Human resource development in Europe - At the crossroads
Barry Nyhan

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**Part One: VET systems, coordination with the labour market and steering**

Steering, networking, and profiles of professionals in vocational education and training (VET)

Lorenz Lassnigg

Financing vocational education and training

Andy Green, Ann Hodgson, Akiko Sakamoto, Ken Spours

How to improve the standing of vocational compared to general education. A collaborative investigation of strategies and qualifications across Europe

Johanna Lasonen, Sabine Manning

Certification and legibility of competence

Annie Bouder, Laurence Coutrot, Édith Kirsch, Jean-Louis Kirsch, Josiane Paddeu, Alain Savoyant, Emmanuel Sulzer

The changing institutional and political role of non-formal learning: European trends

Jens Bjørnåvold

The problems raised by the changing role of trainers in a European context

Mara Brugia, Anne de Blignières

**Part Two: Lifelong learning and competences: challenges and reforms**

Lifelong learning - How the paradigm has changed in the 1990s

Martina Ní Cheallaigh

Training for new jobs: contents and pilot projects

Jeroen Onstenk

Vocational training and innovative practices in the environmental sector. A comparison of five EU Member States, with specimen cases

Roland Loos

Company-based learning in the context of new forms of learning and differentiated training paths

Peter Dehnbostel, Gisela Dybowski

**VOLUME 2**

**Part Three: Training and employment in a company perspective**

Globalisation, division of labour and training needs from a company view

Johan Dejonckheere, Geert Van Hootegem

Training, mobility and regulation of the wage relationship: specific and transversal forms

Saïd Hanchane (with the assistance of Philippe Méhaut)

The employment and training practices of SMEs. Examination of research in five EU Member States

Philippe Trouvé et al.

Human resource development in Europe - At the crossroads

Barry Nyhan

Reporting on human capital: objectives and trends

Sven-Åge Westphalen

Vocational training research on the basis of enterprise surveys: an international perspective

Lutz Bellmann

**Part Four: Employment, economic performance and skill mismatch**

The skills market: dynamics and regulation

Jordi Planas, Jean-François Giret, Guillem Sala, Jean Vincens

Economic performance of education and training: costs and benefits

Alan Barrett

Unemployment and skills from a dynamic perspective

Joost Bollens

Overqualification: reasons, measurement issues and typological affinity to unemployment

Felix Büchel

Forecasting skill requirements at national and company levels

Robert A. Wilson

**VOLUME 3**

**Part Five: Individual performance, transition to active life and social exclusion**

Training and individual performance: evidence from micro-econometric studies

Friedhelm Pfeiffer

The effect of national institutional differences on education/training to work transitions in Europe: a comparative research project (Catewe) under the TSER programme

Damian F. Hannan et al.

Education and labour market change: The dynamics of education to work transitions in Europe. A review of the TSER programme

Damian F. Hannan, Patrick Werquin

Selection, social exclusion and training offers for target groups

Jan Vranken, Mieke Frans

Training and employment perspectives for lower qualified people

Jittle Brandsma

**Part Six: VET research activities outside the European Union**

Research on vocational education and training at the crossroads of transition in central and eastern Europe

Olga Strietska-Ilina

VET research in other European and non-European countries

Uwe Lauterbach et al.

**Annex: VET related research on behalf of the European Commission**

Research on vocational education and training in the current research framework of the European Commission

Lieve Van den Brande

Synopsis of selected VET-related projects undertaken in the framework of the Leonardo da Vinci I programme

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Targeted socio-economic research (TSER): project synopses

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Human resource development in Europe – at the crossroads

Barry Nyhan

Abstract
This paper examines the concept and practice of human resource development (HRD) from a European perspective. It locates HRD, which is seen to refer specifically to learning, training and development activities, within the context of underlying people management theories (human resource management – HRM) or what can be termed as ‘industrial or working life cultures’. The paper contrasts two theories of HRD derived from different ways of conceiving human resource management. The one that has more in common with classical European industrial values is the humanistic-developmental tradition. The competing model, which it is argued is growing in prominence in Europe, is the instrumental-utilitarian way of looking at human resources. The paper concludes that Europe is at the crossroads at the moment in its search for a signpost leading it to human resource management practices that are socially sustainable.
# Table of contents

1. **Introduction** ..................................................................................................................... 235  
2. **New ways of organising work** .......................................................................................... 235  
   2.1 Humanistic-developmental tradition ................................................................................ 237  
   2.2 From a ‘personnel management’ to a ‘human resource management’ perspective ........ 237  
3. **HRD and competence development** .................................................................................. 238  
   3.1 Learning organisation ........................................................................................................ 238  
   3.2 Level of implementation .................................................................................................... 239  
4. **HRD in Europe** ................................................................................................................ 240  
   4.1 European industrial/working life cultural traditions ...................................................... 240  
   4.2 Europe and humanistic-developmental HRD ................................................................. 241  
5. **A competing human resource strategy** .......................................................................... 243  
6. **Future direction for HRD in Europe** .............................................................................. 245  
7. **Bibliography** .................................................................................................................... 247
Human resource development in Europe – at the crossroads

