that are vital for the organisation – areas such as compliance, equal opportunities, health and safety, trade union relationships and dealing with government, for example. They are often critical of the focus of HRM seen in the USA (see, for example, Brewster, 1994, 1999; Gaugler, 1988; Guest, 1990; Legge, 1995; Pieper, 1990). Whereas HRM in the USA typically focuses on the firm, HRM in Europe is conceived of more broadly, providing better explanation of the potential differences in views about the topic and a better fit with the concerns of the specialists, by including national institutional and cultural issues such as the trade union movement, national legislation and labour markets not as external influences but as part of the topic (Brewster, 1995).

2.3 The level of HRM

The third question concerns the levels of HRM. We can use the analogy of a telescope (Brewster, 1995): with each turn of the screw things that seemed similar are brought into sharper focus so that we can distinguish between, say, the forest and the fields, then with another turn between one tree and another and then between one leaf and another. Each view is accurate; each blurs some objects and clarifies others; each helps us to see some similarities and some differences.

The focus of HRM in the USA means that the level of analysis of most studies is the organisational, or in some cases the sub-organisational (for example, the business unit). Europeans are more likely to assume that HRM can apply at a variety of levels. The scope is not restricted to the organisation. Thus, in Europe there are discussions of the strategic HRM policies of the European Union or of particular governments or sectors. Debates about HRM policies between groups of EU member states are often lively. National governments have HRM policies (for example, reducing unemployment, encouraging flexible working practices) and, indeed, some of the strategy literature has located the economic success of organisations and economies at the national level (see, for example, Porter, 1990; Sorge, 1991; Lundvall, 1992; Nelson, 1992; Kogut, 1993). Within a country, specific areas may have HRM policies and practices (raising training standards to attract inward investment, establishing local employment opportunities, etc.). There is a strong tradition of detailed local workplace case-studies in Europe. All these levels, some of which would be seen as exogenous factors impinging upon HRM in most of the US literature, are seen in Europe as within the scope of HRM (Brewster, 1995).

Researching or analysing more than one level at a time is complex. This problem is often resolved by ignoring it. Thus many of the seminal texts in our field draw their data from one level but are written as if the analysis applies at all levels: what Rose (1991) called 'false universalism'. Many of these texts are produced in one country and base their work on a small number of by now well-known cases. For analysts and practitioners elsewhere, and with interests in different sectors, countries and so on, many of these descriptions and prescriptions fail to meet their reality. Our task, therefore, is not necessarily to change what we write or believe, but to specify the level at which we can show it to be true.

The relevant level of analysis will depend upon the question being asked. The important point is not that any level is necessarily correct or more instructive than the others, but that the level needs to be specified to make the analysis meaningful.

3 Why comparative HRM?

In its current forms, HRM and the corresponding scientific discourse are relatively recent (Gooderham et al., 2004). HRM emerged as a concept in its own right in the USA during the late 1970s and early 1980s. Two now famous textbooks formulating specific frameworks (Beer et al., 1984; Fombrun et al., 1984) established the rhetoric of 'HRM' and launched a new approach to what had until then been the study of personnel management, "partly a file clerk's job, partly a housekeeping job, partly a social worker's job and partly fire-fighting to head off union trouble ..." (Drucker, 1989, p.269). In HRM workers are a resource: they "are to be obtained cheaply, used sparingly and developed and exploited as fully as possible" (Sparrow and Hiltrop, 1994). HRM, it is argued, involves more integration of personnel policies (Lengnick-Hall and Lengnick-Hall, 1988); more integration with corporate strategy (Jackson and Schuler, 2000); implies more responsibility for line managers (Larsen and Brewster, 2003; Mayrhofer et al., 2004b); is clearly aimed at improving organisational performance (e.g., Becker and Gerhart, 1996; Bowen and Ostroff, 2004; Wright et al., 2003; Huselid et al., 1997; Delaney and Huselid, 1996) and involves a shift from collective to individual

relationships with employees (Ramussen and Andersen, 2006) and a business oriented value system (Holbeche, 2002; Price, 1997).

