Positioning Romania on the European Cluster Map of Strategic Human Resource Management

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Abstract
The analysis considers the similarities and differences of strategic human resource practices at country level in the European Union and seeks to assess the level of convergence of Romanian practices to the European ones. The purpose of the study is to calculate the closeness of Romania to one of the European Human Resource Management clusters previously identified by M. Ingjatovic and I. Svetlik considering practices as strategy formalization, involvement of human resource department in developing the organizational strategy and devolution of human resource decisions to line management. Cluster analysis was used, considering that is one of the complex methods in systematic research and it is useful in multidimensional analysis where significant similar cases are looked for. The results show that Romania is closer to the Peripheral cluster with the management-focused model of medium intensity HRM and Central Southern cluster with the HRM model of low intensity.

Keywords: human resource management clusters; convergence; human resource strategic practices; Romanian HRM;

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1. Introduction

The researches done through time lead to the conclusion that there are differences in the way HRM (Human Resource Management) is understood and operationalized in each country and that there is a specific approach of HRM in Europe, different than the US. The CRANET research, done by a network of researchers (Brewster, Mayrhofer & Reichel, 2011) is the most important research at the international level and manages to prove the particularities of HRM in Europe considering and comparing the approaches and practices of HRM in Europe.

This paper has as a starting point the situational or contextual approach developed by Brewster (1995). The European map varies from the geographical space to the economic space of EU (European Union) and EEA (European Economic Area). The geographical positioning of the European countries explains the cultural, economic and political influences and then the relational positioning. In the same framework, there are the states that consolidated the relationships and created the EU, the states part of EEA, candidate states and states having agreements with the EU. The EU framework created through common policies, legislation and mobility influences the strategic human resource management (Claus, 2003), the creation of an economic and political union influences the organizations and indirect the human resource.

Since 1992, in the western countries of Europe, there are comparative studies (Brewster, Holt Larsen & Trompenaars, 1992) analyzing the possibility of structuring the HRM practices and the identification of a European model of HRM. The studies have been extended to analyze the convergence and divergence of HRM approaches at the European level (Apospori & Papalexandris, 2008).

The absence from the comparative studies in the EU makes Romania to be perceived as an unknown land which strengthens the fear and the high risk assigned by foreign investors on the one hand and uncertainty in the implementation of performant strategies and practices by indigenous organizations, on the other hand.

The present paper proposes positioning Romania in a cluster of strategic human resource management practices through analyzing the strategic practices of human resource management.

2. HRM between a European model, national models and clusters of models

The concept of HRM has become important to practice and research in Europe as organizations become increasingly dependent on humans. In the same time the European framework created by differences in size, location, history and specific institutional arrangements of member states is very interesting to study MRU (Larsen & Mayrhofer, 2006).

Brewster’s findings (2007) argue that HRM is a North American concept that cannot be interpreted as being universally applicable. Brewster and Hegewisch (1994) justifies the existence of a European HRM model based on differences compared to the North American model. Brewster (1995) proposes a European model of HRM reflecting his ideas that in Europe HRM should be seen as incorporated given the legislative constraints of the EU, cultural and legislative factors at national level and the specific national context of human resources that includes unions and labor relations. Although criticized due to differences between EU countries in terms of cultural diversity and the different interpretation of HRM aspects in different national contexts, the European model is supported by Brewster (1993, 2004) considering that the European Union offers a single political theme, also for countries that currently aspires to join. Besides that, the similarities between countries in Europe, compared with those on other continents, are more obvious than the differences.

The research conducted by the authors of Cranet network (Alas, Kaaerelson & Niglas, 2008) showed substantial differences at national level in using HRM. Using a unique model of European HRM is not considering the differences, the European Union being a mixture of countries created on different social, cultural, religious and ethnic fundaments, and from here the need to treat them in multiple European models of HRM. HRM practice cannot be separated from the institutional context and there for the analysis must be carried out within a framework broad enough to include the influence of factors such as culture, legislation, role of the state and unions. The same framework should be replicated at organizational level.
Gooderham and Nordhaug (2011) propose a framework in which the practices of HRM are the result of interaction between the institutional environment of national culture, national legislation, state involvement and employees’ representation in unions on the one hand and business strategy and human resources strategy in organization on the other. The influence of the two components is variable in the sense that influence institutional component varies from one country to another or from one cluster to another. Also the link between business strategy and human resources strategy is affected by institutional factors. In the institutional contexts of extreme coordinated market economies institutional factors have a strong influence on the human resources strategy and the link with business strategy is less important. In contexts of extreme liberal market economies, the contextual factors have a weak influence and HR strategy is directed by the business strategy. In other words, HR strategy is aligned with the greatest influences, either within the organization or outside it.

