

# Human resource management: convergence and divergence debate in europe



**ASSIGN  
BUSTER**

Human Resource Management as a concept was formalised in the USA in the late 1970s and early 1980s, encapsulated in two famous textbooks (Beer et al. 1985; Fombrun et al. 1984). These approaches varied but both differentiated HRM from personnel management and argued that the former involved more integration of personnel policies across functions and with the corporate strategy (with HR being the downstream function); a greater role for line managers; a shift from collective to individual relationships; and an accent on enhancing company performance.

The notion of “ European Human Resource Management” was developed largely as a counter to the hegemony of US conceptions of human resource management (HRM). This, in part, reflected developments in the arguments about how we should conceive of the notion of HRM (Kamoche 1996). It was argued (Brewster 1994; Sparrow/Hiltrop 1994) that US assumptions about the nature of HRM were inappropriate in this (and probably other) continents and that Europe needed models of its own HRM practice.

Due to technological advancement, globalization and economic changes in terms of human resource management practice made managers to develop new competencies to manage their working futures (Morgan 1988) increasingly, these require an international perspective in order to manage people in different culture and with different customs. There has been debate about how new ‘ internationalisation’ or globalisation is, (Brewster, Sparrow, and Harris, 2001, Farnham, 1994, Hu, 1992, Moore and Lewis, 1999, Williamson, 1996,) its effect and how it has been felt around us.

The question is, is the US model of HRM the one that will be inevitably followed in Europe since HRM practice was originally conceptualised and developed in the United States of America? Or do the features which make European countries different mean that HRM in Europe will inevitably be different? And is there evidence of one model of HRM in Europe or many, looking at the convergence and the divergence of HRM practice in Europe.

This essay is concerned with identifying the convergence and divergence of human resource practice in Europe establishing whether it makes sense to speak of a “European” version of HRM (Brewster 1994); with identifying the differences between countries in Europe in the way that they manage HRM; and with establishing whether the trends in HRM are strong enough to lead us to speak of convergence or divergence. Can we distinguish a version of HRM in Europe that is different from the versions existing in, for example, Japan or the USA?

The latter case is of particular significance, given the power of the US version of human resource management. It has been argued that the US is an inappropriate model for Europe (Cox/Cooper 1985; Thurley/Wirtenius 1991; Pieper 1990; Brewster 1994; Brewster 1995). The vision of HRM that has come to Europe from the USA is culture bound (Trompenaars 1994; Adler/Jelinek 1986) and in particular a view of HRM as based on the largely unconstrained exercise of managerial autonomy has been attacked as being peculiarly American (Guest 1990; Brewster 1993; Brewster 1995b).

In Europe, organizations are not so autonomous. They exist within a system which constrains (or supports) them, first, at the national level, by culture

and by extensive legal and institutional limitations on the nature of the contract of employment, and second, at the organizational level, by patterns of ownership (by the State, by the banking and finance system and by families) which are distinct from those in the USA. It has been argued by (Brewster 1993) that a new 'European' model of HRM is required, one that takes account of State and trade union involvement.

Of course, with a different turn of the focus screw, it is possible to distinguish distinct regional clusters even within Europe. Mostly these have been one-dimensional and limited to simple dichotomies. Thus, Hall and Soskice (2001) and Gooderham and colleagues (1999) contrast Anglo-Saxon style free-market capitalism with varieties where there is greater state intervention. Garten (1993) shares this view, though also noting the existence of government-induced market systems such as Japan.

Hollingsworth & Boyer (1997) focus on a different dimension, that of the presence or absence of communitarian infrastructures that manifest themselves in the form of strong social bonds, trust, reciprocity and co-operation among economic actors. Again, they find the Anglo cultures distinct from the rest of Europe, although they also distinguish France as an environment that, while not having a market mentality, is nevertheless deficient in communitarian infrastructures.

Others distinguish between, on one hand, countries such as the UK, Ireland and the Nordic countries, in which the state has a limited role in industrial relations, and the Roman-Germanic countries, such as France, Spain, Germany, Italy, Belgium, Greece and the Netherlands, in which the state

functions as an actor with a central role in industrial relations (Due et al. 1991: 90). Arguments have also been made for a “ northern

European” approach to HRM based around those countries where English is widely spoken and trade unions are stronger (Brewster/Larsen 2000). One analysis of HRM practices found three clusters: a Latin cluster which includes Spain, Italy, France; a central European cluster and a Nordic cluster’ (Filella 1991: 14). The Latin style of HRM is characterized, inter alia, by efforts to modernize HRM, a greater reliance on an oral culture and the presence of subtle ‘ political’ structures which unconsciously nurture docile, dependent attitudes to authority.