Most studies of HRM tend to assume that their findings apply universally: “relationships between the structural characteristics of work organisations and variables or organisation context will be stable across societies” (Hickson et al., 1974, p.63). Kidger (1991) argued that businesses that grew in isolation from the (USA dominated) world economy will find their approaches superseded by universally applicable techniques. The impact of globalisation (incorporating cultures, institutions and organisational level practices) has also been called into evidence as a force for convergence (Geppert et al., 2003). The argument is that US MNCs and perhaps other mechanisms such as consultants and business schools will disseminate ‘best practice’ across the globe (DiMaggio and Powell, 1983).

Europeans have been at the forefront of criticism of the rhetoric of HRM (for critical views see, for instance, Guest, 1990; Legge, 2005). In Europe, the academic field of HRM tended to develop from the field of industrial relations. As trade union membership and influence declined in many countries over the past quarter of a century (Katz and Darbyshire, 2000; Rigby et al., 2004) academics in those disciplines tended to turn towards the management side of the topic and to embrace HRM. One effect has been that the industrial relations tradition of assumptions of national embeddedness and awareness of national differences was transferred to HRM: leading in turn to the development of work on comparative HRM.

Recent years have seen a growing institutionally based literature exemplified in the work of the ‘Varieties of Capitalism’ theorists (Amable, 2003; Hall and Soskice, 2001; Whitley, 1999) that has explored the different forms that capitalism might take. Fundamental to all these analyses is the nature of the way in which societies conceive of and manage the relationship between employers and their employees. The linkage to comparative HRM is obvious. The business systems approach (Whitley, 1999) is a framework for the analysis of organisations’ embeddedness in a national institutional environment. Its primary focus is the nation state as the most important context:

“... the nation state should be recognised for what it is: the single most powerful mechanism of legal and organisational powers for economic intervention.” (Costello et al., 1989, p.55)

Particular societal institutions and their cross-national variations explain differences in national business systems. Since companies are bound into specific institutional arrangements, varying by country, adapting organisational structures and practices to these national institutional arrangements enables organisations to create and maintain legitimacy. HRM is one of those managerial functions that specifically depend on the respective institutional arrangements and other factors closely linked to the nation state. Unlike other ‘production factors’, such as finance, which, though not independent of national legislative and other institutional influences, are arguably much more open to global developments, human resources (people) are employed in specific locations and subject to local variation. The management of these resources is open to ‘soft’ factors such as national cultures, societal values or local traditions as well as ‘hard’ factors such as labour market regimes, legal regulations or demographic patterns.

The diversity linked with nation states and national business systems as conceptualisations provides another theoretical base for comparative HRM. Examples of research in this area include the relative importance of different elements of the national

institutional arrangements for HRM in different countries; the effect such different national environments have on various aspects of HRM like HR performance, role distribution between HR specialists and line management, employee relations, or communications with employees; or the study of the development paths that HRM takes in different countries, in terms of such issues as outsourcing vs. insourcing HRM, allocation of HRM responsibilities to line management or strategic integration.

From these different angles, then, theorists have begun to develop a strand of comparative HRM, exploring both differences in the way that the subject of HRM is understood and studied in different countries as well as differences in practice (Brewster and Mayrhofer, 2007).

Comparative HRM requires decisions to be taken on the appropriate level of analysis. In HRM (as our telescope analogy implies) there are some universals in the field (the need for organisations to attract, pay and deploy workers, for example). There are also some things that are shared within regions; some that are distinctive for certain countries; some that are unique to certain sectors; some ways in which each organisation or even sections of an organisation are different; and some factors that are unique to each individual manager and employee. A focus on differences between sectors within a country, for example, might be valuable, but will blur differences between countries – and, of course, vice versa. Hence, when discussing comparative HRM it is important to take into account the level of analysis and to be aware of the ‘missing’ complexity.

That there are differences in the way HRM is conducted in different countries is manifest. The extent of focus on those differences, and the implications drawn, are partly a question of conceptual approaches to the subject.

4 How to explain the differences?

There have been a number of different approaches to research into HRM (Chadwick and Cappelli, 1999; Delery and Doty, 1996). Four distinct perspectives have been identified (Martin et al., 2005) but these perspectives draw on two fundamental research paradigms: the *universalist* and the *contextual* (Brewster, 1999). The term paradigm is used here in Kuhn’s (1970) sense as an ‘accepted’ or ‘taken for granted’ model or theory, with the implication that other paradigms are seen as not just different, but as wrong.