Therefore, the alternative for the European model would be country centered European models (Festing, 2012), regional models (Apospori, Nikandrou, Brewster & Papalexandris, 2008) or clusters of models (Ignjatovic & Svetlik, 2003). Choosing between European model or a collection of models depends on several factors: the degree of convergence at the EU level or the extent to which the normative influences generated by the management structures of the union succeed in creating a single entity, the degree of restricted autonomy enjoyed by companies, the actions of multinational companies to adapt to local circumstances or to hybridize the local HRM (creation of variety), the extent to which HRM in Europe evolves into a unified HRM.

The experts consulted within the research of Claus (2003) stated that in large global companies the model of strategic HR appears as a corporate transnational model of HRM and if there is a European model of HRM this should be the one of the multinational companies operating in the EU. This model is influenced by global best practices of American and European multinationals.

Trying to prove that there is an orientation towards a European HRM model; efforts have been made to demonstrate the convergence of HRM practices. The study of Morley, Brewster, Gunnigle and Mayrhofer (1996) using the Cranet data facilitated the identification of convergence trends in 14 European countries. Thus was checked if there is a convergence of labor relations towards a model of HRM without unions. The results showed that although certain aspects were seen converging, there are distinct patterns at national level. Similar results were obtained in another study (Gooderham & Brewster, 2003) which considers the social contexts in four countries: UK, Germany, France and Sweden. It was found that although there is a degree of convergence towards what the authors called Americanization of HRM, national differences remain a strong feature of European HRM.

Analyzing HRM decentralization and transfer of tasks to line management Larsen and Brewster (2003) show that there are differences at country level although devolution has an upward trend. Also while analyzing this phenomenon they have found that the country positions do not change. Other studies conducted by Brewster, Croucher, Wood and Brookes (2007) to check for convergence in human resource practices regarding the mechanisms for dialogue with employees and if those practices converge from the collective to the individual level had not given relevant results. Studies conducted, although most of them have identified changes, have failed to show that the main mechanisms of HRM have changed dramatically. This happens despite the presence of multinationals in Europe as a source of diversity and the freedom that organizations have to make strategic decisions.

While looking for the convergence, Nikandrou, Apospori and Papalexandris (2005) managed to separate two clusters of HRM practices studying 18 European countries. They described a North-western cluster and a South-eastern cluster with no indication of convergence between them. One cluster structure including a large number of countries was identified by Ignjatovic and Svetlik (2003) grouping countries on similarities of HRM strategies and practices using the data from Cranet 1999-2000 survey. Another cluster structure on high-performance work practices was developed by Ferreira (2012).

With not much convergence of the HRM in the whole Europe, clustering is currently providing the best option to analyze European HRM based on similarities between countries, allowing grouping them considering the level of development of different bundles of human resource practices and work organization practices. The explanation for this approach stays in the context. Although the EU is providing directives for employment, training and development the impact on HR is minimal and
has not yet resulted in the harmonization of legislation on employment and social issues. One reason is given by the manner HR practices are implemented in the context of nationwide differences, domain and company.

There is a growing trend of similarities between HRM practices in the European context. A role in this respect have communication and integration of information technologies in HR services. Models and similar instruments are used in different countries by the same organization and with globalization, technology and economic cycles can become a global brand of RU, even if cultural differences remain strong and the effort of local, legal and cultural adaptation is great. For large organizations that have activities in several countries local management models could be replaced by a global model, which resembles European and American models of management of multinational companies.

3. Cluster structures of HRM in Europe

Cluster analysis of strategic human resource management (SHRM) at national level is based on the situational or contextual paradigm. This is opposite to the universalist paradigm and affirms that human resource management is understood and practiced differently in different countries and circumstances. In this case the comparative analysis on observation units, whether countries, industries or organizations, is leading to the creation of distinct clusters, each having a structure adapted to the context. Human resource management in Europe differs from the rest of the world and what creates these differences has been related to contextual factors: culture influencing the system of formal institutions such as ownership structure, legislation and ways of involving employees (Brewster & Larsen, 2000). Other authors suggest that differences in economic conditions, technological, political and social context explains these differences.