1. Introduction

The term ‘human resource development’ (HRD) refers to educational training and development activities related to working life. Although it is often used in a very wide sense to refer to all work related learning activities, more accurately, it relates to development and learning activities of those who are at work and have completed their basic vocational or professional education and training. These activities are often referred to also as continuing vocational training (CVT). However, HRD is not a stand-alone concept, but is derived from theories of ‘human resource management’ (HRM; see Box 1 for notes on key terms used in this paper).

This paper firstly looks at the emergence of ‘human resource management’ strategies in the context of the challenges facing European companies. It traces the origins of the internationally influential Harvard ‘Human Resource Management model’ which espouses humanistic-development principles. This model gives a high priority to generative human development and learning activities as a prerequisite for long term business success. In raising the question – is there a distinctive European HRD model – the paper examines the values and policies underlying what can be loosely called a European industrial/working life and vocational education training culture in relation to the above international model. The effects of the emergence of a competing utilitarian and instrumental model of HRM radically challenging the one above, are then examined. This latter model of HRM inspired by neo-tayloristic work organisation principles and neo liberal economics portrays ‘human resource development’ as a contingent activity shaped mainly by environmental factors. The paper concludes by discussing the future direction of HRD strategies in the context of building a socially sustainable industrial/working life society in Europe.

2. New ways of organising work

Over the last fifteen or so years European companies have had to radically revise their attitudes to work organisation – ‘human resource management’ – in order to respond to the dramatic changes taking place in both the global and European business environments. These challenges have been outlined in countless publications, but just to recall them, four of the major change factors are briefly summarised here.

1. Firstly, world business has witnessed a major decrease in markets for mass produced goods and a significant increase in demand for more customised ‘high quality’ goods;

2. secondly, the globalisation of world trade has threatened the competitiveness of European industries;

3. thirdly the creation of the Single European Market on the one hand, and the opening up of a market economy in the eastern parts of Europe on the other hand, have forced all European companies to rethink their work organisation strategies;

4. fourthly advances in Information and Communication Technologies have raised questions about investment in and use of these technologies and the work organisation implications in introducing them.

In response to these new challenges companies began to adopt new more ‘flexible’ (both internal and external) types of work organisation which are reflected in new forms of a workforce management strategies and became known as ‘human resource management’ strategies (see Sparrow and Hiltrop 1994; Miles and Snow 1984). These theories of HRM entailed the abandonment of centralised bureaucratic work production strategies – according to which everyone had a clearly designed function, suited to an age of sustained mass production – and the adoption of a new organic workforce model which devolved wider responsibilities (both vertically and horizontally) to employees, although excluding financial control which tended to continue to be centralised. This entailed putting a heavy emphasis on HRD practices such as team building, multi-
Box 1: Notes on key terms

The terms elaborated below are interpreted by authors in many different ways. The practice often determines the theory. Below, these terms are described as they are used in this paper.

**Industrial/working life cultural traditions**

This refers to the guiding principles and assumptions according to which a society or a company/institution designs its work organisation and work management systems (Taylorism, for example, forms an industrial/working life cultural tradition.

**Personnel management**

This term which is now giving way more and more to ‘human resource management’ (HRM) refers to a specialist function or department within companies (or workplaces) dealing with the building of efficient and satisfactory (just) working systems from the human perspective. Initially ‘personnel management’ had more of a reformist purpose counterbalancing the excesses introduced by mass industrialisation. Beginning with a concern for promoting social welfare and fair employment practices, it took on board ‘scientific management’ practices and ‘human relations’ concepts.

**Typical activities undertaken are:**

Recruitment and selection, training and development, performance appraisal, industrial relations, compensation and benefits and health and safety.

**Human resource management (HRM)**

This represents a transformation of the ‘personnel management’ function from being an ancillary service to senior management to that of a strategic influencing role under the responsibility of a director who is a co-equal board member. Instead of being a separate and specialist (and often a kind of occasional) function the management of human resources becomes an embedded company strategy and the concern of all line management who must carry out activities formerly passed on to personnel management.

**Human resources development (HRD)**

This can be interpreted in a wide or in a narrow sense. For some commentators HRD is almost synonymous with HRM. More commonly however, HRD refers to learning and competence development actions, although these are integrated with other HRM actions and have an organisational learning and developmental form as much as an individualistic one.

**Continuing vocational training (CVT)**

This is another term used which is closely related to HRD but can have a wide or a narrow meaning. Ant et al. (1996) adopt a non restrictive definition in their review of continuing vocational training in Europe taking it to cover more or less the same ground as HRD. A narrow interpretation of CVT restricts it to training activities at craft or worker level excluding management development and organisational learning actions.
skilling, work based learning in order to promote greater degrees of functional flexibility\(^1\) (OECD 1999, p. 183).