The research that is done in the States, and the papers that the US or international journals are prepared to accept, tend to be based in the *universalist* paradigm. The universalist paradigm dominates research in the USA and given the hegemony of US research, teaching and journals, is widely used in many other countries. It is essentially a nomothetic social science approach: evidence is gathered specifically to test generalisations of an abstract and law-like character. For people operating with this paradigm, social science, like natural sciences, should proceed deductively. Hypotheses should be formulated that can be answered ‘yes’ or ‘no’ (and hence can be used for prediction), data is collected to test those hypotheses and recognised statistical tests are used to check for validity. Any research not fitting this approach is deemed not to be ‘rigorous’. The research base is mostly centred on a small number of private sector ‘leading edge’ exemplars of ‘good practice’, often large, multinationals and often from the manufacturing or even specifically the high tech sector.

Martin et al. (2005) point out that two of the other perspectives they see fall within this paradigm. The first, the *contingent* perspective, explores intervening variables, such as sector, size and organisational strategy (Lengnick-Hall and Lengnick-Hall, 1988) that impact HRM and which intervene between HRM activities and their effects. They do so, however, from a universalist paradigm. The *configurational* perspective explores the internal dynamics of the HRM system and the different bundles of elements of HRM that might create more successful management (Delery, 1998; Delery and Shaw, 2001; Lepak and Snell, 1998; MacDuffie, 1995; Miles and Snow, 1984; Wright and Snell, 1991).

This 'scientific' approach to identifying generalisable laws has many advantages (see Brewster, 1999) but European authorities have criticised the ignoring of potential focuses other than management effectiveness, the resultant narrowness of the research objectives, and the ignoring of other levels and other stakeholders in the outcomes of HRM (Guest, 1990; Poole, 1990; Pieper, 1990; Bournois, 1991; Legge, 1995; Brewster, 1995; Kochan, 1999). These issues complicate research, of course, but ignoring them leads to the 'drunkard's search' – looking for the missing key where visibility is good, rather than in the uncertain gloom where the key was lost.

The alternative *contextual* paradigm is rooted in the notion that HRM is embedded in particular contexts: organisational (Brewster, 1999; Jackson and Schuler, 1995; Jones, 1984), or in the external environment (Becker and Gerhart, 1996; Boxall, 1996). HRM is located in and influenced by its context (Brewster, 1995, 1999; Hendry and Pettigrew, 1986, 1990; Poole, 1990; Paauwe and Boselie, 2003, 2005; Sparrow and Hiltrop, 1994).

Whether writers in other countries follow US prescriptions is important: to do so may be detrimental if the theories are not transferable. Forster and Whipp, 1995, for example, talk about the need for a contingent approach encompassing cultural, sectoral and regional differences. Similarly, other theorists have also argued for the need to cover both national differences and organisational contingencies, though they have used different terminologies: macroeconomic, micro-economic (Farmer and Richman, 1965); exogenous, endogenous (Schuler et al., 1993); external, internal (Jackson and Schuler, 1995).

The contextual paradigm, rather than test a priori theories, looks for patterns in data, searching for an overall understanding of what is contextually unique and why (Brewster, 1999). It is focused on understanding what is different between and within HRM in various contexts and what the antecedents of those differences are. The link to the improvement of firm performance is seen as less important than explaining what causes the differences in HRM. It is assumed that societies, governments or regions can have HRM policies and practices as well as firms. At the level of the organisation (not firm – public sector and not-for-profit organisations are also included) the organisation's objectives (and therefore its strategy) are not necessarily assumed to be 'good' either for the organisation or for society. There are plenty of examples where this is clearly not the case. Nor, in this paradigm, is there any assumption that the interests of everyone in the organisation will be the same or any expectation that an organisation will have a strategy that people within the organisation will support. Employees and the unions have a different perspective to the management team (Kochan et al., 1986; Barbash, 1987; Keenoy, 1990; Storey, 1992; Purcell and Ahlstrand, 1994; Turner and Morley, 1995). Even within the management team there may be different interests and views (Hyman, 1987; Kochan et al., 1986; Koch and McGrath, 1996). These are issues

for empirical study; as is their effect on HRM. This paradigm emphasises external factors such as ownership structures, labour markets, the role of the state and trade union organisation as well as the actions of the management within an organisation.