In literature, studies have considered especially the political and cultural context, economic and technological context have been considered as being increasingly more universal as a result of globalization. One of the studies that examines the European political context was conducted by Esping-Andersen (1990) and the main European countries grouped according to the type of socio-economic system. The results were extended to the post-communist countries identifying three groups of countries: former Soviet Union, Central-Eastern European countries and successful developing welfare countries (Fenger, 2007). Regarding cultural context, the studies made by G. Hofstede on the five cultural dimensions have been of reference.

At European level there have also been other studies conducted to identify the cultural and group countries (Koopman, Den Hartog, Konrad & al, 1999). Thus they identified two cultural clusters: North-Western cluster (United Kingdom, Netherlands, Sweden, Denmark, Finland, Germany, Austria and Switzerland) and South-Eastern cluster (France, Italy, Spain, Portugal, Greece, Turkey, Hungary, Czech Republic, Slovenia, Poland, Russia, Albania and Georgia). The essential dimensions of the first group are given orientation towards collectivism and uncertainty avoidance, and for the second group we deal with high power distance. A cluster of cultures was carried out in the GLOBE study (Gupta, Hanges & Dorfman, 2002) in 10 clusters, four of which are exclusively European (Germany, Northern Europe, Europe, Latin and Eastern Europe) with the UK part of fifth cluster (Anglo-Saxon culture). Despite the similarities between the clusters obtained in studies focused on the political and cultural differences, there are differences of conceptualization and operationalization of concepts, to definitions and methods used in the countries considered.

Contextual approach takes into account that there are specific factors that influence country-level behavior of individuals and organizations that generate differences in human resource management in terms of regulations, strategies and practices. Romania's case is no different in terms of these influences, HRM is shaped by the social, cultural, political and institutional and while having a contribution to adaptation organizations. Romania is placed in the context of EU, member from 2007.

Analyzing the HRM in Romania it is expected to lead to similarities in terms of approach and practices with one or more clusters identified by the previous studies, and a closeness of the Romanian model to one of the European ones. This is the research proposition.

Identifying a system of analysis and comparison of SHRU in order to place Romania and the replication of research to achieve data compatibility is difficult, especially in the context of many
studies that have looked at a number of different countries using different methods. In literature there are many works that have identified clusters of countries on policy approaches and practices of human resource management at European level. Among the first analysis is performed by Ignjatovic and Svetlik (2003) who used 52 indicators for 24 countries in 1999/2000 CRANET research and delimited four distinct clusters.

A concern for grouping the SHRM clusters countries have I. Nikandrou, E. and N. Papalexandris Apospori who conducted a study using Cranet data 1995 and 1999 to structure two clusters for 18 European countries: 11 countries in North-Western Europe cluster and 7 countries in South-Eastern cluster. The study conducted by Apospori et al. (2008) uses a comparative approach based on longitudinal data Cranet 1999/2000 for 21 countries to analyze the impact of strategic HRM practices on organizational performance and identifies two clusters across Europe, one for North and one for South.

Another study focused on analyzing the human resource practices that would improve organizational performance is using the data from the European Working Conditions 2005 (European Working Conditions Survey 2005). This study seeks to identify whether there is a common approach to all 31 European countries in terms of high performance (Ferreira, 2012). The results show that there is no single system of practices but rather 3 clusters formed geographically, South-west, South-Eastern and Northern Europe, the nearest paradigm of high performance being cluster north. It is necessary for country groups (clusters) formed based on HRM to have, in addition to cultural explanations, and institutional explanations, on how the strategic decisions of HRM are related to the national and regional models of practice in organizational and consulting and involvement of employees and trade unions (Mayrhofer, Brewster & Morley, 2004). Considering the theory of business systems from R. Whitley as the basis for delimitating clusters, Stavrou, Brewster and Charalambous (2010) identify three geographic regions in relation to strategic HRM practices for the 14 countries considered: Northwest, Anglo-Irish and Central-Southern.

4. The closeness of Romania to a European cluster of HRM

Human resource management in Romania was partially analyzed in studies regarding specific activities or overall by Poor and Plesoianu (2010). In terms of convergence and comparisons with the strategic management of human resources in the EU, analyzes are scarce and refer mainly to multinationals (Kerekes, Plesoianu Farkas & Poor, 2011; Kerekes, Zaharie, Poor & Osoian, 2012). Also, the convergence of strategic approaches in human resource management with implications for human resources management in multinational companies operating in Europe and the transfer of practices (Dalton & Druker, 2012; Prodan, Clipa & Clipa, 2008) were the preferred topics.

