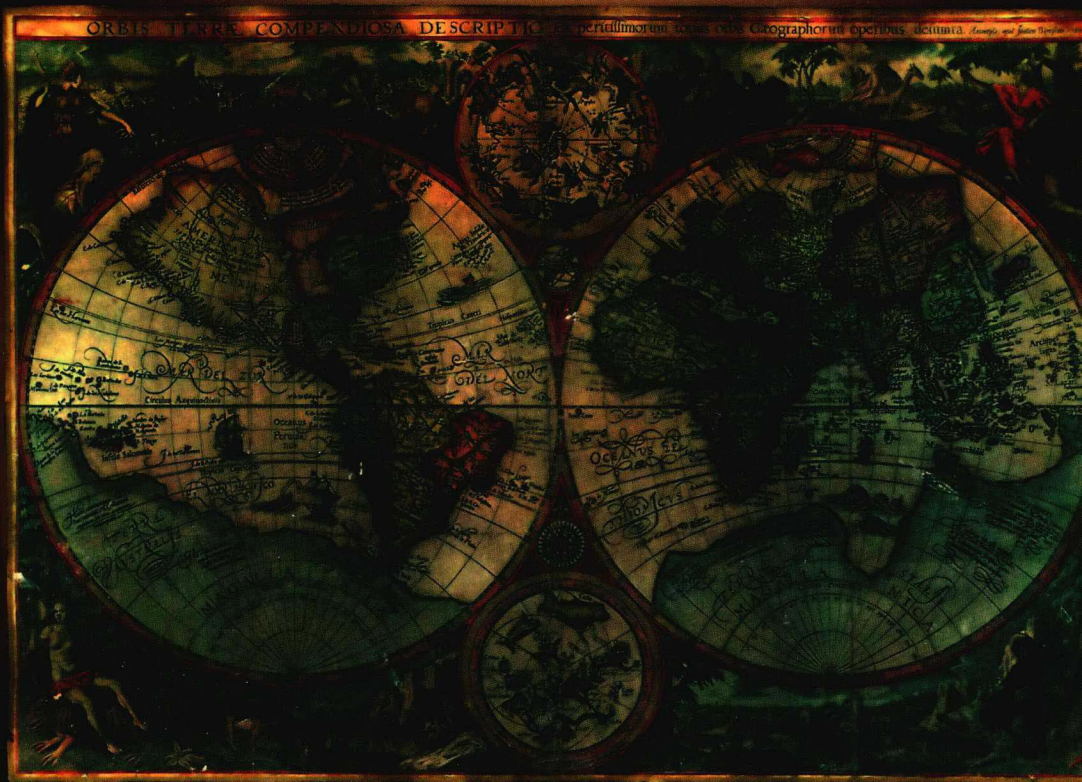


# Handbook of Research on Comparative Human Resource Management

Edited by **Chris Brewster** and **Wolfgang Mayrhofer**



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*Edited by*

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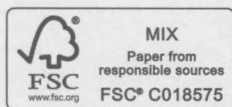
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HANDBOOK OF RESEARCH ON  
COMPARATIVE HUMAN RESOURCE  
MANAGEMENT

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# 1 Comparative human resource management: an introduction

*Chris Brewster and Wolfgang Mayrhofer*

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This is the first book to bring together, systematically, expert researchers studying comparative human resource management (HRM). The need for a comparative book is, we believe, manifest, and the subject is increasingly researched and taught, either as part of a general HRM or international HRM course. This *Handbook of Research on Comparative Human Resource Management* draws on the work of some of the world's leading researchers to present the current state of the art to academic scholars and practitioners.

HRM as a subject for study and teaching was identified and popularised in the United States in the late 1970s and early 1980s, encapsulated in two famous textbooks (Beer et al., 1985; Fombrun et al., 1984). The two books took different approaches, but both differentiated HRM from personnel management (the administration of employment). They argued that the latter involved running, monitoring and controlling the employment systems within the organisation, whilst HRM involved more integration of personnel policies across functions and with the corporate strategy (with HRM being the downstream function); a greater role for line managers; a shift from collective to individual relationships; and an accent on enhancing company performance. In HRM workers are a resource: they 'are to be obtained cheaply, used sparingly and developed and exploited as fully as possible' (Sparrow & Hiltrop, 1994: 7) in the interests of the organisation.

