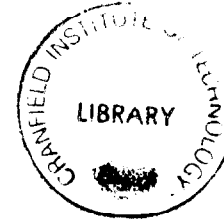




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**SWP 17/92 HUMAN RESOURCE MANAGEMENT IN EUROPE  
- EVIDENCE FROM TEN COUNTRIES**



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**ABSTRACT**

The subject of human resource management (HRM) and its development has been much contested in the literature. Most of the relevant theories originated in the United States of America. There is in the literature no distinctly "European" approach to HRM and, indeed, our knowledge of comparative HRM practices in different European states is limited. This paper draws on a major new research project which has gathered data from ten European countries to argue that practices in these countries can be categorised, inter alia, by the degree of integration of HRM into business strategy and the degree of devolvement to line managers. Using these two dimensions gives a quite distinct picture of differences in HRM practices in the ten European countries. These differences are analyzed and the validity of the model is discussed. Such a categorisation raises the need to consider different conceptual approaches to HRM.

## **THEORETIC BACKGROUND**

The concept of human resource management (HRM), and the associated concept of strategic human resource management, is being debated increasingly in the literature and used increasingly within employing organisations. The history of the concept of HRM has been summarised elsewhere (Storey 1989; Hendry and Pettigrew 1990; Beaumont 1991; Freedman 1991). It developed initially from work in the United States of America in the 1960s and 1970s and since the mid 1980s has been an ever more visible feature of the academic literature, of consultancy services and of organisational terminology; particularly in the USA and Great Britain.

This paper attempts to assess some key aspects of the concept and its practical manifestation in Europe.

This is not a straightforward task: there are both conceptual and methodological difficulties. On the conceptual side, the concept of HRM is far from clearly established in the literature: different authorities imply or state different definitions and draw on different evidence. On the methodological side, there are inherent problems in assessing the concept and in identifying relevant data.

### **Conceptual issues**

We have addressed the conceptual issues in two ways. First, the focus we have taken is limited. This paper is concerned with human resource management at what has been termed the "programmes" level (Schuler 1992) and is not concerned with the amorphous issues of culture and ethos raised at the philosophical level, nor with the day-to-day administration of practice and process. HR programmes have been defined, somewhat tautologically, as the effect of HR efforts on organisational structure. "These efforts" it is argued "have in common the fact they they are generated by strategic intentions and directions the firm is taking and that they involve human resource management issues, i.e. that they are major people-related business issues that require a major organisational effort to address. They also share the reality of having strategic goals that are used to target and measure the effectiveness of the HR programme" (Schuler 1992). At this level therefore our focus is on the way that organisations equip themselves to handle HR issues and the correlation of activities in this area with the overall strategic directions that the organisation is taking.

Second, we have attempted to sidestep some of the more etymological debates about what HRM means by identifying elements which have widespread acceptance as constituent parts of the definition of HRM. (e.g. Mahoney & Deckop 1986; Guest 1990; Hendry and Pettigrew 1990).

The classical typology of the HRM field is four-fold: the acquisition, maintenance, motivation and development of human resources (e.g. DeCenzo & Robbins, 1988). Others have slightly different perspectives, like Storey et al (1989) who define a five step HRM cycle: selection, performance, appraisal, rewards and development. Beer et al (1985) who have contributed considerably to the legitimization of the HRM field in general, stress the crucial role of the employee in HRM. Thus, they propose a focus on the following four areas: employee influence, human resource flow (into, through, and out the organisation), reward systems and work systems.

Some critics of HRM have argued that the concept is hardly distinguishable from the term Personnel Management. Legge, for example, asks " why the language of HRM has gained the currency it appears to have - not least among management groups themselves. After all (...) there is little real difference between normative HRM and personnel management models and, in practice, it is probable that managing employee relations in the vast majority of companies remains a pragmatic activity, whether labelled personnel management or HRM. Furthermore, many of the techniques of HRM can be found in any personnel management textbook of a decade ago". (Legge, 1989 p.40).

However, regardless of whether one defines HRM as a very narrow concept or "a whole array of recent managerial initiatives including measures to increase the flexible utilisation of the labour resource and other measures which are largely directed at the individual employee" (ibid), two paradoxical elements in particular stand out as common to many analyses of HRM - integration and devolvement. By *integration* we mean the degree to which the HRM issues are considered as part of the formulation of business strategies (see e.g. Schreyögg 1987; Butler 1988; Wohlegemuth 1988; Guest 1989). There is - in research as well as in the business community - an increasing understanding of the mutual relationship between business strategy and HRM (Storey et al, 1989; Freedman, 1991). The more that organisations become knowledge, service or hi-tech oriented, the more human behaviour becomes a competitive factor. Employing highly skilled, professional staff with pronounced expectations of the work environment necessitates a job structure with challenge and responsibility, a communication pattern with un-filtered

upwards and downwards information flows and a career management system providing multi-level and multi-type career tracks.

According to Lengnick-Hall & Lengnick-Hall (1988), such an integration of business strategy and HRM has several advantages:

"First, integration provides a broader range of solutions for solving complex organisational problems. Second, integration ensures that human, financial, and technological resources are given consideration in setting goals and assessing implementation capabilities. Third, through integration organisations must explicitly consider the individuals who comprise them and must implement policies. Finally, reciprocity in integrating human resources and strategic concerns limits the subordination of strategic considerations to human resource preferences and the neglect of human resources as a vital source of organisational competence and competitive advantage". (p. 459-560).

Nevertheless, much is still unknown about the dialectic relationship between strategy and HRM. Also, there is a widespread - although not very realistic - belief that HRM is the dependent variable and the business strategy the independent variable in this relationship. We, however, reject the approach (see, e.g. Fombrun, Tichy and Devanna 1984, Ackermann 1986, Miller 1989) that HRM should in some sense "follow" business strategy. We are conscious of too many examples where business strategies have failed precisely because they failed to take account of the cost of labour or the lack of appropriate skills or an inability to integrate workforces. A few examples of the link between HRM and business strategy will illustrate this point:

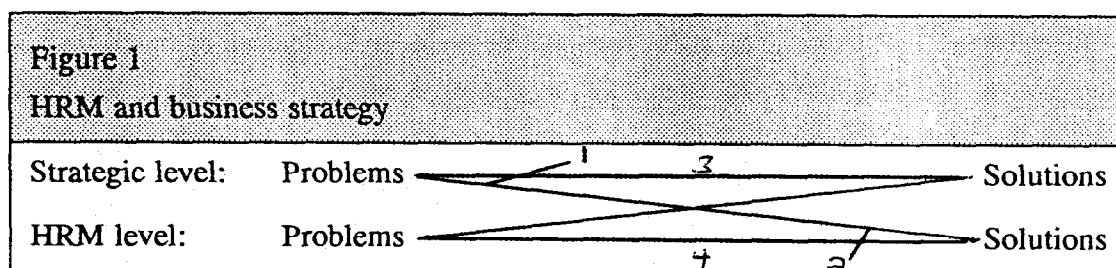
If a company is too domestically oriented (which is a strategic problem) it can establish an expatriation or "inpatriation" program. An overseas secondment or the "import" of an overseas person to the headquarters stimulates the international flavour of the organisation. Thus, a HRM method (expatriation) is used in response to a strategic problem (Brewster 1991).