### 2.1 Humanistic-developmental tradition

On of the most influential models of ‘Human Resource Management’ which has had a major impact on the European and the wider international business and research (Hollinstead 1995) is the ‘humanistic-developmental’ model devised by Beer et al (1984, 1985) at the Harvard Business School. The strength of this model is that it attempts to align the goals of a company’s effectiveness with those of individual well being and positive benefits for society.

![Diagram](image)

It is in the interconnected triangular dimension of the Harvard model that the notion of stakeholder interests is introduced. All of those with a stake in the company have a role in influencing company policy. This includes employees, trade unions, the community, government, as well as the traditional company controlling groups of shareholders and management.

From an employee work relations perspective the model represents a radical departure from the ‘tayloristic’ scientific management (instrumental) view based on tight control of employees in an atmosphere of mistrust, towards one based on winning their commitment in a context of mutuality of purpose. It also lays great emphasis on intensive HRD in generating high levels of employee competence. The other expected outcomes of this HRM philosophy which are seen as justifying the risk in moving from a ‘control’ to a ‘commitment’ based approach are:

- greater loyalty to one’s organisation and on the part of individuals a greater sense of self-worth and a sense of belonging;
- cost effectiveness in relation to turnover of staff, low rates of absenteeism as well as societal and individual costs;
- greater congruence between management and employees, between different groups of employees, and between employees and their families and society as a whole (Beer et al. 1984).

### 2.2 From a ‘personnel management’ to a ‘human resource management’ perspective

One of the main implications of adopting this ‘Human Resource Management’ model is that external flexibility such as outsourcing and internal flexibility based on devolved management and autonomous work groups. One of the hypotheses postulated in the OECD report (1999) is that these changes represent a pendulum swing from management philosophies based on ‘tight management control’ to ones based on ‘employee commitment’. This paper argues that these represent two competing HRM philosophies, the one being instrumental and utilitarian and the other humanistic and developmental. Further material on this issue is to be found in the section of this paper entitled ‘level of implementation’ and in the papers of J. Dejonckheere and G. v. Hootegem in this report.

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\(^1\) The extent to which, what are termed, flexible work organisation practices have been introduced in firms is discussed in an OECD report (1999). According to that report the position is far from clear as it is difficult to separate empirical changes from ‘management fads’. According to Ellström’s review of international research in this area, including OECD studies, about 25 to 50 per cent of companies have adopted ‘transformed work systems’ to some extent (Ellström 1999). However, a complication in estimating the degree of implementation of these practices is the lack of a clear definition of what is meant by flexible work organisation approaches. Authors often fail to differentiate between
human resource policies are integrated with all activities of the company. This is illustrated by the fact that the implementation of ‘people related’ policies is devolved to frontline supervisory management levels. Because this entails a shift from a compartmentalised view of the management of ‘people related issues’, under the responsibility of a specialised ‘personnel department’, to an integrated notion, the overall change has been described in terms of a movement from a ‘personnel management’ to a HRM perspective. The demise of the ‘personnel management’ approach was due to the fact that as a specialist function it failed to place human resource policies as a strategic issue in the company. In the era of HRM, a very senior management person who is normally a member of the board (a director of human resources) ensures that enlightened ‘people policies’ are embedded in a systemic manner throughout the organisation.

The overall effect of the adoption of this human resource strategy is that the ‘human factor’ is assigned a key influencing role with regard to the shape of the company’s business, organisational and technological parameters. This entails involving all employees in company change and development actions. A prerequisite for this is the continuous building of broad competence levels through formal and non-formal learning initiatives.

This HRM model, therefore, has given a great impetus to HRD activities as one of the key objectives to be addressed in an integrated HRM policy closely linked to the issues of recruitment; career management; organisational development; work design; pay and benefits and employee relations2 (Sparrow and Hiltrop 1994; McLagan 1999). Regarding the boundaries between HRM and HRD in reality, some authors such as McLagan argue for more integration seeing the distinction between them as too fine (McLagan, ibid.).

3. HRD and competence development

In line with the theory presented above, ‘Human Resource Development’ objectives are focused on developing the ‘competence’ of employees. The notion of ‘competence development’, within a HRD framework, lays the emphasis on a comprehensive programme for all employees including intermediate and frontline workers as well as management. This is in contrast to a development approach that is biased towards enhancing management’s skills.