Much more attention was given to Central and Eastern Europe in terms of research because it includes the former communist states, the so called transition economies. The transition is from the centralized and state controlled economy to a different economy. There are no models for these countries to orient to, although a number of similarities with continental European capitalism have been noticed by Lane (2009) for Hungary and Slovakia and similarities with free markets capitalism for the least developed countries such as Romania and Bulgaria. This process is complex and incremental so that there are views that support that these countries might develop a new kind of capitalism (Brewster, Morley & Buciuniene, 2010). On the other hand, the EU accession of these countries has brought pressures caused by the need to create institutional structures to ensure compatibility with other partners in a setting where they have more experience and influence, namely an extended competitive environment regionally and globally. The multitude of political, economic and socio-cultural changes had varying effects on organizations with national affiliation and on the multinationals. All organizations had to adapt to a dynamic and unpredictable environment.

The replication of studies from the Western Europe represented an easy way to achieve the need of comparison, harmonization and transfer of practices.

Considering the large number of studies on European HRM using the data collected through the Cranet longitudinal research and the purpose of the study, a short version of the Cranet questionnaire was applied in 213 organizations from various domains in Romania between 2010 and 2011, using a convenience sample.
Also, for the purpose of this paper there was the need to select a cluster structure which included a large number of countries and to ensure the data compatibility. Given the multitude of cluster analyses that combines the practices of strategic HRM with other variables, the limited possibility of comparison provided by data collected for Romania and the objective of identifying the proximity of Romania to a cluster of practices, it was considered as a reference system the structure of clusters defined by Ignjatovic and Svetlik (2003) based on data CRANET 1999/2000. Another reason for this decision is the large number of European countries - 24, included in the study, 14 of which were EU member states between data collection (1999; 2000).

Starting from the defined clusters based on Cranet data from 1999/2000 by M. Ignjatovic and I. Svetlik were calculated the Euclidean distances between the values of Romania and cluster average values for a set of variables related to formalization of strategies, involving the human resources department in organizational strategy development and devolution of human resource decisions to line management. These variables are significant to measure the importance given to human resources strategy and the HR function and line management role in HRM. The clustering of Ignjatovic and Svetlik used 52 indexes and Ward hierarchical clustering method. The two authors have used factor analysis to group the number of influencing factors.

The initial country cluster structure of Ignjatovic and Svetlik had two groups: North-West and South-East. To further differentiate the approach and practices of HRM they delimited 4 clusters, each of them with a specific approach for HRM:

- **Nordic Cluster**: Denmark, Finland, Norway and Sweden;
- **Western Cluster**: United Kingdom, Switzerland, Belgium, the Netherlands and France;
- **Central-Southern Cluster**: Germany, Austria, Spain, Czech Republic, Slovenia, Italy and Portugal;
- **Peripheral Cluster**: Bulgaria, Estonia, Greece, Cyprus, Ireland, Northern Ireland and Turkey.

Geographically the clusters are uniform, except the Peripheral Cluster which is the least homogeneous.

<table>
<thead>
<tr>
<th>Variable name</th>
<th>Romania</th>
<th>Central-Southern Cluster average</th>
<th>Nordic Cluster average</th>
<th>Peripheral Cluster average</th>
<th>Western Cluster average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written organizational mission</td>
<td>70</td>
<td>77.67</td>
<td>89.00</td>
<td>60.75</td>
<td>73.67</td>
</tr>
<tr>
<td>Written organizational strategy</td>
<td>62</td>
<td>73.33</td>
<td>88.00</td>
<td>56.50</td>
<td>73.33</td>
</tr>
<tr>
<td>Written HR strategy</td>
<td>53</td>
<td>45.67</td>
<td>73.00</td>
<td>41.25</td>
<td>54.33</td>
</tr>
<tr>
<td>Involvement of HR department in strategy development</td>
<td>45</td>
<td>48.33</td>
<td>59.33</td>
<td>44.50</td>
<td>50.33</td>
</tr>
<tr>
<td>Devolution of pay and benefits decisions</td>
<td>68</td>
<td>55.00</td>
<td>49.67</td>
<td>65.75</td>
<td>36.00</td>
</tr>
<tr>
<td>Devolution of recruitment and selection decisions</td>
<td>46</td>
<td>54.00</td>
<td>73.67</td>
<td>58.50</td>
<td>44.00</td>
</tr>
<tr>
<td>Devolution of training and development decisions</td>
<td>45</td>
<td>54.67</td>
<td>58.00</td>
<td>55.00</td>
<td>39.33</td>
</tr>
<tr>
<td>Devolution of industrial relations decisions</td>
<td>45</td>
<td>43.00</td>
<td>33.33</td>
<td>50.75</td>
<td>27.00</td>
</tr>
<tr>
<td>Devolution of workforce expansion/ reduction decisions</td>
<td>63</td>
<td>58.33</td>
<td>69.67</td>
<td>67.00</td>
<td>55.00</td>
</tr>
<tr>
<td>Squared Euclidian distance</td>
<td>604.33</td>
<td>3093.56</td>
<td>564.50</td>
<td>1620.22</td>
<td>1620.22</td>
</tr>
<tr>
<td>Euclidian distance</td>
<td>24.58</td>
<td>55.62</td>
<td><strong>23.76</strong></td>
<td>40.25</td>
<td></td>
</tr>
</tbody>
</table>