A national nuclear research centre was employing a vast number of highly skilled engineers and other technical staff. However, when the government decided to abandon nuclear power plants, there was no use for this specialised staff. Rather than making all staff

redundant, the organisation redefined its business strategy and took up alternative energy sources, space research and industrial thermodynamics. The staff was retrained, and the organisation is today very profitable and successful. A strategic decision is used to solve a HRM problem.

A company in the mobile telephone industry found that business was booming. It decided to double production at its plant a little way north of London. In the event they found it impossible to recruit enough skilled employees because of substantial competition for such labour in the area. After 18 months of failing to produce enough products for the market they opened a new plant in Scotland. A strategic decision was frustrated by a HRM problem and had to be changed.

In the diagram below, the arrows 1 and 2 illustrate how the integrative approach links business strategy and HRM. Arrows 3 and 4, however, illustrate how solutions to strategy and HRM problems are found within the two sectors, respectively. They thus illustrate the traditional approach where top executives are dealing with strategic issues (problems and solutions) only, and personnel managers are dealing with personnel issues only.



This paper examines the extent to which business strategy and HRM are integrated in a range of European countries.

The other factor we consider is *devolvement*. By this we mean the degree to which HRM practice involves and gives responsibility to line managers rather than personnel specialists.\* There is an increasing recognition of this issue in the literature (see e.g. Torrington, 1989; Walker, 1989; Schuler, 1990, 1991;

\* This discussion is about the allocation of HR tasks to managers who are not HR specialists. We distinguish this from a related, but entirely separate, discussion about decentralisation. For details of that debate see Hoogendoorn and Brewster (1992).

Freedman, 1991). With the closer link between strategy development and human resource development, line managers are given a primary responsibility for HRM. It is argued that within the major areas of HRM (attracting, retaining, motivating and developing staff) the line manager needs to be aware of the synergy between human, financial and physical resources; for him or her, allocating time, money and energy to the development of subordinate staff is an investment in enhanced effectiveness and future success; and there is no way this responsibility can be picked up by the human resource manager. The HRM function is seen as playing the role of coordinator and catalyst for the activities of line managers - a "management team player ... working (jointly) with the line manager solving people-related business issues" (Schuler, 1990, p. 51).

Devolvement is driven by both organisational and effectiveness criteria. Organisationally, it is now widely believed that responsibilities should be located at appropriate places within the organisation and that means, increasingly, with line management rather than specialist functions. For most organisations the most expensive item of operating costs is the employees. Hence, in cost or profit centre based organisations (in the private or public sectors), there is pressure to include the management of the human resource in line management responsibilities.

Effectively, it is only by motivating and committing the workforce that value can be added to other resources. It is line managers, not specialist staff functions, who are in frequent, often constant, contact with employees. For most employees it is their immediate superiors who represent the management of the company. Providing these managers with the authority and responsibility to control and reward their employees makes them more effective people managers.

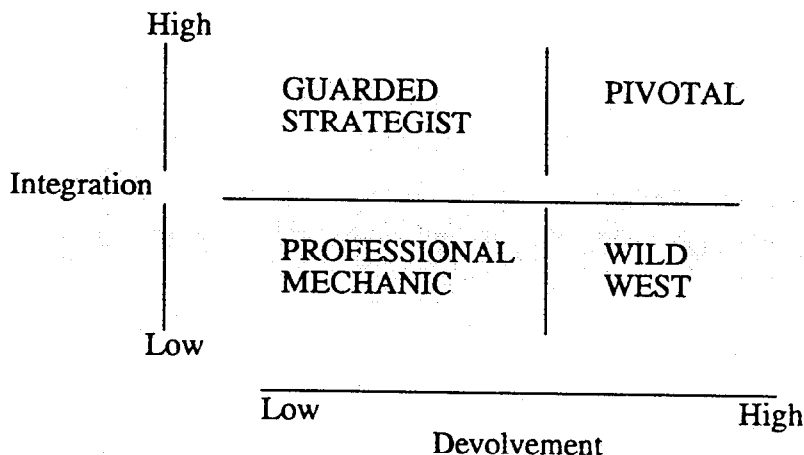
We have called the two elements of integration and devolution paradoxical because they might seem, on first consideration, to be inconsistent. Integration is often linked with centralisation and senior management responsibility: devolvement with decentralisation and the passing of responsibility to junior management levels. How can both elements be central to the concept? Further consideration, however, reveals this to be a true paradox, inconsistent only on the surface and capable of resolution by disaggregating HRM into policy and practice. Integration is a *policy* issue, requiring the close involvement of HRM specialists with senior line management in the development of business policy. On the basis of such involvement, policies can be created which relate HRM and the business strategy to

each other; allowing HRM *practices* to be more easily understood and undertaken by line managers.

### The integration/devolvement matrix

The two dimensions can be plotted on a simple matrix (figure 2).\* The theoretic models which it provides allow analysis of both the role of the specialist HR department and the positioning of human resource management as a general managerial activity.

Figure 2  
Models of HRM



In the bottom left-hand corner of figure 2, the integration of HRM with business strategy is low and there is little devolvement of HRM to the line. We have termed this position *the Mechanic* to emphasise the specialist, but limited, skills and interests of its practitioners. This is the almost classical model of the "professional" HR manager: as with other professions (law, medicine) the manager sees himself or herself as having "higher" imperatives, above those of the organisation. Like the other professions this specialist believes that there are many areas of the specialism which are beyond the understanding of untrained people, and which only the specialists can handle. The result, in this theoretic model, is an increasing distance from the strategic interests of the business, an increasing obsession with the mechanical requirements of the function (with increasing work overload) and an ever-greater isolation from other members of the management team.

\* An early version of the matrix appears in Industrial Relations: Cost-Effective Strategies C Brewster and S Connock. Hutchinson London 1985



Moving to the bottom right-hand corner of figure 2, the integration of HRM with business strategy remains low, but HRM is devolved, substantially, to line management. This position we have termed *the Wild West*. Here every manager is free to develop his or her own style of relationship with employees and, in extreme cases would have the power to "hire and fire", to reward and to invest in employees as they wished. The potential for incoherence, inconsistency and a strong employee reaction is obvious.