The Nordic approach to HRM would include the substantial, visible authority of the HR department, extensive written strategies, a widespread collective orientation to management, and extensive consultation. The continental central European model would involve lower authority for HR departments, extensive line management involvement in HR issues and legal support for collaboration with trade unions. Whether there is an offshore central European’ model is open to question.

Filella (1991) argues that the regional groupings may correspond to stages of socio-economic development. Examining flexible (contingent) work practices, Brewster and Tregaskis (2001) found slightly different groupings in the manufacturing and service sectors. Spain tended to be a category on its own in both cases and, in manufacturing for example, Germany, the Netherlands, Norway and Switzerland were in the “ high inclusive” group;

France and Ireland in the moderately reactive group; in services the UK, Sweden, Denmark and Belgium in the moderately reactive group.

Gooderham and Brewster (2003) found four categories based on a matrix based around communitarianism and autonomy. Lane (1989: 34) argue that ' although organisation goals may not differ significantly across organisations, courses of action towards those goal do, because action is socially constructed and hence shaped by culture as manifested in societal institutions. ' The values, ideas and beliefs of people within a country are rooted in history, geography and tradition and affected by many different institutional, physical and infrastructural factors which are unique to each state.

Firms cannot be immune from the institutional context in which they are embedded, and the differences between countries and their political, social and legal institutions create difference in their strategies. They are also, therefore, more likely to show difference in their HRM, differences in politics, employment, legislation, education, labour markets and trade unionism have a direct effect on HRM within employing organisations.

For completeness, that within any one of these countries, there will be a diverse range of HRM model and practices in operation (Boxall, 1995, Eriksson, Fowler, & Rasanen, 1996, Hendry, 1996; Rasanen & Whipp, 1992) even differences between the sites of one organisation and at the most microlevel even between the way that individual managers deal with their subordinates. The convergence-divergence debate of Human Resource

Management practice in Europe has been an on going issue in international management for some time (Fenton-O’Creevy & Gooderham, 2003).

During the 1950s and 1960s, when the internationalisation of business led researchers to study the management of organisations in different countries, there was a belief that the principles of management hold universally (Gooderham & Brewster, 2003). The basic idea, which is known as the “convergence hypothesis”, was that the best management practices could be applied everywhere, irrespective of the national environment. The principal logic behind this hypothesis was the notion that increasing industrialism affects business organisations in a homogenising way, regardless of their country location (Kerr, Dunlop, Harbison & Myers, 1960).

Progress in the sciences, as well as increasingly advanced technological systems and production methods, will eventually lead all industrial societies towards similar structures. Convergence is based on the concept of “competitive isomorphism”, which means that firms will eventually adopt similar, “best” management practices since they face increasingly similar globally competitive environments (Fenton-O’Creevy & Gooderham, 2003). Moreover, according to Locke, Piore and Kochan (1995), best management practices internationally were believed to derive from the US model.

However, the convergence hypothesis began to lose ground during the 1970s, giving way to a growing interest in national differences, stemming from cultural factors, among organisations. This shift of approach towards the concept of culture is recorded by Adler and Bartholomew (1996) in a survey of academic and professional journals. Of all international

organisational behaviour and HRM articles published between 1985 and 1990, 71 per cent included the concept of culture.

Almost all these articles (94%) concluded that culture makes a difference to the issues studied. Hence, the research showed that by the second half of the 1980's there was general agreement, both inside and outside North America, that culture does matter. Indeed, as Adler and Bartholomew (1996, p. 20) suggest, " the verdict now appears to be cast in favour of divergence", that is to say, organisational and managerial behaviour is maintaining its distinctiveness across cultures.

Central to this cultural approach is that societies/countries are conspicuously different from each other and that this distinctiveness is reflected in the way that organisations are managed (Olie, 1995). Management and organisation cannot be isolated from their particular cultural environment. According to some researchers, issues that relate to the types of interactions and behaviours, as well as the most appropriate relationships among people in organisations, stem from cultural assumptions and values. This determines the information that managers notice, interpret and retain and therefore leads to different ways of seeing the same event and to different approaches to problem resolution and solution" (Sparrow ; Wu, 1998. ). As Hofstede (1980) and Schneider (1989) have shown, national culture can impact on the culture of an organisation by selecting and framing the particular sets of organisational values, behaviours and norms that managers perceive as being consistent with their own basic assumptions that have been developed in their particular cultural context.



In this direction, cultural assumptions also influence the process of organisational decision-making. Within the context of HRM, the debate has been stimulated by the recent internationalisation of trade legislation and the formation of supranational institutions such as the European Union. In the latter case, it is believed that the introduction of common legislation and agreements between countries of the EU will eventually lead to harmonisation of IR and HRM systems across different national contexts (Brewster, 1994).

