

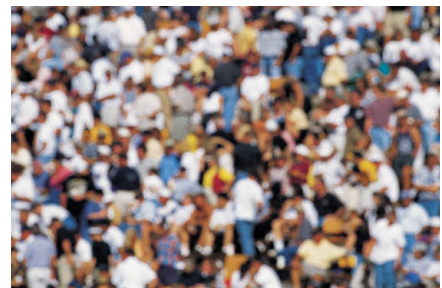


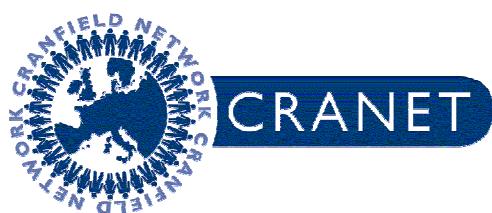
CRANET SURVEY

ON

COMPARATIVE HUMAN RESOURCE MANAGEMENT

International Executive Report 2011





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Introduction

'Cranet' is an international network of business schools around the world which conducts a survey of Human Resource Management (HRM), enquiring into policies and practices in people management through a set of common questions. The survey is undertaken approximately every four years. The purposes of the survey are to provide high quality data for academics, for public and private sector organizations, as well as for students of the field, to inform research and to create new knowledge about Human Resource Management across the world.

This international report discusses the Cranet survey data collected between 2008 and 2010 and follows the previous report that examined the data collected between 2003 and 2005. As a dataset, Cranet is unique in two ways: first it allows for the comparison of HRM policies and practices in a large number of countries across the globe, including, for example, Northern, Western, Eastern and Latin Europe; the USA, Australia and Japan. Second, as the Network has collected data on a regular basis since 1989, Cranet allows the examination of trends and changes in HRM over a 21-year period.

Cranet data are valuable within each country, where they are collected and disseminated by well-known scholars, who comprise the group which meets regularly to steer the project. The international comparisons countries produce data which are new and interesting, informing debates in many academic fields as well as practice. Such comparisons are not without difficulties. Changes to the political and economic landscape are charted by Cranet, for example the expansion of European Union membership, but make simple comparisons problematic, for example when examining changes to EU averages over time.

These data were gathered over a period from late 2008 until mid-2010. Such a timeframe is inevitable given the needs of different countries and the varying opportunities for funding and for doing the work, the time taken to conduct the survey, to follow-up, and to report. The methodology for Cranet is described in more detail in the next chapter.

Countries participating

| | | |
|--|-------------|-----------------|
| Australia | Hungary | South Africa |
| Austria | Iceland | Sweden |
| Belgium | Ireland | Switzerland |
| Bulgaria | Israel | The Netherlands |
| Cyprus (including the Turkish Cypriot Community) | Japan | Taiwan |
| Czech Republic | Lithuania | UK |
| Denmark | Norway | Uruguay |
| Estonia | Philippines | USA |
| Finland | Russia | |
| France | Serbia | |
| Germany | Slovakia | |
| Greece | Slovenia | |

1. Methodology

Rudy Kabst and Marius Wehner

Since its inception in 1989, the *Cranfield Network on International Strategic Human Resource Management* (Cranet) has grown continuously. Today it consists of universities and business schools from over 40 countries worldwide. However, due to the financial crisis in 2008/2010 the number of countries participating in the Cranet survey 2008/2010 is slightly smaller than the number of actual members in the Cranet network.

The 2008/2010 dataset was collected by 32 countries; thus, the number of countries participating in the survey round 2008/2010 is the same as in 2003/2005. Whereas the vast majority of countries which regularly took part in the survey in the past also participated in the survey round 2008/2010, the following countries did not participate this time: Spain, Italy, Portugal, Turkey, Tunisia, New Zealand, Canada, and Nepal. However, new Cranet partners, such as Lithuania, Russia and Serbia joined the present survey and conducted the survey for the first time. Table 1 shows the growth of the Cranet network and the participating countries in years of survey since 1989.