In the top left-hand corner of figure 2, the integration of HRM with business strategy is high and the personnel or HRM function has retained authority to itself. We have called this the position of the *Guarded Strategist*. The specialists are powerful figures in the organisation, working with senior managers to develop corporate strategy and operating in large and influential departments controlling such issues as how many, and who, is employed, who is developed and how the reward system operates. The personnel specialists have few problems other than coping with an enormous workload. For other managers, however, this can be a situation of considerable inefficiency and frustration. The line managers find many aspects of relationships with subordinates are in practice abrogated by the personnel function: the weaker managers will welcome the chance to slough off their responsibilities, whilst simultaneously having someone else to blame for all failures; the better managers will be frustrated.

The top right-hand corner of figure 2 represents the position where HRM is fully integrated with business strategy and there is extensive devolvement of HRM to line management. In this model, the senior personnel specialists operate as catalysts, facilitators and coordinators at the policy level of the organisation. They have small, powerful departments monitoring and advising on developments in the human resource area; probably departments which are accessible in career terms to line management. The concentration on the development and monitoring of policy is correlated with the devolution of responsibility and authority to carry out the policy to line management. We have called this position *Pivotal* on the grounds that small, highly respected personnel departments at the policy making level of the organisation can exert a powerful, disproportionate influence. The problems that the organisation faces in this model are concerned mainly with resourcing the department itself with high-calibre HR specialists who understand the way the business operates; and with training and developing line managers to handle HRM effectively.

## **Methodological issues**

We addressed the methodological issues by taking proxy data. To establish full details of HRM integration or devolvement in an organisation could only be achieved by means of longitudinal ethnographic study: and would then be applicable only for the one, or few, organisations so studied. We wished to take a much broader, internationally comparative, view. We decided, therefore, to use data which has been collected from the senior HR manager of employing organisations; and to adopt surrogate measures of the two elements. (We examine the limitations this imposes at the end of this paper).

Our evidence is drawn from a research project based upon an annual survey of the human resource functions of European organisations employing over 200 people. It is the largest survey of its kind ever conducted, with organisations participating in the five country 1989/90 study from European Community (EC) and European Free Trade Area (EFTA) member states. In 1990/91 the survey expanded to cover ten countries: Switzerland (referred to in Figures and Tables in this article by the international coding CH), Germany (D), Denmark (DK), Spain (E), France (F), Italy (I), Norway (N), the Netherlands (NL), Sweden (S) and the United Kingdom of Great Britain and Northern Ireland (UK). 6,300 organisations participated in the survey that year. The survey provides a statistically powerful data-base, broadly representative of all sectors of the economy and of organisational size (above 200 employees).\*

## **THE EVIDENCE**

### **Integration**

As proxies of integration we took findings in three areas: HR specialist involvement in the main policy-making forum of the organisation (Board of Directors or equivalent); HR specialist involvement in the development of corporate strategy; and whether or not such strategies are linked with HR policies which are translated into targets and evaluated. The first two items require little explanation. In European countries personnel or HR specialists rarely reach the very highest positions in employing organisations (Coulson-Thomas 1990; Coulson-Thomas & Wakeham 1991). Of course, the degree of HR access to CEO and similar positions

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\* For details see appendix and Brewster, Hegewisch and Lockhart (1991)

varies by country and would appear to be more common in Scandinavia. It is also true that there are numerous CEOs who may not have come from the personnel function but exhibit a particular interest in HRM. However, these are still exceptions. In practice an informed HR input to top-level debates is most likely only where there is an organisational structure which provides for the head of the HR functions to be present at the key policy-making forum. Our third proxy item, targetted and evaluated HR policies, requires more explanation. We argue that a full integration of HR into business strategy can only occur where this function, like production, marketing, finance, has set targets against which it is measured. The assumption here is that aspects of business strategy which are seen as important by an organisation's top team are monitored against set objectives.

Tables 1 and 2 indicate the proportion of companies with an HR presence at the level of the Board (or equivalent); and the role that such Board-level HR specialists play in the development of corporate strategy. These show significant differences across Europe. In most countries a clear majority of organisations have an HR presence at the top strategic level: as many as four out of five organisations in Sweden, France and Spain. However in some countries, notably Germany\* and Italy, the HR function is only rarely represented at Board level.

| Table 1  |    |    |    |    |    |    |    |    |    |
|--|----|----|----|----|----|----|----|----|----|
| Head of Personnel or Human Resources function on the main board of directors or equivalent % |    |    |    |    |    |    |    |    |    |
| CH   | D  | DK | E  | F  | I  | N  | NL | S  | UK |
| 58   | 19 | 53 | 80 | 83 | 18 | 67 | 44 | 87 | 47 |

**Code:**

CH = Switzerland  
 D = Germany  
 DK = Denmark  
 E = Spain  
 F = France

I = Italy  
 N = Norway  
 NL = Netherlands  
 S = Sweden  
 UK = United Kingdom

When we examine personnel department involvement in the development of corporate strategy the picture changes somewhat. In Germany and Italy our respondents tell us that human resource issues are taken into account from the outset

\* Our data is collected from what was West Germany and our analysis refers to that part of the state. Comparable data is currently being collected for the eastern Länder (project funded by the Anglo German Foundation) and should prove a fascinating comparison.

in the development of corporate strategy by more organisations than the number who have Board level reputation for the HR function: companies apparently consult with non-Board HR specialists at the earliest stage of formulating corporate strategy. In the Netherlands and UK HR influence from the outset approximately mirrors Board level involvement. In the other six countries there are considerable numbers of HR specialists with a place on the Board who, nevertheless, are not involved in the development of corporate strategy until a later stage.

| Table 2   |    |    |    |    |    |    |    |    |    |    |
|---|----|----|----|----|----|----|----|----|----|----|
| HR Involvement in Development of Corporate Strategy (%) |    |    |    |    |    |    |    |    |    |    |
|   | CH | D  | DK | E  | F  | I  | N  | NL | S  | UK |
| from the outset   | 48 | 55 | 42 | 46 | 50 | 32 | 54 | 48 | 59 | 43 |
| consultative  | 20 | 19 | 30 | 21 | 22 | 23 | 24 | 31 | 28 | 27 |
| implementation  | 6  | 6  | 9  | 8  | 12 | 17 | 6  | 8  | 4  | 8  |
| not consulted   | 14 | 8  | 4  | 2  | 2  | 3  | 4  | 3  | 5  | 7  |
| don't know/missing                                      | 12 | 13 | 15 | 23 | 13 | 25 | 11 | 12 | 6  | 15 |

In only three Northern European countries, Sweden, Germany and Norway, do more than half the organisations involve the head of HR in the formulation of corporate strategy from the outset. Otherwise, between a third and a half of all organisations in all the other countries have an early HR involvement at this critical level.