There are at least two variations of the convergence thesis. The first is the market-driven approach, which tends towards arguing that the rest of the world will become increasingly similar to the United States of America, the most powerful market in the world and therefore the exemplar, in the way that organisations are managed, including how they manage human resources. The second explainer is institutional which, although there is a strand of his theory which argues for world-wide convergence, also includes a strand arguing that the institutional power of the European Union and its approaches to employment practices will lead to a convergence towards a specifically European model. The divergence thesis often uses institutional and/or cultural arguments. However, there is still a persistent belief that social, political and cultural differences between countries will continue to supersede the forces of globalisation emanating from technologically driven markets or supranational agreements (Sparrow ; Hiltrop, 1997).

Furthermore, those in favour of the divergence thesis would even oppose the possibility of delayed convergence, since they argue that national, and in some cases regional, institutional contexts are not only slow to change, <https://assignbuster.com/human-resource-management-convergence-and-divergence-dabate-in-europe/>

partly because they derive from deep-seated beliefs and value-systems and partly because major re-distributions of power are involved, but, more importantly, even when change does occur this can only be understood in relation to the specific social context in which it occurs” (Gooderham ; Brewster, 2003, p. ). The previous discussion may suggest that convergence or divergence happen over time; indeed, this debate tends to view HRM as a singularity that will either converge or diverge (Sparrow, Harris. ; Brewster, 2003). Several studies have found evidence that both convergence and divergence are happening at the same time, but at different levels and rates (Clark, 1996; Smith ; Meiksins, 1995; Tayeb, 1994).

This might support Child’s (1981) argument that convergence is occurring at the macro-level of the organisation, such as functional and technological structures, while micro aspects, such as people’s behaviour patterns tend to diverge across countries. Even a single HR function operates at many levels, in terms of philosophy, policy, programme, practice and process (Schuler, Dowling ; De Cieri. , 1993).

Therefore according to this argument, even if there are common elements of HRM at the macro-level, there will still be divergence at the level of interpretation and application of these elements in different countries (Clark, 1996). The European firms are so locked into their respective national institutional setting that no common model is likely to emerge for the foreseeable future. Proponents of the divergence thesis argue that since HR system reflect national institutional context and cultures and these do not respond readily to the imperatives of technology or the market, each country will continue to be distinctive. DiMaggio ; Powell, 1983; Meyer ; Rowan, 1983; <https://assignbuster.com/human-resource-management-convergence-and-divergence-dabate-in-europe/>

Oliver, 1991). Managers in each country operate within a national institutional context and share a 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 (Hofstede, 1980, 1980, 1991, 2001). More importantly, change is path-dependent.

In other words, 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; Poole, 1986). Even apparently obvious concepts of profit and efficiency, although perfectly sensible globally, might be interpreted differently in different countries, with varying degrees of emphasis on one aspect or another. For instance, efficiency is being understood by Dutch managers as the ability to provide and maintain full employment. Lawrence, 1991) or, in the UK, understood as being about immediate financial returns (Hickson ; Pugh, 1995) or, in Japan, meaning achieving a high market share (Smith ; Misumi, 1994). Attempts by the Cranet network to explore this issue over the last decade or more are leading to a more nuanced theory of convergence and divergence (Brewster et al. , 2004). The evidence shows that in Europe, while some aspects of HRM are converging in terms of general direction of development in others, there is no convergence or even divergence.

These authors develop a distinction between directional convergence (whether countries share the same trend) and final convergence (whether they are becoming more alike). On issues like the comparatively decreasing size of the HR function, the increase in training and development and the increasing provision of information about strategy and finance, directional

<https://assignbuster.com/human-resource-management-convergence-and-divergence-debate-in-europe/>

convergence is clear. In other areas, the evidence is more mixed or points towards increasing diversity.

On final convergence, there is very little evidence of countries becoming more alike in the way that they manage their human resources. The evidence is, from a directional convergence point of view, there seems to be a positive indication of convergence. However, when one looks at the question from final divergence point of view, the answer is no longer a clear positive. None of HR practice converged at the end of the decade. Rather, the maximum point of convergence is reached in the middle of the decade with signs of divergence after that.

An exception is the reduction in the comparative size of the HR department where we have that point in 1997, close to the end of the analysed span. However, even there, after that point in time developments become more divergent again' (Brewster et al, 2004: 434). In conclusion from the above the notion of convergence or divergence are complex, although the general meaning is clear, it is becoming more complex at a closer look.

Despite the increasing technological advancement and globalization, common elements in the legislative framework of the EU countries, even countries such as Switzerland that for a number of reasons make efforts to harmonise their legal system with essential legislative rules of the EU, in terms of adopting a similar management practice there is still a growing interest in National and institutional differences-The role of trade unions, patterns of ownership and the amount of regulation of the labour markets which are few prominent examples of these institutional differences.

This means that Europe will continue to have a diverging system of HRM practice because of the differences in culture and institutions, since norms and values cannot be easily changed over time.