The term ‘competence’ refers to a person’s ability to carry out a series of actions (or a whole complex action) in an autonomous or independent manner. Competence gives one the ability to be able to perform in a highly proficient manner in a variety of social contexts, generalising know how and transferring it from one context or situation to another, be it related to work or personal life. According to Docherty and Marking (1997; see also Docherty and Dilschmann 1992) ‘competence’ relates to an individual’s ability to execute tasks to meet external demands and is based on the understanding of the individual as an interpreting, acting and problem solving human being. This notion of competence is closely related to the concept of ‘core competences’ which entail generalist knowledge allied to a capacity for deliberation, judgement and action (Nyhan 1993). Competence gives one the ability to make connections between theoretical knowledge, practical knowledge gained from experience, constantly building up one’s ‘practical knowledge’ to use in the different situations of one’s life.

3.1 Learning organisation

This contextual/situated and ‘high transfer value’ notion of ‘competence’ has generated theories and promoted ‘social innovations’ related to the integration of learning and working and individual with organisational learning agendas. Senge (1990, 1997) who is one of the foremost exponents of the concept of a learning organisation as offering possibilities for professional as well as personal growth, asks why is it not possible for people to at-
tain company goals ‘in a work environment that is close to the things that workers really value in life’ (Senge 1997, p. 144).

For Senge all significant learning for action is social and collective by nature. A prerequisite for learning is the development of ‘a sense of connectedness, a sense of working together in a system and an understanding of how each part of the system is affected or being affected by other parts and where the whole is greater than the sum of the parts’ (p. 129). Learning is about sharing knowledge and this occurs when people are genuinely interested in helping one another develop new capacities for action.

A learning organisation can be described as ‘an institution which involves all its members in increasing organisational and individual competence, through continuously reflecting on how strategic and everyday tasks are handled’ (Nyhan 1999). These two dimensions, organisational effectiveness and individual competence are seen as interdependent factors. Organisational effectiveness provides an impetus for individual learning, while the latter in turn contributes to an increase in organisational effectiveness. If this model is implemented in an idealised situation, line workers are learning as a result of being assigned challenging tasks and through being assisted to continuously reflect on those tasks, so as to learn from them. The work content therefore becomes the learning content, as work and learning become part of a constant improvement spiral having an impact on the competence level of individual workers, the collective learning of work groups and the total organisation (Nyhan 1999; Stahl et al. 1993).

3.2 Level of implementation

As regards the degree to which these ‘Human Resource Development’ or competence development measures are being implemented, even though sufficient research has not been carried out, and as already stated in footnote 1, according to Ellström’s review of the recent findings, somewhere between 25 to 50 percent of companies have adopted them, at least to some degree (Ellström 1999). In the study of Cressey and Kelleher (1999), undertaken in the auspices of the European Commission’s Leonardo da Vinci programme, it was found that there was a great degree of consensus among employer and employee representatives (the ‘social partners’) in large companies in the car manufacturing, telecommunications and banking sectors in the UK, Germany and Sweden about the need to adopt these new HRD models. A different rather sceptical view about the impact of this new models, however, is that the interest by the management and academic community in these concepts is perhaps more due to their attractive presentation by management gurus rather than solid research evidence (OECD 1999). Méhaut and Delcourt (1997, p. 30) argue that neither on the European nor global stage do we see convergence towards a uniform model of new forms of work and learning organisations away from the ‘old’ ‘tayloristic’ control model. According to Poell (1998, p. 6) instead of understanding the changes in work organisation in terms of the replacement of one dominant ‘tayloristic’ model by a new dominant one we should pay attention to the diverse ways in which work and learning is organised.

In any assessment of the implementation of these strategies, it must be acknowledged that the adoption of radical transformative learning approaches is a complex process. There is often a big difference between what people say they are doing (or perhaps what they would like to do) and what they are actually doing. First impressions can be deceptive. One has to deeply analyse companies to see the extent of the changes achieved. In one intensive study of a eleven European companies, that claimed to have introduced radical learning organisation principles (and at first sight seemed to have done so) it was found that many of the changes had an impact only of introducing new learning methodologies at the frontline (shop floor) level.

3 Prahalad (1993) uses the term ‘core competence’ in a similar way to Senge although in a different sense to the way it was used earlier, to mean the ‘collective competence’ or ‘collective learning’ of an organisation, in particular referring to the ability to co-ordinate and integrate different skills and technologies.
Barry Nyhan

or at a level of management structure without any transformation in a company’s values/vision/culture (Docherty and Nyhan 1997; Nyhan 1999; Nyhan forthcoming). A genuine transformative level of change, internally driven and built on radical new insights about the contribution which employees can make to the company, was achieved by only five of the eleven companies examined. This entailed radical change at all levels of the organisation in relation to values, structures and work processes. This required the following elements – visionary leadership from the chief executive, the development of a ‘shared vision’ generated by everyone in the company, risk taking by management and employees, the development of a long term strategic programme and a commitment to follow it through in all its time consuming practical steps. What is more, the study also showed how fragile human resource innovation can be. Opportunities to change can so easily be let pass by, and major gains made, often after the expenditure of enormous effort in terms of time and finances, can be lost overnight (Nyhan 1999, p. 20).