The processes of managing people in a systematic and consistent way with the intention of ensuring their effective contribution to the success of the organisation – in other words: human resource management – utilises the same processes in every case: a workforce has to be recruited, deployed and assessed, trained, paid, all of this within conditions that allow motivation to develop and be sustained. The way that HRM and these processes are thought about and the way that they are practised, however, varies from context to context.

One of the major contexts is the country in which they operate. Because most studies of HRM take place within a single national context, commentators have long been aware of the differences in HRM policies and

practices made by the size of the organisation and the sector (or sectors) in which it operates. More recently, HRM researchers have become aware of the differences in the subject between nations and have argued that this is a matter not only of differences in practice but also in differences in the way that the subject is thought about: its meaning and its purpose. Even if we accept that the purpose of HRM should be improving the performance of the firm, Gerhart has argued, 'it seems unlikely that one set of HRM practices will work equally well no matter what the context' (Gerhart, 2005: 178).

Much of the new thinking and innovation in HRM continues to come from the USA, the origin of the concept. Originating from the United States, 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 & Slater, 2001: 281). And then, usually later, to the rest of the world. The hegemony of the US model is such that many universities and business schools as well as consultancies around the world use US teaching materials, US teaching methods and US textbooks and case studies, more or less ignoring HRM in the local environment around them. Like many others, we believe this is an error. HRM does not operate the same way in every country. The idea that human resource management varies around the world is by no means new, but much HRM commentary either ignores that fact or assumes that countries that do HRM differently are 'lagging behind'. Human Resource Management of the 'best practice' variety may not even be that common in the United States, but it looks and feels very different elsewhere in the world.

Against the backdrop of contextual differences and the more dynamic view of changes over time, comparative HRM is concerned with understanding and explaining differences between contexts as constituted by countries and analysing how much changes over time, in particular through the process of globalisation, leading to a harmonisation of HRM across the world, and how far countries retain their distinctive national flavour.

In the view of Clark et al. (1999), 20 years of research into international and comparative HRM left the subject 'running on the spot'. The problems include the lack of conceptual analysis of the topic and limited coverage of various parts of the world. In the years since then there have been significant attempts to remedy this situation and the time is now right to summarise those attempts and perhaps to stimulate others to move from running on the spot to making real progress.

This chapter introduces both the subject of comparative HRM and this

*Handbook*. We attempt to identify the establishment of the subject and its boundaries; we explore levels of analysis of comparative HRM; perspectives for studying it; and we address the issue of whether globalisation is making such an analysis increasingly irrelevant as societies converge. Then we outline the shape and content of the book. We note some theoretical and empirical issues in comparative HRM, the way that these affect particular elements of HRM and the way that different regions think differently about the topic: a framework for the *Handbook*.

## THE ESTABLISHMENT OF COMPARATIVE HRM AND ITS BOUNDARIES

The classic texts marking the origin of HRM identified, respectively, four (employee influence, human resource flow, reward systems and work systems in Beer et al., 1984) or five (selection, performance, appraisal, rewards and development in Fombrun et al., 1984) areas which can be used to analyse HRM. The unstated implication was that these areas can be used in any organisation, anywhere in the world. Most universities and business schools tend to teach a very similar version of HRM to that outlined in the famous books.

In reality there has been little agreement about the meaning of the term 'human resource management'. We are not the first to note the confusion surrounding the concept (see, as early examples, Boxall, 1992; Goss, 1994; Guest, 1990; Storey, 1992). Conceptually, a range of definitions of human resource management is possible: from an almost etymological analysis at one end to a clearly normative perspective at the other. Within this range two broad categories can be discerned:

- HRM as a subject area, exploring processes by which an organisation deals with the labour it needs to perform its functions and encompassing, therefore, traditional definitions of personnel management (including manpower planning, resourcing, training and development, etc. and, importantly for us here, industrial relations) and also subcontracting, outsourcing and similar arrangements for utilising human resources even when not employed within the organisation.
- HRM as a contribution to organisational (usually business) effectiveness. In many cases this usage has defined itself as strategic HRM (see e.g. Armstrong, 2008; Boxall & Purcell, 2008; Brewster et al., 2011; Hendry & Pettigrew, 1990; Schuler, 1992; Schuler & Jackson, 2007; Torrington et al., 2008).