The next stage in the analysis of integration is to examine those organisations who have formal HR strategies which the organisation takes seriously enough to translate into work programmes and deadlines and to monitor. The figures for HR strategies are given in Table 3. Again they show considerable variation. In Germany only 20% of organisations have a written personnel or HR strategy, with 43% claiming to have an "unwritten strategy". In Norway, at the other extreme, 74% of organisations have a written strategy and a further 16% have an "unwritten strategy". There is a broad correlation between having the head of the HR group on the Board, or equivalent, and having a written HR strategy. Perhaps Board membership encourages HR specialists to feel that formalised strategies are as important for their function as for other areas of the business. The noticeable exceptions to this broad correlation are in the Latin countries of Spain, France and

Italy. In Spain and France Board-level representation is high, but formal policies exist in only half as many organisations: and in Italy formal strategies exist in twice as many organisations as have Board-level representation for the HR function.

| Table 3                              |    |    |    |    |    |    |    |    |    |    |
|--------------------------------------|----|----|----|----|----|----|----|----|----|----|
| Personnel/HR Management Strategy (%) |    |    |    |    |    |    |    |    |    |    |
| Country                              | CH | D  | DK | E  | F  | I  | N  | NL | S  | UK |
| written                              | 58 | 20 | 61 | 40 | 29 | 33 | 74 | 54 | 68 | 45 |
| unwritten                            | 32 | 43 | 22 | 40 | 46 | 40 | 16 | 30 | 23 | 27 |
| no strategy                          | 9  | 32 | 14 | 15 | 17 | 11 | 6  | 12 | 10 | 22 |
| don't know/missing                   | 1  | 5  | 3  | 4  | 8  | 16 | 3  | 4  | 0  | 6  |

The ten countries differ in the degree to which they are likely to translate their HR strategies into work programmes and plans. Nearly all the German organisations with written HR strategies go on to operationalise them; only half the Danish organisations do so. However, there is little change in the general order of integration (see Table 4).

| Table 4   |    |    |    |    |    |    |    |    |    |  |
|---|----|----|----|----|----|----|----|----|----|--|
| Organisations with written HR strategy translated into work programmes and deadlines (%). |    |    |    |    |    |    |    |    |    |  |
| CH  | D  | DK | E  | F  | I  | N  | NL | S  | UK |  |
| 42  | 18 | 36 | 36 | 25 | 32 | 46 | 34 | 45 | 38 |  |

There is considerably greater variation when this operationalising of strategies is taken one step further, to identify what proportion of these organisations evaluates the personnel department (Table 5). On this measure both the UK and Italy move up the order quite sharply; Norway moves down a considerable way. It appears that though personnel departments in UK and Italian organisations are less likely to be integrated into the business, they are considerably more likely, where they are integrated, to have their performance monitored.

| Table 5  |   |    |    |    |    |    |    |    |    |
|--|---|----|----|----|----|----|----|----|----|
| Organisations with written HR strategy translated into work programmes and deadlines where performance of personnel department is systematically evaluated (%) |   |    |    |    |    |    |    |    |    |
| CH   | D | DK | E  | F  | I  | N  | NL | S  | UK |
| 24   | 8 | 18 | 23 | 16 | 27 | 21 | 19 | 27 | 27 |

This raises the issue of the rationale for such monitoring. The assumption made earlier was that organisations tend to measure what is important to them: hence the evaluation of the personnel or HR department would indicate a degree of seriousness being accorded to the function. An alternative explanation is that these departments are having to prove their value, whereas in countries where they are less commonly measured their value is taken for granted.

Comparing the general ordering of the countries on these criteria some other anomalies, besides those on evaluation, stand out. Spain appears to be one of the least consistent countries, being near the top of the scale on Board membership, much further down in terms of written HR strategies and their translation into work programmes and otherwise in central positions. This volatility is understandable given the dramatic and comparatively recent change from fascism to democracy in Spain and the subsequent attempts of the personnel function to clarify its new role.

Other anomalies in the rank ordering of the countries concern France's high rating on Board membership and early involvement in the creation of corporate strategy compared to its much lower rating on the HR strategy issues. It is arguable that this fits in with stereotypes (supported by some evidence, see Laurent 1983 and Hofstede 1980) of France as a rigidly hierarchical country: the influential senior HR specialists do not want their autonomy restricted by written policies. Denmark tends to be almost the opposite to France, ranking in the bottom half on Board membership and early involvement in corporate strategy formulation but tending to be higher in formalising and following through on HR strategies. The final anomaly concerns Germany's high rating on early involvement compared to its low ranking elsewhere. This may argue for alternative approaches to influencing corporate strategy; a point to which we have alluded already and to which we return in our discussion at the end of this article.

Overall, by combining the data in these Tables we have established a ranking of typical organisations for each country (Figure 3).\*

**Figure 3**

**Relative integration ranking for 10 European countries.**

Least integrated <---  
 D I UK DK NL E F CH N S  
 ---> Most integrated

It is important to be clear about the meaning of figure 3: it ranks the formal steps taken by organisations (on average) in each country towards integrating their HR strategies and corporate strategies. Almost by definition, it tells us little about those aspects of integration which we might call "psychological": whether the atmosphere and culture of the organisation means that people issues are intrinsically taken into account in all decisions. We address this issue further in our discussion section.

**Devolvement**

Defining and identifying devolvement is more straightforward than defining integration. Two issues seem to be indicative: the extent to which line managers are involved in certain HR practices; and the related issue of how many personnel specialists there are for given total numbers of employees.

On the first issue we asked our respondents to identify the position of their own organisation on six issues: pay and benefits; recruitment and selection; training and development; industrial relations; health and safety; and workforce expansion or reduction. In each case organisations were rated according to whether primary responsibility for major policy decisions rested with line management; line management with personnel or HR department support; the personnel or HR function with line management support; or with the personnel or HR department alone. The resultant rankings were then conflated to provide an overall comparison. The advantages of this approach are that, whilst it loses some of the detail, it provides a simple means of analysis and generates a comparative rating of the various countries. The results show some fascinating variations (see figure 4).

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\* The wider definition of "integration" rather than "involvement" explains the marginally different ordering here from that in Bournois 1991 and in Brewster and Bournois 1991.

**Figure 4**

**Relative Devolvement rankings of 10 European countries**



Denmark and Switzerland are revealed as the two countries in which devolvement is most typical. Denmark is consistently ranked first or second on all issues. Switzerland is always amongst the four countries with most widespread devolution - except on industrial relations, where most of the countries are clustered at the "less devolved" end of the spectrum.

Sweden and the Netherlands are next in line with less widespread devolution, but still consistently above the mean level. Interestingly, both countries rate amongst those where most organisations have increased the authority of line managers in recent years. They would appear to be moving fast, and consistently, towards greater devolution.