4. HRD in Europe

4.1 European industrial/working life cultural traditions

Historically, within Europe, more particularly northern continental and Nordic Europe, one finds many different versions of what can loosely be called a European industrial development/working life model based on common threads running through national and sectoral traditions and common problems encountered in the different historical paths and choices taken on the road towards industrialisation. European industrial/working life cultural traditions differ from those in the US in that they place much greater emphasis on the role of skilled workers rather than managers (in particular in small and medium sized companies), on the role of social partners in the employment relationship and envisage an intervening role by Government (see Brewster et al. 1993; Guest 1990; Pieper 1990).

Albert in his book ‘Capitalism Against Capitalism’ (1993) contrasts the European continental economic and industrial model, what he terms the ‘Rhine Model’ with that of the ‘Anglo-American’ one. According to the ‘Rhine Model’, management and trade unions loosely ‘share’ power (in Germany ‘co-determine’ policies) with the state playing a major role in areas like initial vocational education and training and providing a safety net for those who lose their jobs. This model has existed for nearly a century in Germany, the Netherlands and France and in many respects, although taking a different form, in the Nordic countries. The ‘Anglo-American’ model, which mainly applies to the US (but also to the UK in many respects) gives a greater reign to market capitalism, stressing the state’s subordination to the economy and business activities, with a consequent lesser focus on government intervention. Some of the European traditions outlined above have been enshrined in European Union legislation or agreements such as the Social Charter (in 1989) the European Works Council Directive (in 1994) and the European Confidence Pact for Employment (in 1996). Of course this is not to deny the fact that the manner in which these agreements are applied differs in line with national Member State traditions and legislative frameworks. Thus the ‘principle of subsidiarity’ which was enshrined in the European Union Maastricht Treaty strikes a balance between the ‘unifying’ policy making role of the EU and the diverse autonomous positions of the Member States.4

Within a common European heritage, of course, significant cultural differences exist between the different countries which affect how issues surrounding work and learning are understood and related policies and strategies implemented.

Trompenaar (1993) carried out an extensive worldwide survey of people in the business world to find out the corporate cultural fac-

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4 Art. 127 of the EU Treaty is a good example of how this works out in practice regarding the implementation of vocational education and training policies.
Box 2: Different ‘national corporate cultures’

‘Power oriented’ corporate culture
A leader in this hierarchical but person oriented culture can be seen as a caring ‘patron’, who knows better than his subordinates what is good for them and in appealing to their deepest feelings, directs them on how things should be done. This form of leadership can be referred to as ‘management by subjectives’. The ways of thinking and learning in such cultures tend to be intuitive, holistic, lateral and error correcting, and according to Trompenaar are typical of Spain and to a lesser degree France and Belgium.

‘Role oriented’ corporate culture
This is based on a bureaucratic division of labour with the various rules and functions prescribed in advance. When each role is performed in accordance with the overall system then tasks are effectively completed. The approach to thinking and learning in this culture, which according to Trompenaar is typical of Germany and to a lesser extent Denmark and Netherlands is logical, analytical, vertical and rational.

‘Project oriented’ corporate culture
This third category differs from the power and role oriented cultures in being egalitarian. Even though it resembles the role-oriented model in being impersonal and task oriented, it differs from it in that the jobs people do are not fixed in advance. The UK (and the US) are seen as having many examples of these kinds of companies where thinking and learning patterns are problem centred, practical and cross-disciplinary.

‘Fulfilment oriented’ corporate culture
This is based on the notion that organisations are secondary to the fulfilment of individuals. These kinds of organisations which operate in an environment of intense emotional commitment are, according to Trompenaar, typical of Sweden. The approaches to thinking and learning in these organisations are creative, ad hoc and inspirational (one has to question the rhetoric as opposed to the reality!).


4.2 Europe and humanistic-developmental HRD

Despite the American origin of the Harvard human resources model described earlier, it can be argued that its ‘humanistic-developmental’ perspective and in particular its effort to align company objectives with those of the needs of the individual and society as a whole, complement mainstream European industrial and working life traditions. The adoption, or at least the application of its underlying principle of embedding ‘open’ and developmental ‘people management’ and learning activities in all aspects of a company’s activities, by many large European countries in the late 1980s and 1990s had a positive impact in revitalising practices that were often being implemented in a rather regimental (and Taylorist) fashion. The dynamic and integrated organisational perspective also challenged the rather compartmentalised and rigid thinking of those in charge of vocational education and training institutes. It certainly improved the status of ‘personnel’ and ‘training and development’ functions within enterprises and gave rise to new University and Business School courses in this area.
Perhaps one of the most noteworthy effects of the HRM movement was the modernisation of peripheral countries and regions in Europe which did not have a well developed industrial development tradition. So, for example, for a country like Ireland coming late to industrialisation and cut off from progressive continental European industrial/working life traditions, the investment by American and European multinational companies with sophisticated and enlightened modern management systems, many of them with humanistic-development approaches, had an impact not only on the economic development of the country, but also offered illustrated lessons on how to design organisations that promote human systems for development and learning.