Table 1: Member countries and communities of Cranet and years of survey

| Country/Community | Participation in year of survey | | | | | | |
|------------------------------|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1989 | 1990/ 1991 | 1992/ 1993 | 1995/ 1996 | 1999/ 2000 | 2004/ 2005 | 2008/ 2009 |
| Germany | • | • | • | • | • | • | • |
| France | • | • | • | • | • | • | • |
| Spain | • | • | • | • | • | • | |
| Sweden | • | • | • | • | • | • | • |
| United Kingdom | • | • | • | • | • | • | • |
| Denmark | | • | • | • | • | • | • |
| Italy | | • | | • | • | • | |
| Netherlands | | • | • | • | • | • | • |
| Norway | | • | • | • | • | • | • |
| Switzerland | | • | | • | • | • | • |
| Finland | | | • | • | • | • | • |
| Ireland | | | • | • | • | | • |
| Portugal | | | • | • | • | | |
| Turkey | | | • | • | • | • | |
| Austria | | | • | | • | • | • |
| Czech Republic | | | • | | • | • | • |
| Greece | | | • | | • | • | • |
| Belgium | | | | | • | • | • |
| Australia | | | | • | • | • | • |
| Bulgaria | | | | | • | • | • |
| Japan | | | | | • | | • |
| Cyprus | | | | | • | • | • |
| Israel | | | | | • | • | • |
| Tunisia | | | | | • | • | |
| Hungary | | | | | | • | • |
| New Zealand | | | | | | • | |
| USA | | | | | | • | • |
| Canada | | | | | | • | |
| Iceland | | | | | | • | • |
| Estonia | | | | | | • | • |
| Slovenia | | | | | | • | • |
| The Philippines | | | | | | • | • |
| Slovakia | | | | | | • | • |
| Turkish Cypriot Community | | | | | | • | • |
| Nepal | | | | | | • | |
| Lithuania | | | | | | | • |
| Russia | | | | | | | • |
| Serbia | | | | | | | • |
| Taiwan | | | | | | | • |
| South Africa | | | | | | | • |

In this Cranet report we decided to summarize the 32 participating countries/communities into three different categories. First, we comprised 20 Cranet countries which are members of the

European Union into the category “European Union (EU)”. Second, based on the definition of the European council, we summarized those Cranet countries which belong to Europe into the category “Europe (Non-EU)” such as Iceland, Norway, Russia, Serbia, and Switzerland. Third, the other Cranet countries form the third category “Non-Europe”, that is Australia, Israel, Japan, Philippines, South Africa, Taiwan, and the USA. The country categorization is depicted in Table 2.

Table 2: Country categorization of the Cranet report

| European Union (EU) | Europe (Non-EU) (defined by the European Council) | Non-Europe |
|--|--|-------------------|
| Austria | Iceland | Australia |
| Belgium | Norway | Israel |
| Bulgaria | Russia | Japan |
| Cyprus (including the Turkish Cypriot Community) | Serbia | Philippines |
| Czech Republic | Switzerland | South Africa |
| Denmark | | Taiwan |
| Estonia | | USA |
| Finland | | |
| France | | |
| Germany | | |
| Greece | | |
| Hungary | | |
| Ireland | | |
| Lithuania | | |
| Netherlands | | |
| Slovakia | | |
| Slovenia | | |
| Sweden | | |
| United Kingdom | | |

Survey design and method

All participating countries in Cranet contacted the most senior HR manager with a standardized questionnaire. As in the past, the questionnaire is divided into six sections:

- Section I: HRM activity in the organisation
- Section II: Staffing practices
- Section III: Employee development
- Section IV: Compensation and benefits
- Section V: Employee relations and communication
- Section VI: Organisational details

Section I: The first section focuses on basic information about the HRM function in an organization (e.g. the responsibilities of the HRM function and the HR information system) as well as the organization itself (e.g. number of employees, age structure, educational level, and implementation of strategies).

Section II: This section refers to the recruiting activities and selection methods of an organization. This section additionally contains several questions about an organization’s action programmes and working arrangements.

Section III: The primary focus of this section is to receive information on training needs, design, and the implementation and evaluation of training as well as on methods for career development.

Section IV: This section contains questions about the level(s) of basic pay and bonus schemes as well as on schemes in excess of statutory requirements.

Section V: This short section focuses on questions about the influence of trade unions, employer's associations, and the methods used to communicate with employees within an organization.

Section VI: The last section addresses organizational details such as the industrial sector, industry, performance, and geographical market. It also contains questions about personal details of the respondent, for instance, working experience or gender.

Cranet used translation/back-translation techniques of the standardized questionnaire in order to establish the semantic or linguistic equivalence of the questions among all participating countries. The methodology of the survey was predominantly a paper-based questionnaire, although some countries additionally conducted an online/email survey (Australia, Cyprus, Denmark, France, Serbia, and United Kingdom). Other countries solely conducted an online/email survey (Hungary, Iceland, Israel, Lithuania, Norway, Philippines). Further, Estonia and Slovakia conducted an online/email survey as well as an in-person interview with the standardized questionnaire. Finally, Bulgaria, Greece, and the Turkish Cypriot Community conducted only an in-person interview and therefore have the highest response rates (cf., Figure 1).

Cranet countries that conducted a paper-based and/or online survey gave the organizations prior notification before sending the questionnaire or took follow-up actions (reminder by mail or telephone) in order to increase the response rate and to ensure that a representative sample was produced. These additional efforts were important due to the length of the questionnaire and the increasing 'survey-fatigue' among HR managers in several countries.