Those in Europe operating in the contextual paradigm are more likely from that of challenge the declared corporate strategy and approach to HRM laid down by senior management. They may question whether these have deleterious consequences for individuals within the organisation, for the long-term health of the organisation and for the community and country within which the organisation operates.

5 What's so special about Europe?

All geographical regions have unique features, and Europe is no exception. Relevant, perhaps, to the case here Europe is the continent with the largest number of nation states packed into a relatively small space, with those countries having a long and contentious history, some of them having had extensive empires. Some of them have frequently been involved in wars with their neighbours or colonised them. Europeans travel frequently to other European countries and the advent and expansion of the European Union means that such travel and finding work in other European countries is becoming easier and is already, compared to moving to countries outside Europe, relatively straightforward. The effect has been to make Europeans more diverse in character and outlook. The European Union has created a large single market for goods, services, capital and labour. It has also erected an extensive safety-net of legislation in the employment area unlike anything found elsewhere. In Europe, State involvement in the management of people is high either through this legislative net, through the State's role as a major employer in its own right or through support services provided to employers and the workforce or potential workforce. Private sector ownership is sometimes through the public stock market (e.g., UK), sometimes through interlocking networks of financial houses (e.g., Germany) but most commonly through privately owned firms. The notion of stakeholder, rather than shareholder, capitalism is widespread and the multiple stakeholders involved in HRM issues widely accepted. Recognition of trade unions is required by law, with different criteria in different countries and consultation with employees required by law in all larger organisations.

Although European HRM hardly differs from the US model in terms of the core tasks and basic functions of HRM, the European model of HRM is located in a different context and gives partly different answers to the question of how these tasks can and should be done and what 'right' means in this context. This model operates in an environment where, as well as the questions of subject matter, focus and level noted above, the core assumptions underlying the classic models of HRM, that employing organisations have considerable latitude in HRM, is not true for Europe (Brewster, 1995). There are strict limits to recruitment and pay policies; trade unions are influential; and governments are heavily involved in such areas as training and development. In the context of the weakness of the trade union movement in the USA (where membership is currently probably 10% of the working population, and its activities are predominantly site-based), and the comparatively low levels of state subsidy, support and legislative control, the notion of managerial autonomy makes sense. It also fits comfortably with the notion that the state should not interfere in business, or do so as

little as possible, and that it is the right of every individual to do the best for themselves without external interference (Guest, 1990). Such notions are less common in Europe.

The notion of Europe; variations within Europe

‘Europe’ is, of course, not an uncontentious notion in itself. The geographical boundaries of Europe have always been open to challenge – the changing list of countries in central and eastern European states and their gradual inclusion into the European Union makes the point. Norway and Switzerland, of course, would be included in most definitions of Europe but they remain outside the EU.

And, of course, ‘Europe’ is only one possible level of analysis, or turn of the focusing screw. Europe has been divided into familiar regional cultural clusters (see, e.g., Hofstede, 1980, 2001; House et al., 2004; Ronen and Shenkar, 1985). The institutionalists also cluster countries into regional groups (Hall and Soskice, 2001; Hollingsworth and Boyer, 1997; Maurice et al., 1986; Whitley, 1999). Clusters of this kind have also been found in studies of HRM in Europe (Bournois et al., 1994; Brewster and Tregaskis, 2001; Due et al., 1991; Evans et al., 1989; Filella, 1991; Ignjatovic and Sveltic, 2003; Sparrow et al., 1994; Tregaskis and Brewster, 2006). These clusters tend to vary slightly depending partly on the topic under discussion, but the notion that Europe can be divided into such clusters is common. For a summary of some of the regional clusters in HRM in Europe, see Brewster (2004).