The humanistic-developmental HRM model also can be seen to share some common underlying principles with European originated innovation movements. The ‘sociotechnical’ systems thinking tradition is one of them. The original work in this area was undertaken by the Tavistock Institute in the UK in the 1950s and implemented in particular in the Nordic countries (e.g. the Norwegian ‘Work Democracy Programme’ in the 1960s) and also in the Netherlands. The work organisation design, put forward by the ‘sociotechnical’ school, centring on the notion of ‘semi-autonomous groups’, stressed the benefits to be derived (in relation to efficiency and worker satisfaction perspectives) from workers having control over and shaping their work and technological environment. There is emphasis on introducing the latest technology but designed in a way to fully harness workers’ skills and motivation. The benefits to be derived from such a ‘sociotechnical’ tradition are seen to be superior productivity and work performance as well as a more fulfilling work environment in the form of challenging work that also offers opportunities for learning and development.

The relationship between the ‘humanistic’ human resource management tradition and the concept of ‘social shaping of technology and work’, which came from the German tradition is also worth commenting on (see Rauner 1988; Heidegger 1997). According to this concept a high degree of control (‘influence’ or ‘shaping’ – in German ‘Gestaltung’) by the workforce of the work environment is essential to ensure productivity and create an environment in which people learn continuously. This concept has similarities with ‘sociotechnical’ thinking but differs from it in that it is derived from the discipline of vocational education and training rather than a top down ‘systems design’ approach. It also gives an active role to workers in continuously modifying and developing new work processes. Through this, they are also developing ‘practical expert knowledge’, called ‘work process knowledge’ which can only be learned in an experiential (bottom up) fashion. In relation to technology, this means that the know-how and the competence in the workers’ heads must be superior to the ‘software know how’ embedded in the technology. This concept is based on the notion that the cornerstone of effective production systems is the expertise or ‘work process knowledge’ of the human being and not the technology. According to a related concept of ‘anthropocentric technology’ (or ‘human centred technology’) – ‘it is only when the technologies allow the development of human capabilities and skills that they become optimally productive’ (Wobbe 1990, p. 11).

This emphasis on the centrality of the skilled worker (intermediate level profession or craft/trade level) who has a high degree of discretion, authority and responsibility can be seen as one of the hallmarks of the more highly developed indigenous human resource policies in Europe. This gives them a clear stakeholder role within the company – reflected in the wages offered. This role is strengthened by an occupational identity through membership of a professional group and in the extended society by what has been termed an ‘industrial citizenship’. Referring back to the German context, Hendry (1991) states that it is not a platitude to say that Germany’s greatest asset is her people. While the German concept of HRM differs from the US originated humanistic model, both of them concur in recognising the need for a highly motivated, flexible and trained workforce. HRM, therefore, should not be considered a new or alien concept for German organisations.
5. A competing human resource strategy

A recent study of HRD trends within seven European countries (Ter Horst et al. 1999) concluded that in the face of globalisation, there appears to be a tendency towards convergence in the human resource policies of Europe, the United States and Japan. According to the study, the common aspects of human resource policies between large companies in the three most powerful global trading blocks are seen to be more significant than the differences. This conclusion is drawn on the basis that the globalisation of business is forcing all companies, who wish to compete in world markets, to adopt human resource policies focused on meeting companies' immediate business performance objectives. This emphasis on more or less short term performance objectives gives rise to a contingent and situational view of human resources along the lines of Trompenaar's 'project based' corporate business culture outlined above.

In line with this, many companies today see themselves more like loose 'market led networks' rather than organisations. These networks are constantly redefining their structures offering project based work opportunities for people in a dynamic market environment. We live in the age of the contingent worker in which jobs are being replaced by 'projects'. In the United Kingdom, Brown and Keep (1999) make the point that 'taylorism' and 'neo-taylorism' still offer a powerful model of competitive advantage, in particular within the service sector. In a large study of British manufacturing companies, Acroyd and Proctor (1998, p. 171, cit. in Brown and Keep 1999) conclude that profitability is not secured through 'the acquisition of a highly trained 'core' labour force but by a combination of relatively unskilled labour and a willingness to utilise external sources of production'.