By comparing the calculated Euclidean distances, in terms of the 9 variables considered, the strategic management of human resources in Romania is close to the Peripheral Cluster. The next nearest cluster is the Central-Southern at a distance of 24.58, make little difference to the cluster.
outskirts. The distance to Western Cluster distances grows to 40.25 and to the Nordic Cluster at 55.62.

In terms of geographical unit, Romania continues the eastern line of the Peripheral Cluster being separated from the south-central cluster. In cultural terms, considering clusters cultural bounded by research GLOBE (Gupta et al., 2002) Romania is closer to the cluster Eastern Europe (Greece, Slovenia, Hungary, Poland, Albania, Georgia, Russia and Kazakhstan) and immediately lower from Latin European states (France, Spain, Portugal, Italy, Israel and Switzerland French). Proximity analysis was performed by comparing the Euclidean distances between Romania scores, results of research on Romania GLOBE (Bakacsi, Catana & Catana, 2007) and averages the two clusters. Further analysis of cultural belonging performed based on similarity states included in clusters GLOBE features include Romania in the Latin-European cluster (Mensah & Chen, 2013). From the results there is not shown an overlap between HRM and cultural clusters identified by GLOBE research. It is characterized as having peripheral cluster organizations which operate in a dynamic environment with a selective response to changes in the environment. HRM is achieved primarily by line managers who are supported by human resources specialists and there is a great interest in ensuring direct or indirect involvement of employees in the human resources policies and practices (Ignjatovic & Svetlik, 2003). Experts HR status although the mid to low strain to implement new professional methods.

When it comes to formalizing the strategies and policies of HR the level for Romania is medium, corresponding with the Peripheral and Central-Southern clusters. This is a culturally bound characteristic, formalization not being a natural attraction for the people in the countries listed in these clusters. The involvement of the HR department is relatively low closer to the Peripheral cluster. This might be a reminiscence of the centralized economy where the decisions were made at the top of hierarchy and the HR structure had an administrative role. This is confirmed by a series of studies done from 2006 to 2008 by Corporate Dynamics International (2008). As for the devolution of HR decisions the average value for Romania is very close to the Central-Southern cluster value. That means that the decision-making for HR policies and practices is more centralized and the HR practices are less employee oriented.

There is a larger number of variables influencing the position of Romania on the cluster map. The fact that Romania is closer to the Peripheral cluster, which except Ireland would be an Eastern cluster, shows that there are similarities for the countries in this area and the regional influences are to be further considering in analyzing the HRM evolution in the area.

5. Conclusions

The analysis of the European HRM model it is still to be done at country level and then at regional level to identify the similarities between the HRM approaches and practices, the convergence to a unique model is still developing. The results of the study show that HRM in Romania is regionally framed in the Eastern part of Europe and the closeness to the Peripheral cluster confirms this aspect. Knowing this, it is possible for the organizations to improve the decisions for HRM and better adapt to the regional particularities when it comes to extending the business or starting new businesses in the area. Being part of European Union it is to be expected that more influences from the context will direct the HRM practices in Romania to a higher homogeneity with the practices at the cluster level.

As for the HR department, there is still work to do for being considered as a strategic partner and to have more than an administrate contribution to the organizational success.

References