Beyond the regional clusters, individual countries in Europe remain clearly distinctive in how they manage their HRM (see, for example, Brewster, 2005; Brookes et al., 2005; Evans et al., 1989; Lane, 1989; Poutsma et al., 2005; Ramirez, 2004; Thomson et al., 2001; Tregaskis and Brewster, 2006). As well as the research paradigm (see above), there are a number of reasons to expect that there will be differences between regions and countries. They tend to fall into two main camps: the cultural and the institutional perspectives. Are the differences that are found between HRM in different countries

“sustained because people find it repulsive, unethical or unappealing to do otherwise ... (or) ... because a wider formal system of laws, agreements, standards and codes exist.” (Sorge, 2004, p.118)

From the culturalist tradition, a range of researchers have found geographically-based, usually national, differences in deep-seated values about what is good or bad, honest or dishonest, fair or unfair, etc. (see Hofstede, 2001; Trompenaars, 1993). Many of these studies have been conducted on, or are linked to, workplace values and inevitably these perceptions of the world will affect the way that a country’s people, including the managers, view the world. The variations in national culture, therefore, “cast serious doubt on the universality of management and organisational knowledge and praxis” (Laurent, 1983, p.95). Spony (2003) and Schwartz (1992,1994) point to the inter-relation between cultural-level and individual-level values and offer a model of the interaction between personality and cultural factors.

In contrast, the institutional perspective (Meyer and Rowan, 1977; DiMaggio and Powell, 1983) sees the institutions of a country as being the environmental structures that keep the countries distinctive. The institutional approach tends to emphasise the specificity of the social arrangements in each country, or sometimes clusters of countries and examines how they shape the social construction of organisations within the national boundaries. The institutions typically studied include the general and vocational education system, the systems of financial exchange, the legal system and the industrial

relations system. The suggestion is that the 'societal effect' (Maurice et al., 1986) limits the range of options open to organisations within national economies.

Setting up the cultural and institutional perspectives as opposites is, of course, too extreme. In practice, each perspective recognises the relevance of the other. One of the advantages of the societal approach is that it identifies clear elements of culture that arguably have an effect on organisational structure (Maurice, 1989). However, a country's culture does not grow exclusively from its institutions. History, language and geographical location alone can shape culture to a great extent. It seems that neither an exclusively culturalist nor institutional study can be satisfactory and: many 'culturalist' writers see institutions as being key artifacts of culture reflecting deep underlying variations in values; many 'institutional' writers include culture as one of the institutional elements explaining differences between countries. Since individual behaviour and social structures are reciprocally constituted, institutions can not survive without legitimacy, but individuals' perspectives of what is legitimate are partially created and sustained by the institutional context. Arguably, the two explanations simply explore the same factors from different points of view.

Finally, of course, taking our focus down yet one more notch, we should also note, for completeness, that within any one of these countries there will be a diverse range of HRM models and practices in operation – differences between sectors, between organisations within a sector and even differences between the sites of one organisation and, at the most micro level, even between the way that individual managers deal with their subordinates.

Discussing European approaches to HRM, therefore, involves substantial generalisation. And, if we can see clear differences between the approaches at the European level to approaches in the USA, we must, nevertheless, remain aware of the substantial differences within North America, even within individual states in the USA, and the differences within Europe.

6 Will the differences persist?

The spread of globalisation raises the question of trends: if countries conceive of and manage HRM in different ways, are those differences static? Or will the differences gradually fade away as globalisation bites on HRM as it has elsewhere? Are we, indeed, converging and becoming more alike, perhaps as a result of the hegemony of the US model?

The phenomenon of globalisation has been extensively debated (see, e.g., Michie, 2003). The globalisation literature has even gone so far as to prefigure the end of nation states (Ohmae, 1995) due to the increasing political importance of supra-national bodies such as the EU or global efforts to reduce trade barriers. Catchwords exemplify this, e.g., the 'global village' where political, time-related and geographical boundaries have little importance (McLuhan and Powers, 1989) or the 'McDonaldisation' of society, where the fast-food chain serves as a unifying role model for a form of rationalisation spreading globally and permeating all realms of day-to-day interaction and personal identity (Ritzer, 1993). The convergence debate has become widespread in much social science theorising (Rojek, 1986). Implicitly or explicitly, the convergence thesis argues that economies, ways of organising and management will become more alike over time.

This view has been the accepted wisdom in many studies of management since the early giants of the field such as Durkheim, Marx, Veblen and Weber.

The convergence argument is based on both rational actor and institutional models. Rational actor models assume that firms pursue economic success by chasing technological and economic efficiency that will contribute to economic goals (Gooderham et al., 1999). Since rationality, cost effectiveness, flexibility and the existence of best-practice models dominate the discourse about management, they are likely to lead to reasonably similar organisational structures and processes. Transaction cost economics has argued that at any one point of time there exists a best solution to organising labour (Williamson, 1985). Worldwide standardisation and supra-national scripts that are associated with modernity, promulgated by world-wide consultancies and internationally competing business schools and their publications will lead, among other things, to similar models of organising.