In France, on the same day that the Michelin tyre manufacturing company announced a net profit of EUR 292 million for the first half of 1999, up 17 percent from a year ago, the company also announced that it would cut its workforce in Europe by 7,500 over the next three years. This news received a euphoric reception in the Paris Bourse. The new finance director justified the cost cutting exercise by stating that: 'Our principal rivals have clearly announced firm intentions to target Europe. We want to react before anything happens' (International Herald Tribune, September 11-12, 1999, p. 11). This newspaper report went on to note that while 'the family controlled company has traditionally been considered as paternalistic towards employees and unresponsive to shareholders, three months after taking over as president, however, Edouard Michelin, 36, appears eager to break away from the old school management style of his father, Francois, and introduce business practices he learned in the United States.'

This is an example of growth in 'shareholder power' in European companies which according to an article in The Economist (2000) promises to remake European capitalism. German critics of the Mannesmann hostile take over of Vodafone in early 2000 see this as the first severe blow to the country's well found Rhineland capitalism model built on consensus and close ties between bankers, business, employers, trade unions and the government. This article goes on to state that behind this trend towards shareholder power is a new generation of managers who believe that 'firms belong to shareholders, not bosses or 'society'. Germany is singled out here because it is a stronghold of the classical European social market economy, but taking Europe as a whole there has been a merger boom in response to shareholder pressures in recent years. The values of mergers and acquisitions in Europe for 1999 was 1,200 billion dollars, an increase of 50 percent over 1998 and 700 per cent over 1994 (source cited in The Economist, 2000 – Thompson, Financial Securities Data).

In line with the above trend, HRM policies are driven principally by the situational context in the external market environment. This entails adapting human resource policies to fit in with the corporate business strategy. Companies 'upskill' or 'downskill' as the market demands. Brought to its logical conclusion, human resources are a contingent, instrumental factor with no inherent value in...
their own right. Accordingly, HRD as a distinct activity may or may not be a part of the HRM policy, but based on the principle of ‘external flexibility’, human resource stocks can be renewed more effectively through a process of short term ‘project based’ recruitment, outsourcing products and services, downsizing staff etc. The concept of ‘business process engineering’ (see Hammer and Champy 1993) entailing an overnight reshaping of one’s organisation, and indeed the whole supply and sales chains with an emphasis on cost cutting and downsizing the number of employees, offers a way of implementing this form of ‘Human Resource Management’. This is referred to as the ‘hard’ model of human resources derived from tayloristic and neo-tayloristic/neoliberal thinking. It is contrasted with the ‘soft’ ‘humanistic’ model which attempts to match company needs with individual career development and wider societal effects. The ‘hard model’ is based on the ‘external flexibility’ (or ‘numerical flexibility’) of the outside labour market (the classical free market ‘hire and fire’ approach) as distinct from the ‘internal flexibility’ (or ‘functional flexibility’) of the workforce within the company, which is cultivated through continuously developing people’s competence and capacity for change. The difference between these two strategies is that one entails a ‘redundancy of parts (people)’ approach in which people are constantly replaced in accordance with the tasks that need to be undertaken, while the other implies a ‘redundancy of function’ approach (Morgan 1986, pp. 98-100) according to which, even though jobs may change, the company sees it to be in its long term interests to retain people within the firm, sufficiently well skilled (or being retrained) to take over new tasks. The dominance of neoliberal policies across the world is strengthening the position of those putting forward this ‘redundancy of parts’ view and is strongly challenging the ‘humanistic-developmental’ model of human resources.

According to Sennett: ‘in attacking rigid bureaucracy and emphasising risk, it is claimed, flexibility gives people more freedom to shape their lives. In fact the new order substitutes new controls rather than simply abolishing the rules of the past – but these new controls are also hard to understand’ and represent ‘an illegible regime of power’ (Sennett 1998, p. 10). In addressing the question ‘The HRM organisation – rhetoric or reality?’ Sisson (1994, p. 15) contrasts the ‘rhetoric’ of certain HRM slogans with their ‘reality’ counterpoints – ‘flexibility’ often means that ‘management can do what it wants’; ‘lean production’ can in fact be ‘mean production’ and ‘team working’ can mean ‘reducing the individual’s discretion’.

Adler and Cole (1993) attempt to resolve the polarisation of the ‘instrumental’ with the ‘humanistic’ type of work organisation. The result is the concept of ‘democratic taylorism’ which seeks to integrate the characteristics of efficient bureaucracy along neo-tayloristic lines with a genuine humanising environment (characterised by good working conditions and training opportunities). They see this as an ‘enabling’ formal system rather

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5 A human resource director of a major international firm, shedding much of its workforce in a restructuring exercise, facetiously referred to his job title as ‘human remains’ director.