Whereas the first kind of focus concentrates upon identifying and studying either the whole relationship between people at work and their organisations or a particular aspect of it, the latter one is focused on the activities of management and the practices that management can adopt to improve efficiency and effectiveness. Arguably, a contributory reason for these different approaches to the topic are similar to the basic argument of comparative HRM: it is perhaps little wonder that researchers, based in a different institutional and cultural context, with different historical antecedents of research perspectives and different practical problems to explain, have different views of what is central to the topic.

The developing stream of work in comparative HRM has its roots in different traditions: the industrial relations tradition, the growth of international business as a fact and a subject of study, and the equally fast-growing topic of international HRM.

There has been an input from the industrial relations tradition. In Europe and Australasia, particularly, many of the earlier researchers and teachers in human resource management moved into the field from industrial relations studies. Industrial relations vary markedly from country to country and this has traditionally been an area of study much concerned with nationally comparative issues, for example: Why is union membership so much higher in some countries than in others? Why do different consultation structures apply in different countries? The embeddedness of industrial relations in its national context was a given, so it was natural for the specialists who moved across from that field to take a more comparative view of the closely linked subject of human resource management.

The study of various aspects of the management of multinational corporations (MNCs; see, for example, Rugman & Collinson, 2008; Shenkar & Luo, 2008) concentrated on the advantages conferred by operating across countries. Differences between countries were either an inevitable background or regarded as an additional difficulty for MNCs wanting to benefit from doing business across national borders. There was also an assumption that MNCs invariably created change – and convergence, often assumed to be to an American model – in the host countries of their subsidiaries. This thinking has developed considerably in recent years and the literature has become much more aware of national differences.

The international HRM tradition of research has been summarised as having three distinct streams of discussion (Dowling, 1999): one considers individuals working abroad and more recently other forms of working such as self-initiated stays abroad (see, for example, Benson & Marshall, 2008; Dickmann et al., 2008b; Haslberger & Brewster, 2009; Jokinen et



al., 2008; Mayrhofer et al., 2007; Takeuchi et al., 2005); a second stream looking at various aspects of HRM in companies operating across national borders, specifically the HRM problems of MNCs (for an excellent summary of the latest research position in that stream, see Stahl & Björkman, 2011); and a third stream of research analysing HRM in the light of national, cultural and regional differences – comparative HRM.

Comparative HRM now has a firmly established place within HRM (see, for example, the contributions on comparative HRM in overview works on HRM/international HRM such as Collings & Wood, 2009; Harzing & Pinnington, 2011; Sparrow, 2009). Starting in the 1990s, early works described the differences between societies and explored the theoretical foundations of the subject (e.g. Begin, 1992; Boxall, 1995; Brewster & Tyson, 1991; Hegewisch & Brewster, 1993). Since then the balance of the discussion has changed from a primarily descriptive perspective to a more explanatory angle looking into ‘why’ and ‘how’, i.e. the reasons for and the processes leading to commonalities and differences in HRM between different countries and cultures, in particular also looking at developments over time (Brewster et al., 2004; Mayrhofer et al., 2011a). Some of the theoretical underpinnings and conceptual approaches to the topic are summarised in later chapters of this handbook. An increased knowledge about the specifics of management across borders, including knowledge of how human resource management issues are handled in various countries (Dickmann et al., 2008a), has become a prominent issue for social scientists as it has become a key issue for all kinds of managers.

## LEVELS OF ANALYSIS OF HRM

Many of the seminal management and HRM texts are written as if the analysis applies at all levels, something one can call ‘false universalism’ (Rose, 1991). This is a major problem in relation to the literature from the United States. The cultural hegemony of US teaching and publishing, particularly in the leading US and ‘international’ journals, means that these texts are often utilised by readers and students in other countries. US-based literature searches, now all done on computers, of course, tend to privilege texts in English and texts in the US-based journals and texts in the universalist tradition (Brewster, 1999a, b). For analysts and practitioners elsewhere with interests in different sectors, countries and so on, many of these descriptions and prescriptions fail to meet their reality and a more context sensitive analysis is necessary.