There are, however, many who reject these arguments, both from a broad spectrum of institutionalisms as well as those from a culturalist perspective. Much of the institutionalist literature assumes that while different forms of isomorphism occur in organisational fields, institutional pressures including the state, regulatory structures, interest groups, public opinion and norms will continue to result in a highly diverse picture (Amable, 2003; Djelic and Quack., 2003; Guillén, 2001; Hall and Soskice, 2001; Whitley, 1999). From a culturalist perspective, national and regional cultures reflect substantial differences in norms and values (Hofstede, 2001; House et al., 2004) that will also make convergence at all levels highly unlikely. Managers in each country operate within a national institutional context and a shared set of cultural assumptions. Neither institutions nor cultures change quickly and rarely in ways that are the same as other countries. It follows that managers within one country behave in a way that is noticeably different from managers in other countries. More importantly, change is path-dependent and organisations are locked into their respective national institutional settings. Hence, even when change does occur it can be understood only in relation to the specific social context in which it occurs (Maurice et al., 1986). Even superficially universal principles ('profit', 'efficiency'), may be interpreted differently in different countries (Hofstede et al., 2002).

Some authors (Crouch and Streeck, 1997; Inkeles, 1998) argue that there might be truth in both arguments and point towards synchronic developments: the simultaneous occurrence of convergence in some aspects of management whilst other aspects remain nationally bound.

To cut through these arguments from a comparative HRM perspective, we need a clear understanding about what convergence actually mean. Some studies have claimed to find convergence from a single point in time analysis: clearly, what they have found may be similarities, but not convergence, which requires a coming together over time. To be clearer about this, different forms of convergence have been suggested (Mayrhofer et al., 2002). Final convergence exists when the development of a variable in different units of analysis points towards a common end point: the differences between countries decrease. Directional convergence occurs when development tendencies of variables in units of analysis go in the same direction, regardless of their initial starting level. (These authors also suggest a third option, Majority convergence referring to the homogeneity or dispersion of practices within a country).

Looking at the convergence debate in HRM, there are proponents of global convergence: towards a US model – the model of the most powerful country in the world

(Smith and Meiksins, 1995). As policies of market de-regulation and state de-control are spreading from the USA to Europe, firms everywhere will choose to or be enabled to or be forced to, adopt North American style HRM. Others propose regional models of HRM. The emergence of a European model of HRM, strongly linked to European level institutional arrangements, can serve as an example here.

There is a very limited amount of empirical work that addresses the convergence issue in HRM. While there are some studies dealing with the development of industrial relations systems in different countries and world regions, there is little other empirical evidence. This is mainly because of the considerable difficulties of following developments of HRM across countries over time. To do so involves, among other demands, the creation and maintenance of an international research team willing and able to devote time and effort over an extended period of time. There are also problems of what to study. Not only will some countries be including activities in the scope of HRM that others will see as relevant to another discipline, but also, the time factor has an impact: some topics that may have been uninteresting at the start become relevant later on (to take a simple example, communication to employees by email was not known 20 years ago, but is widespread now): raising questions of whether to continue to collect comparable data over time or to collect more meaningful data at the risk of losing longitudinal comparisons. Nevertheless, some evidence is now emerging. For Europe, it shows that there are aspects of HRM showing directional convergence, i.e., HRM moves in the same direction in terms of the size of the HR department, the use of flexible work arrangement or performance based pay. But considerable variations across countries remain (Brewster et al., 2004; Mayrhofer and Brewster, 2005). The evidence is summarised as follows:

“From a directional convergence point of view, there seems to be a positive indication of convergence. However, when one looks at the question from a final convergence point of view, the answer is no longer a clear positive. None of the HR practices converge.” (Mayrhofer et al., 2004a, p.434)

7 A European perspective

Since the argument in this paper has been deliberately contentious, we should be clear that to emphasise the unique contribution of the European researchers in HRM does not imply that some of the critiques developed in Europe are not understood in the USA. Indeed researchers such as Becker and Gerhart (1996), Cappelli (1995), Cappelli and Neumark (2001), Jackson and Schuler (1995, 2000) and Kochan, (1999) have developed critiques that share many features with a European perspective.