Five of the ten countries (in order, Germany, Spain, France, Norway and the UK) then form a block of countries at or just below the "devolution average". There are some variations within this group despite the close overall ranking. Germany has, on all issues, had fewest organisations devolving responsibility further to the line managers over the last three years. This fits common stereotypes of German employers as conservative and stable (see e.g. Randlesome 1990; Lawrence 1991). Spain has the greatest variation: it is the most devolved country on pay issues, the least devolved on health and safety and with a wide range on other issues. The explanation is probably the same as for Spain's lack of consistency on the integration measures: recent history and in this case also the booming and highly differentiated economy - consistency in such circumstances is difficult. Amongst the other countries, France would count as having a considerably more controlling personnel function except for a high devolvement ranking on pay and conditions; Norway, like Sweden although not as fast, is moving rapidly in the direction of devolution; and the UK, despite a substantial feeling amongst managers in the country that line management now has more authority, is ranked as one of the least devolved countries in our sample.

Italy is a case on its own. It is, by a clear margin, the country in which fewest organisations have devolved authority for HR issues to the line. It ranks at the least devolved end on five of the six items - and second from the end on the other one.



Furthermore, as one might expect given that finding, it is one of the few countries to match Germany in making the least move towards devolvement over the last three years.

On the second issue of proportions of personnel specialists to total numbers of employees, our rationale is that the more personnel specialists employed in a central staff function, the less devolvement there is of personnel management to line managers. (There are, of course, many related issues, such as for example, the degree to which line managers are trained to undertake these responsibilities). One should be cautious about accepting a direct relationship, but in practice there is, as one would expect, a close correlation between the devolvement ranking and the number of personnel specialists per thousand employees on average.

| Table 6   |      |      |      |      |      |      |      |      |      |      |
|---|------|------|------|------|------|------|------|------|------|------|
| Devolvement and proportion of personnel functionaries |      |      |      |      |      |      |      |      |      |      |
| Devolvement   | I    | UK   | N    | F    | E    | D    | NL   | S    | CH   | DK   |
| Personnel functionaries per 1000 employees            | 18.2 | 13.9 | 12.8 | 13.8 | 14.9 | 14.5 | 18.5 | 15.6 | 12.5 | 10.7 |

Table 6 indicates clearly, for example, that the two most devolved countries, Denmark and Switzerland, have the lowest number of personnel specialists; the least centralised country, Italy, one of the highest number. Switzerland and the Netherlands stand out as being at the more devolved end of the spectrum, but still having considerable numbers of personnel specialists. These somewhat conflicting results illustrate that a high level of devolvement can occur in quite different (and not overlapping) situations. Thus, two organisations, one with a very positive and one with a very negative perception of HRM, might both be characterised by a high level of devolvement. The former organisation might find HRM too important to be dealt with by a central staff function, whereas the latter might find it waste of resources in the first place to invest in human resources (including establishing a HRM function).

These rankings show an interesting contrast with the influence of national or regional level bargaining on pay. (see Table 7 - which uses the example of manual workers pay; pay for other levels is more complex to illustrate, as the categories often vary between countries, but shows similar rankings). The northern European

countries (Germany\*, Denmark, Norway, Netherlands, and Sweden) are most likely to have pay bargaining centralised above the organisational level. In broad terms there is a distinct (though low level) correlation between centralisation of pay bargaining outside the organisation and devolution within it. This raises two alternative explanations. One is that the perceptions that we have reported are not reflected in reality: that what seems to the respondent to be devolution is in practice highly circumscribed by the fact that the organisation has less autonomy than its counterparts elsewhere. The second explanation is that a high degree of centralisation above the organisational level and a belief in devolvement are not incompatible: it is within a clearly established and predictable framework of labour costs that line managers are best able to accept and undertake a substantial role in human resource matters. The authors of this paper lean towards the second explanation, but accept that our evidence leaves this an open question.

| Table 7   |    |    |    |    |    |   |    |    |    |    |
|---|----|----|----|----|----|---|----|----|----|----|
| Devolvement and pay determination for manual workers            |    |    |    |    |    |   |    |    |    |    |
| Devolvement   | I  | UK | N  | F  | E  | D | NL | S  | CH | DK |
| Pay determination above organisational level (manual workers) % | 61 | 45 | 99 | 41 | 59 | - | 78 | 76 | -  | 79 |

Interestingly, we find little evidence that organisations are providing any formal training to help their line managers to handle human resource issues. There is no clear correlation between the amount of training in human resource issues that managers have received and devolution. We identified the number of organisations that had trained at least a third of the managers in such HR techniques as performance appraisal, communications, delegation, motivation and team building.

\* Germany is excluded from the percentages as the question was not asked in that country. The researchers, and the advisory panel there, believed that since nearly all pay bargaining in Germany is conducted at the industry level the question would be seen as irrelevant.

| Areas in which at least a third of managers trained (%) |    |    |    |    |    |    |    |    |    |    |
|---|----|----|----|----|----|----|----|----|----|----|
| Country   | DK | N  | S  | UK | F  | E  | I  | D  | NL | CH |
| Perf appraisal  | 19 | 64 | 73 | 70 | 36 | 31 | 45 | 32 | 69 | 69 |
| Staff communication                                     | 43 | 63 | 64 | 54 | 53 | 48 | 49 | 45 | 57 | 69 |
| Delegation  | 35 | 53 | 46 | 40 | 22 | 30 | 34 | 42 | 35 | 56 |
| Motivation  | 41 | 59 | 55 | 47 | 33 | 44 | 47 | 64 | 46 | 76 |
| Team building   | 22 | 36 | 51 | 49 | 25 | 39 | 29 | 25 | 39 | 39 |

In none of these topics are the numbers in any country which have done such training correlated with the devolution ranking. Denmark, for example, the most devolved country is amongst those countries where line managers are least trained: Norway and the UK have considerable numbers of organisations training over a third of their managers in HR techniques, even though they are amongst the least devolved (Table 8). These somewhat conflicting results also raise different explanations. An obvious one is that line managers are just not being trained to undertake an HR role. There is statistical evidence, from the Netherlands, that this is the case in some instances (Hoogendoorn and Brewster 1991). The second is that the most devolved countries have established a situation where line managers are actually able to perform the HRM responsibility: consequently, there is no need for training. The third interpretation is that a manager who is actively undertaking the HRM task gets so much experiential learning that no formal training is needed. A fourth explanation is that linking the degree of devolvement and the amount of training is a false perspective in the first place. Rather, one should look at the correlation between the *increase* in line management responsibility and training.

To investigate this last explanation, we have ranked the ten European countries according to the increase in line management responsibility for the specific HRM tasks noted above. Here, Sweden, the Netherlands, Spain and France come at the top (in the order mentioned). At the bottom one finds Denmark and Germany. If you rank the countries according to the percentage of managers having received training in management disciplines (performance appraisal, communication, motivation etc.), seven out of ten countries end up with a somewhat similar ranking (Figure 5). The exceptions are Switzerland, representing one of the lowest increases in line management responsibility for HRM issues, but the largest proportion of companies providing training in management areas; and two of the

"Latin countries" France and Spain which come into line with Italy on training despite being above that country on devolvement.