Comparative HRM strives to provide such analyses. In its simplest

form, HRM in two different countries is compared and contrasted at a merely descriptive level. In a broader sense the criteria for comparison, derived from theoretical reasoning or closely linked to observable phenomena, go far beyond that to explore clusters of countries, or to challenge the national boundaries concept. Cultural groups do not always coincide with national borders. Hence studies such as that by Dewettinck et al. (2004) who compare the way people are managed in the Walloon and Flemish parts of Belgium (with France and the Netherlands) would be claimed as comparative HRM texts. While basically using comparative in this broad sense, the majority of comparative HRM contributions do deal with differences across nations, culture clusters and world regions.

When looking at HRM from a comparative angle, a key question concerns the levels of HRM (Kochan et al., 1992; Locke et al., 1995). It implies decisions on how to conceive of the differences in HRM systems and approaches and then choosing an appropriate perspective. A telescope analogy has been proposed as useful in this context (Brewster, 1995). Changing the focus on a telescope provides the viewer with ever more detail and the ability to distinguish ever-finer differences within the big picture than can be seen with the naked eye. None of the chosen perspectives are wrong or inaccurate, but some are more useful for some purposes than for others. HRM can be conceived of in this way. In HRM there are universals, for example, the need for organisations to attract, deploy, assess, train and pay workers; there are some things that are shared within regions; some that are distinctive for certain nations; some that are unique to certain sectors; in many ways each organisation or even each section of an organisation is different; and there are some factors that are unique to each individual manager and employee. Each perspective sharpens the focus on some aspects but, inevitably, blurs others. The many (within country) studies that (accurately) find differences between sectors within a country, for example, have been extended to studies of particular sectors across countries with the implicit (but inaccurate) assumption that there will be more differences between the sectors than between the countries. Hence, when discussing comparative HRM it is important to take into account the chosen perspective and to be aware of the missing complexity. Many commentators either state, or imply by omission, that their analysis is universal. Comparative HRM challenges that view.

This book adopts a mid-level position, concentrating upon comparative HRM at the country and country cluster level. As with the telescope metaphor, this picture is no more nor less accurate than the others: it just helps us to understand some things more clearly.

## CONVERGENCE AND DIVERGENCE

Given that there are differences between countries and regions at this level, one intriguing area of research explores whether the process of globalisation – so significant in other subjects – applies to comparative HRM. The globalisation literature has even argued that the increasing political importance of supra-national bodies such as the EU, global efforts to reduce trade barriers and the burgeoning power of MNCs heralds the end of nation states (Ohmae, 1995).

Catchwords exemplify this, for example, the global village where political, time-related and geographical boundaries have little importance (McLuhan & Powers, 1989), 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), or the flat world where Friedman (Friedman, 2007b) argues that technology is making the world increasingly homogeneous.

In the subject of our attention, are countries in fact becoming more alike in the way that they think about and practice HRM so that the differences between them will be of diminishing importance? Are the differences static or, more sensibly and assuming that no social systems will remain completely static, what is the direction of movement – or are different units of analysis (aspects of HRM, for example, or policy and practice) heading in different directions, are they becoming more or less alike? Contributions to answering these questions – often labelled within the frame of convergence and divergence – come from theoretical, methodological and empirical sources.

Much attention has been focused on how MNCs are changing local HRM practices by importing successful practices across national borders. In the general management literature there have been clear voices raised in favour of the globalisation thesis (Friedman, 2007a; Kidger, 1991). Galbraith contended that modern man's 'area of decision is, in fact, exceedingly small' and that 'the imperatives of organization, technology and planning operate similarly, and . . . to a broadly similar result, on all societies' (1967: 336). Likewise, Kerr et al. (1960) postulated that the logics of industrialisation produce common values, beliefs and systems of organisation despite different ideologies, politics and cultures. Management consultancies, business schools, and professional bodies tend to favour the 'one best way' (usually the US way, Smith & Meiksins, 1995) leading to a convergence of rhetoric at least. MNCs are a key channel for such diffusion practices, attempting to enforce common policies, usually headquarters policies, across their systems and often enforcing even the language in