Researchers in the USA find a tendency towards labour market deregulation; more extensive training and development of staff; increased flexibility; ever-greater line management influence; increasing individual communication and reducing trade union membership. These are all familiar trends in Europe too, although comparison of policies and practices is made difficult by the fact that there is little large-scale evidence of HRM practices in the USA. There is a danger therefore of comparing what is happening in most (average) organisations in Europe with more limited examples from ‘leading edge’ companies the USA. And even if these similarities in trends are found, this is evidence only of directional convergence.

In practice, as well as conceptually, many aspects of HRM practice in Europe are different from those found in the USA. For example, those adopting a universalist viewpoint would see the increasing institutional and legislative influence of the European Union on employment contracts as an outside influence rather than part of HRM. A contextual paradigm helps to explain the fact that employers in Europe are increasing communication through trade union influenced consultation structures and that it is employee representation that ensures that HR issues are included in strategic decision making. The European evidence suggests, for example, that managements, particularly perhaps in the Nordic countries, can see the unions as social partners with a positive role to play in HRM. The successful integration of HRM with collective bargaining and more traditional approaches to industrial relations, dependent on employers cooperating with union representatives and unions adopting a less adversarial approach, which has been called for by American critiques of the HRM concept (Strauss, 1992; Kochan, 1999) already exists in parts of Europe.

These empirical differences have important implications for practitioners. Even for those accepting that the focus of HRM should be on improving the performance of the firm, Gerhart has argued that “it seems unlikely that one set of HRM practices will work equally well no matter what the context” (Gerhart, 2005, p.178). Bloom and Milkovich (1999), point to the twin needs of understanding both the contextual differences surrounding an organisation (at local, national and continental levels) and the strategic portfolios of the organisation.

More generally, large-scale representative data from the Cranet surveys supports theoretical (Smith and Meiksins, 1995) and case study evidence (Ferner et al., 2001) emphasising the complexity of these issues, the national embeddedness of HRM practices and the dynamic nature of evolving national business systems. Beyond the empirical evidence of difference, this paper has argued that, compared to the USA, the ‘home’ of HRM, there are conceptual differences in the way that HRM is viewed in Europe. The more critical approach to HRM found in much of the European literature adds an extra dimension to our knowledge of HRM.

Research issues

Like all generic analyses, this leaves us with many unresolved questions and much room for further research. To take one example, the process of diffusion and adaptation of HRM between countries is theoretically under-developed. The theoretical concepts about diffusion that we do have (e.g., Czarniawska and Sevon, 2005; Campbell, 2004) do not sufficiently explain different forms of HRM, especially not at the level of single HR instruments such as selection or compensation.

There is a need for more in-depth theoretical understanding about how observed differences between HRM in different continents and countries will develop in the future. There is a dearth of empirical work on the convergence debate. Reducing this deficit would imply a rigorous use of the existing theoretical concepts to well-defined groups of countries or defined cultures and world-regions and meticulously analysing the relevant variables as outlined by the chosen theoretical concept.

At the empirical level, we require more studies addressing the long-term developments of HRM in different countries, cultures and world-regions including relevant HR, cultural and institutional context variables. Currently, empirical work in this area is dominated by studies taking a cross-sectional snapshot view. There is a need for cumulative research projects allowing researchers to build on each other’s efforts by

using theoretical and empirical designs that are compatible with each other. This is far from easy to do and requires complex research designs, and difficult empirical work.

A start was made many years ago (Thurley and Wirdenius, 1990) but there is always a necessity for more research into HRM in Europe (Larsen and Mayrhofer, 2006). Clarity about the research paradigm and the perspective from which HRM is being addressed can only help our understanding. Europe will undoubtedly make a serious and significant, and perhaps more critical, contribution to the subject in the next few years.

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Note

¹Careful and extensive systems for recruitment, selection and training; formal systems for sharing information with the individuals who work in the organisation; clear job design; local level participation procedures; monitoring of attitudes; performance appraisals; properly functioning grievance procedures and promotion and compensation schemes that provide for the recognition and financial rewarding of high performing individuals in the workforce.