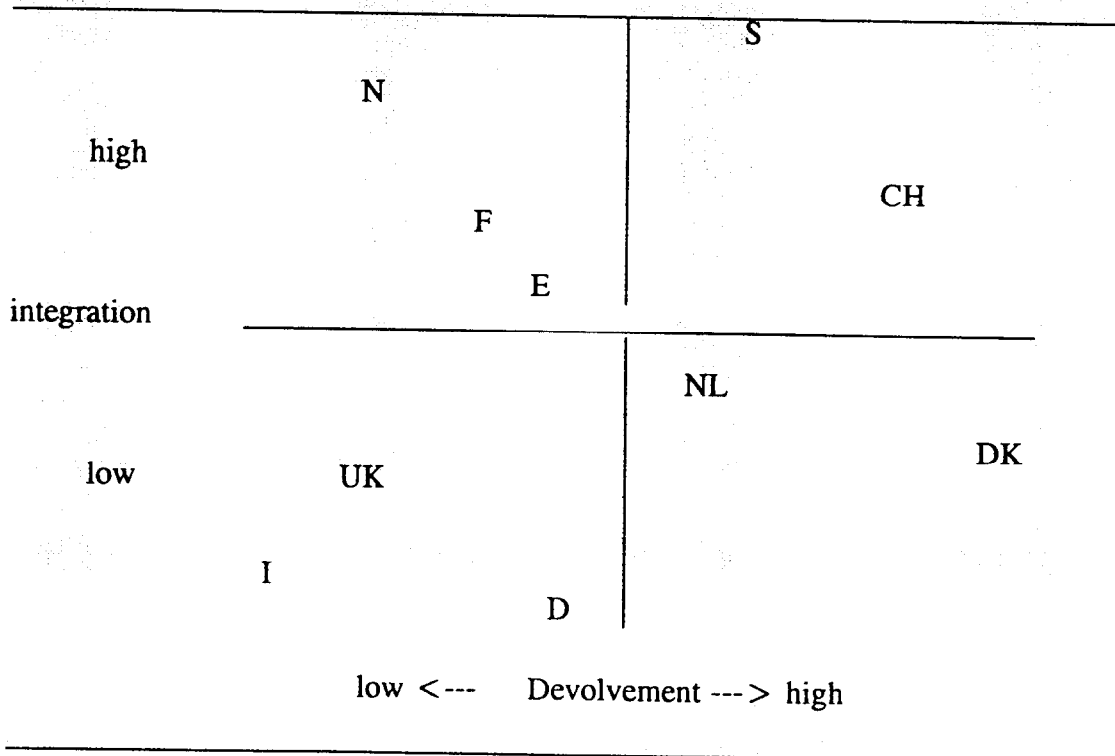
**Figure 5**

**Increases in line management responsibility in relation to having at least one third of line managers trained (Rankings).**

| Rank order <i>increase</i> in line management responsibility | Rank order % organisations with 1/3 line managers trained |
|--|---|
| S  | CH  |
| NL   | S   |
| E  | N   |
| F  | NL  |
| N  | UK  |
| I  | I   |
| UK   | E   |
| CH   | D   |
| DK   | F   |
| D  | DK  |

**Figure 6**

**Models of HRM: 10 European Countries**



## DISCUSSION

By plotting our analyses of the data on this model we can establish the position of the typical organisation in each country (see Figure 6). We can see examples of the four potential cases in our model.

Two countries, Switzerland and Sweden, fall into the category where the typical organisation has HR comparatively highly integrated with business strategy and with a substantial degree of devolvement. A second pair (Denmark and the Netherlands) falls squarely into the model that we have called "the Wild West": devolvement is comparatively high (a little lower for the Netherlands which is close to the middle on both measures) but integration is relatively low. A third group (Italy, the UK and Germany) are clearly "mechanics" in our model. Personnel departments here are centralised, devolve much less, but are not, generally, integrated at the business strategy level. Spain, France and Norway fall into our remaining quadrant. They have human resources comparatively well integrated into the business strategy of the organisation, but have retained responsibility for the management of personnel issues within a specialist function.

Our study has revealed that we can meaningfully characterise HRM practices in ten European countries by the degree of integration of HRM and business strategy and the degree of devolvement of responsibility for HRM to line management. Our rationale for focussing on countries (rather than say sector or size variables) is thus confirmed.

In general the influence of national cultures, national laws, national governmental agencies and national trade unions makes this level of analysis defensible and makes our analysis valuable to practitioners and commentators who have to operate in and advise on organisational issues in the various countries. We are more confident of this in Western Europe, where each of these countries has existed for centuries, than we might be elsewhere. We are aware though that this is not an unqualified categorisation - an issue brought home to us by the fact that our data in Germany does not include what was East Germany and now forms the eastern Länder of that country.

We do not imply, of course, that all organisations in every country fit the "typical" model: indeed there will probably be a range of all kinds of organisation in each country. Nevertheless the country tendencies are clear.

### *Relationship to other research*

The matching of the two dimensions (integration and devolvement) created 4 cells in our matrix. Current received wisdom implies that high levels of integration and devolvement are advantageous. We are reluctant to conclude that the ideal position is necessarily in the top right-hand corner of the diagram. A number of external factors, including the national culture, have an impact on the appropriateness of a given location. Thus, what is ideal in one cultural environment might be very unsuccessful in another environment. Further research is needed to analyse these environmental factors.

Intriguingly, our data tends to give some support to the view that the pivotal position is linked to success. A diagonal line taking in the four countries nearest to the top right-hand corner of the diagram would include four of the five richest countries, measured by GDP per capita, in Europe.

We have argued that the two dimensions used tend to separate the various countries. Thus, it becomes relevant to compare our research to studies of national cultures, such as those of Hofstede (1980, 1991), Laurent (1983) and Adler (1991). Hofstede's four cultural dimensions have had a great impact on the study of intercultural differences. It can be hypothesised that there is a co-variance between our dimension "devolvement" and his dimension "uncertainty avoidance". An organisation devolving a considerable degree of HRM responsibility to line management must unavoidably expect a certain heterogeneity in HRM practice. Some organisations find it difficult to live with different practice, informal decision making procedures and sub-optimisation. Other organisations find this uncertainty unavoidable - or challenging! Along the same lines, one could argue that there is a relationship between devolvement and "individualism/collectivism". Collectivism should be expected to occur in organisations with a high degree of devolvement. These conclusions are tentative and could be the subject of further research.

Comparisons with the national cultures research shows that Sweden and Switzerland are similar in having a lower Power Distance Index and higher Individuality than most (Hofstede 1980, 1983). They are both countries with a disproportionately high number of MNCs, (though a categorisation using only private sector data makes little difference to their location in this quadrant). Both countries are

amongst those with the longest-term view of business (European Management Forum 1986).