While in an earlier book Handy (1989) portrayed the arrival of a flexible labour market with its flexible companies (or as he also called them ‘shamrock companies’) as offering people (with their portfolio of skills) liberation from rigid employment patterns and providing them with opportunities for choice and personal fulfilment, he changed his mind later on, saying that although this situation may be in the interests of the elite highly skilled professionals – the ‘symbolic analysts’ who comprise a small percentage of the workforce – it was not really enhancing the quality of working life for the average person (Handy 1994).
than a ‘coercive’ one. They argue that it is romantic nonsense to talk about the notion of a workplace characterised by autonomous workgroups and see the ‘humanised lean production’ plant of NUMMI – a joint venture between Toyota and General motors in the US – as offering a model that can be implemented in practice. The NUMMI plant, according to Adler and Cole, represents a good balance between the exigencies of efficiency and satisfying work, making what they term a ‘humanised’ work environment. This environment has a good layout, is ergonomically well designed and has good worker support facilities. It combines features of ‘lean production’ systems with classical Fordist ones, with workers having responsibility for quality assurance and routine maintenance (see Cressey and Kelleher 1999; Ellström 1999).

6. Future direction for HRD in Europe

This raises the question about the future role of the ‘Human Resource Development’ policies in a European context.

In discussing the challenge of globalisation from a European point of view, Lundvall and Borrás (1997) in their report ‘The Globalising Learning Economy: Implications for Innovation Policy’ argue for wide transformative social innovations, laying an emphasis on building societal frameworks focusing on new forms of interorganisational cooperation and alliances between enterprises and knowledge producers. They talk of the need to build ‘learning economies’ which enhance the learning capability of individuals, firms regions and countries. What is more, Lundvall developed this notion further at the European Socio-Economic Research Conference, in 1999, when he spoke about creating a ‘socially sustainable learning economy’. This approach appears to be in continuity with the wider implications of ‘sociotechnical systems theory’, which addressed the issue of building strong institutions in turbulent social environments. This means according to Emery and Trist (1965) that interconnected organisations must contribute to the creation of shared value systems that have meaning for all of them and so guide their actions.

For Lundvall and Borrás the neoliberal solution and the neo-protectionist solution must give way to the ‘new new deal’ which focuses in particular on the learning capability of the weak learners, people and regions (Lundvall and Borrás 1997, p. 38). In this regard the regional territorial dimension become important because ‘territory and proximity play a central role in the genesis of tacit knowledge and the capacity to exploit it. The region is increasingly the level at which innovation is produced through regional networks of innovators, local clusters and the cross-fertilising effects of research institutes.’ (ibid. p.39) The concept of the ‘learning region’ is put forward as a model for mobilising all of the actors in a region to build inclusive innovation policies addressing integrated economic and social development goals (see Nyhan et al. 2000).

The central message of Lundvall and Borrás is very relevant to the debate about the future direction of HRD policies within industries for the reason that companies cannot survive without learning from and contributing to their environment. However, to do so, innovation at the level of the company is called for. Coriat (1995) refers to organisational innovation as being the missing link in European competitiveness. He calls for new organisational models to be developed in a research process which is concurrent with experimentation by enterprises. This means research imbedded in practice that will provide practical knowledge for a new genera-

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7 In this publication, which is an analysis and synthesis of the findings of seven major European socio-economic research projects, covering many disciplines, supported by the European Commission’s Fourth Framework Targeted Socio-Economic Programme, Lundvall and Borrás have attempted to provide policy makers with an overview of the implications of these studies for innovation policies and identify the direction of further research.

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8 This conference, organised by the European Commission, took place in Brussels on April 28-30, 1999.
tion of managers and professionals within firms.

Returning to the question of ‘humanistic’ versus ‘instrumental’ models, the need to have a more business-led focus of HRD was put forward by Harrison (1999), a European keynote speaker at the Academy of Human Resources Development Conference at Washington in 1999. To the contrary, McLagan (1999), a leading American keynote speaker at the same event, criticised the ‘mechanistic, more authoritarian worldview’ in which people are seen as ‘resources in the sense of being optimised and even exploited’. She pointed out the ‘dichotomy between this utilitarian view which is based on behaviourism with the generative view which is based on humanistic philosophy’. She went on to ask the question: should the HRD specialist become a performance engineer and systems consultant or focus on unleashing the capacity of people so that they can work for themselves? (p. 17)

In responding to the above question, it would appear to be an abdication of the role of the HRD professionals were they to adjust themselves or merely submit to the dictates of those espousing the utilitarian view of human resources, which is derived from perspectives and values outside of the ‘human resource development’ one. Having overcome most of the inefficiencies and lack of competitiveness which became apparent in European companies in the 1997s and 1980s, particularly in the face of superior Japanese innovativeness and productivity, surely the challenge now is to devise innovative solutions which look beyond the present situation and can contribute to building a ‘socially sustainable learning economy’.

Perhaps the reflection of the ‘business guru’ Handy (1994, p. 1) should be kept in mind by the HRD research and practitioner community in building a future model: ‘In the pursuit of these goals (economic growth and efficiency) we can be tempted to forget that is we, we individual men and women, who should be the measure of all things, not made to measure for something else. It is easy to lose oneself in efficiency, to treat that efficiency as an end in itself and not as a means to other ends’. 
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