The two countries in the bottom right-hand quadrant, Denmark and the Netherlands, have much in common in a cultural sense. Both Hofstede (1980, 1983) and Laurent (1983) show them scoring similarly on the different measures they use.

The countries in the left-hand quadrants do not fit together so easily relative to the research into national cultures. In the top left-hand quadrant Norway is culturally very similar to Sweden. It has however a much less devolved attitude towards HR. It has little cultural similarity with the two Latin countries of France and Spain (see also Filella 1991). Spain's position near the centre of the matrix represents a cancelling-out of widely differing scores on both axes. This is in distinction to the other countries where scores on either axis tend to be consistent. It is a country in a period of considerable flux arising from its relatively recent adoption of democracy, fast economic growth and late accession to the EC. The role of the HR department clearly reflects this.

The bottom left-hand quadrant also contains some culturally disparate countries. The only things they have in common are a relatively high "achievement" culture (in Hofstede 1980, 1983 and also in a study by Trompenaars 1991) and a propensity to role formalisation (Laurent 1983). The position of the UK and Italy probably reflects an historical focus on a more antagonistic industrial relations role for personnel specialists, a low status for personnel departments and increasing attempts to establish a specific, and separate, competence for personnel specialists as a result. Those who have studied personnel management in Germany (see e.g. Ackermann 1986; Pieper 1990; Lawrence 1991; Gaugler and Wiltz 1992) point to the mechanistic nature of the function in that country. The strong adherence to a detailed legal and/or quasi-legal basis for the employment relationship, in the context of powerful works councils and a cooperative, and open, approach to trade unions mean that the personnel function is both isolated from corporate strategy-making and yet seen as the "keeper of the law"; having to approve all actions in the human resources arena.

At the same time there is general acknowledgement that Germany has working conditions and practices which are amongst the most favourable to employees in Europe, one of the most educated and trained workforces, one of the highest degrees of worker involvement and a general tendency to include human resource

issues in all major decisions (Randlesome 1990). This makes us question some aspects of the HRM concept as it has come to us in Europe from its originators in the USA. One of the central assumptions is that HRM is distinguished by the integration of personnel issues with business strategies. There is little evidence from our data that this takes place at the corporate level in one of the most successful countries in Europe. We would argue, unsupported by our evidence and therefore tentatively, that in the German case the integration of personnel issues in the collective cultural consciousness and in legislation may be more important than direct integration into corporate strategy.

### **Limitations of the study**

It is useful to point out both the conceptual and methodological limitations of our research - and therefore potentially of our findings.

Conceptually, we have argued that an integration of business strategy and HRM is seen as a crucial element of strategic HRM. We have rejected the belief that business strategy by definition comes first, i.e. is the independent variable. In some organisations and/or situations, it will be appropriate to begin with the HRM strategy and form the business strategy around this. Such a "competency-driven, or qualification based, strategy" may be typical, for example, in research or service oriented organisations which are very dependent on their human capital. We have also argued that the reasons for a particular level of devolvement might be somewhat diffuse and even conflicting. A high degree of devolvement to line management is not necessarily a reflection of a very conscious belief (and confidence) in the value of HRM. It is likely that organisations who do stress the importance of human resources choose to devolve a considerable part of HRM to line management. However, the opposite can be true as well. If an organisation does not stress the importance of human resource, perhaps no HRM function is established and responsibility is "dumped" on line management.

Furthermore our analysis has concentrated on national differences at the expense of sectoral, size or ownership differences. We believe our data has confirmed the value of such an approach but we recognise that further analyses along these lines will enrich the contribution of this material.



Methodologically, there are three main limitations to our study. First, our data is limited to organisations with more than 200 employees. It is likely that small organisations have quite different approaches to integration and devolvement.

Second, our objective of comparing organisational HR policies and practices across national boundaries has led us to collect data through a broad, representative, and large-scale survey. We have, therefore, had to use a limited number of general, surrogate measures to identify levels of integration and involvement. It is possible (though we believe it to be unlikely) that more qualitative measures within organisations may find, on a consistent, nationally determined basis, that the senior personnel specialists responding to our survey have provided information which is in some way biased by their position. It would be interesting to know, for example, whether senior line managers or even personnel specialists outside headquarters share our respondents' perceptions of HR functional involvement, or their perceptions of the extent to which authority in HR issues has been devolved to the line management. It is also possible that more detailed, case-study style, analysis of particular organisations will find better measures of integration and devolvement.

Third, the rankings are relative, not absolute. It may well be, for example, that typical organisations in Sweden and Switzerland have a far from 'pivotal' approach to HRM. What we can say is that they are closer to it than the other eight countries for which we have data.

In summary, then, the data presented here shows clear national differences throughout Europe. It indicates that if the desired model is that of a close integration of HR with corporate strategy at the business level and the sharing of personnel responsibilities with line managers, Sweden and Switzerland, and to a lesser extent Norway and Denmark, approximate most closely to this 'pivotal' model of the HR function. However, the analysis also indicates that the "American" model may not fit comfortably with the reality of HRM in Europe. It is interesting to note that the combination of high integration and high devolvement is in fact rare in the US. There, consciousness about strategy (and HRM) has been given a high profile, but the American culture does not generally favour devolvement and informal work procedures. This illustrates the need for us Europeans to build up our own, culturally adapted theory of HRM. We believe that our data provides a valuable basis for this next step.

## Appendix

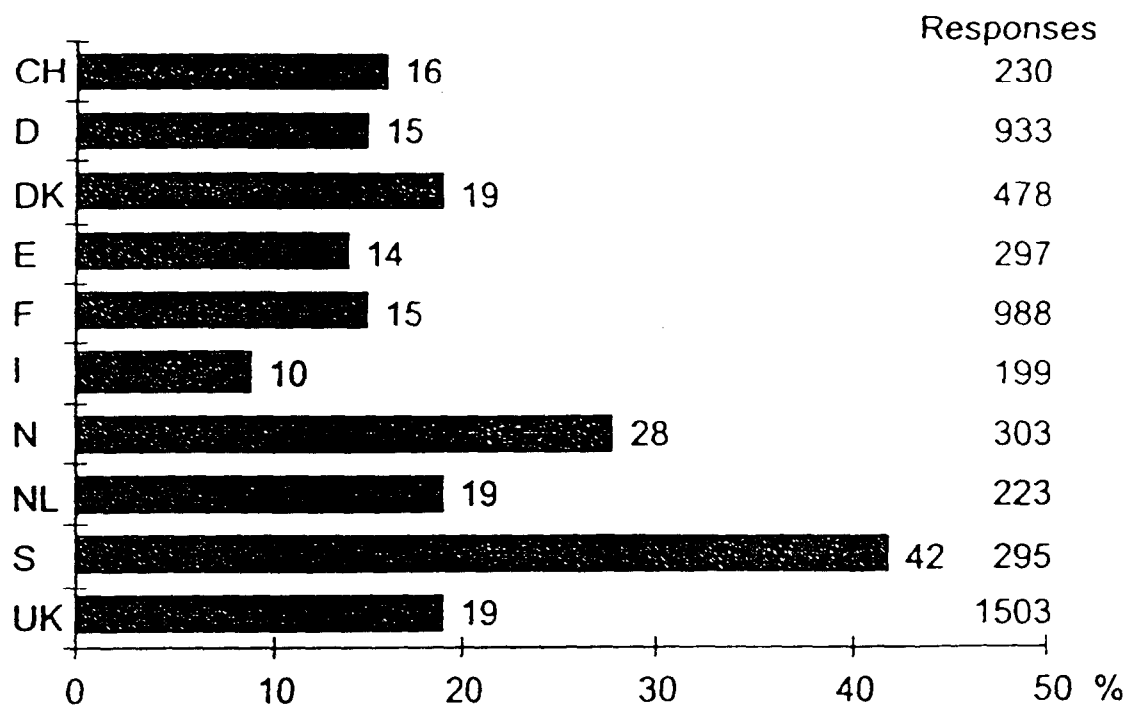
### **Methodological Note**

The Project is based on a standardised postal questionnaire covering major areas of human resource management. The questionnaire was developed with the cooperation of business schools in each of ten European countries. The 1990/91 survey was conducted by close collaboration between the following European management schools: IPFM, University of St. Gallen in Switzerland (referred to in Figures and Tables in this article); Universität Mannheim in Germany; Handelshøjskolen I København in Denmark; ESADE in Spain; Groupe ESC Lyon in France; SAIS in Italy; Handelshøyskolen BI in Norway; Erasmus Universiteit in the Netherlands; IPF, University of Uppsala in Sweden; and Cranfield School of Management, UK. The questionnaire was tested, translated and distributed to a broad sample of personnel directors in ten countries between November 1990 and February 1991. 6300 organisations responded across all ten countries; the detailed response rates for the 5449 usable responses are set out in Table A:1 below. (The first year of the research covered five countries, with replies from over 5600 organisations, and usable returns from 5047 organisations). In broad terms the responses are representative of the employment size, country of origin and sectoral distribution of the economy of each participating country (see tables A:2 and A:3). This is the largest and most representative survey of HRM policies and practices in Europe.

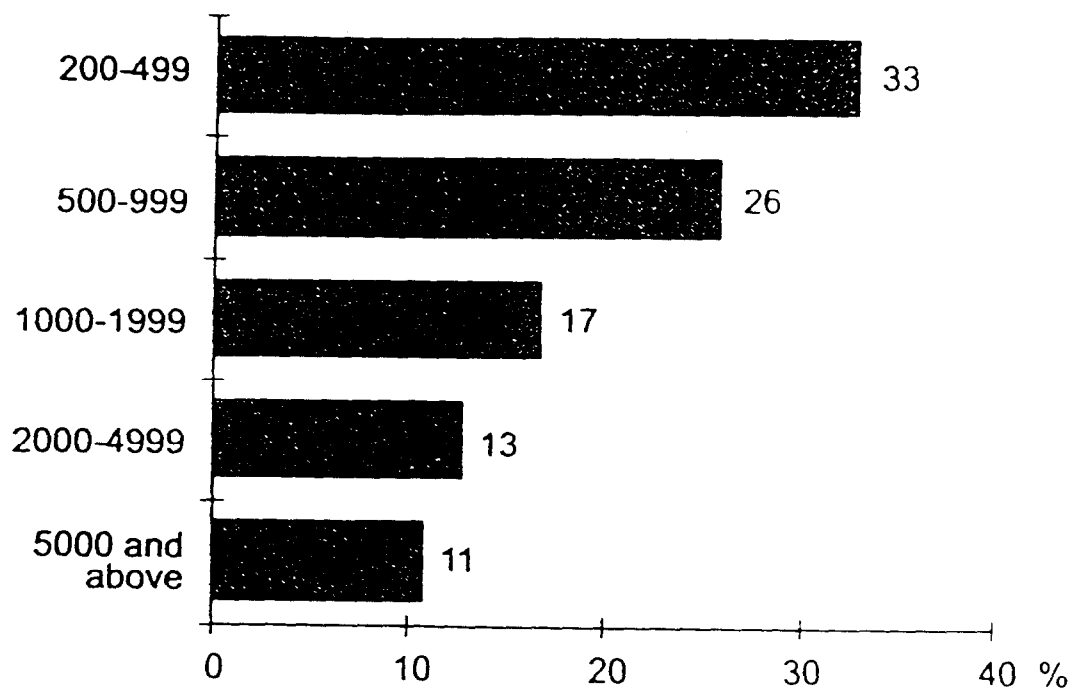
Human resource management practices are influenced by national legislation, labour markets and national culture and the results of the survey can only be understood in this context.

A key feature of the research is the close involvement of senior personnel practitioners in each of the ten countries. Practitioners in each country, representing a cross section of all major employment sectors, were consulted on the issues covered by the questionnaire prior to formal piloting. Panels of these practitioners met to comment on the results once they were gathered.

(Tables A:1/A:2/A:3 here).



*Table A1: Response rates in each country together with usable responses*



*Table A2: Distribution of responses by size across all countries*

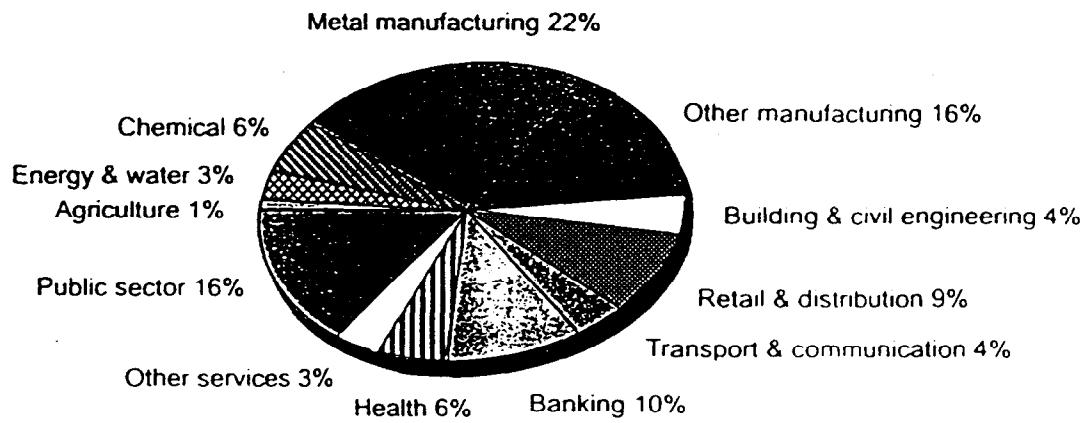


Table A3: Distribution of responses by sector across all countries

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