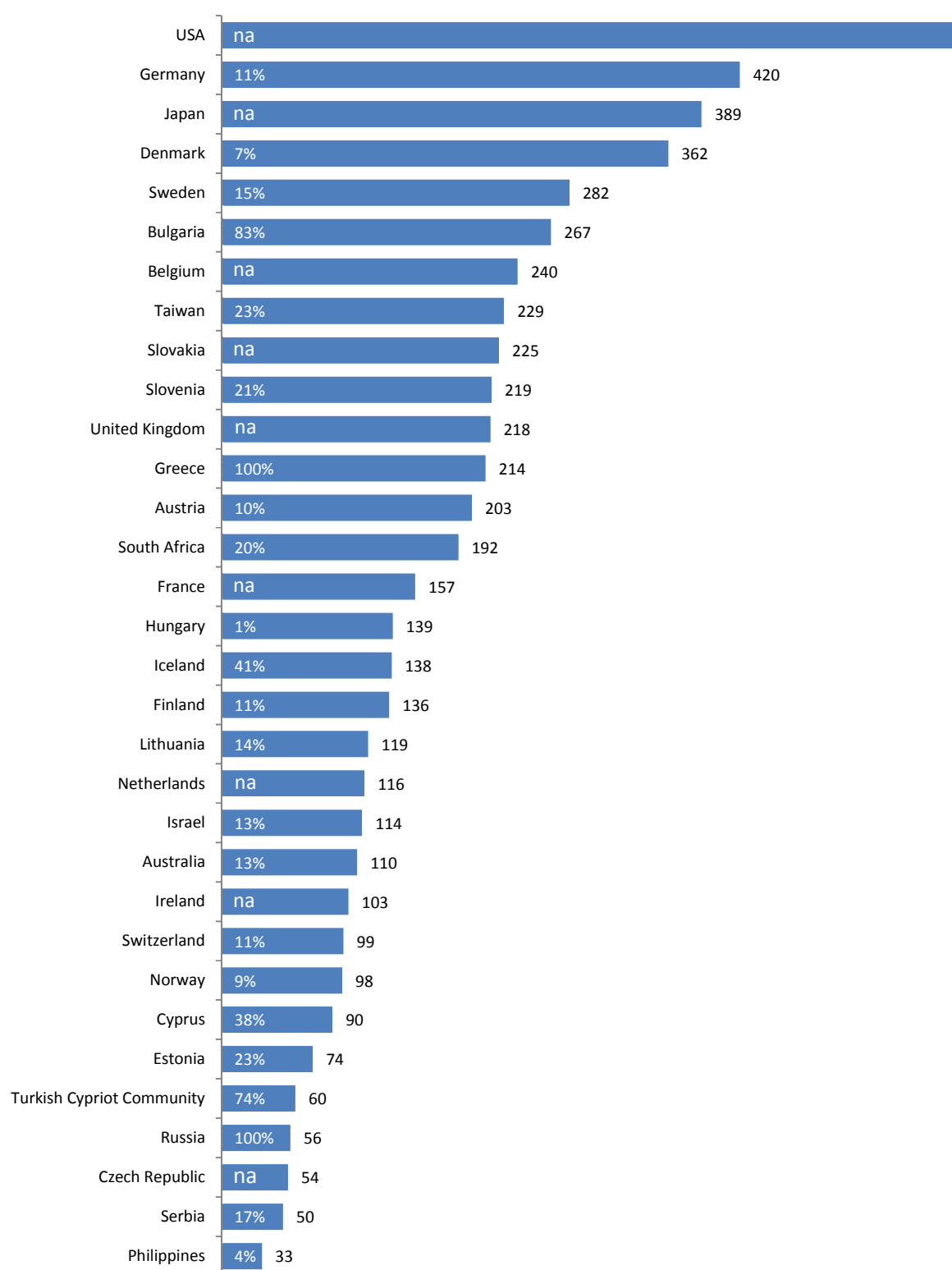
Sampling frames

Since a comprehensive international database with all organizations is still missing, each participating country was in charge of developing a mailing list of organizational addresses and personal contacts. Thus, the Cranet countries themselves decided which database should be used for the survey. While the majority of countries used commercial or governmental databases, few countries additionally used databases from professional associations (e.g., Cyprus, Denmark, Greece, Israel, Philippines, and Switzerland). The vast majority of the Cranet countries mailed the questionnaire to all organizations from the lists (i.e., census), whereas some countries (i.e. Bulgaria, Estonia, Greece, and Slovenia) used stratified sampling (based on sector or size).

Cranet dataset 2008/2010

Although detailed information about the total number of mailed questionnaires was not available for all countries during the development of this report, we received explicit information from 23 countries. These 23 countries sent out 37,855 questionnaires and received 3,704, resulting in an overall response rate of 9.8%. Taking all countries and their respective communities into account, we received 6,258 questionnaires from 32 countries. Figure 1 summarizes the total number of returned questionnaires and the response rates (if applicable) for each participating country.

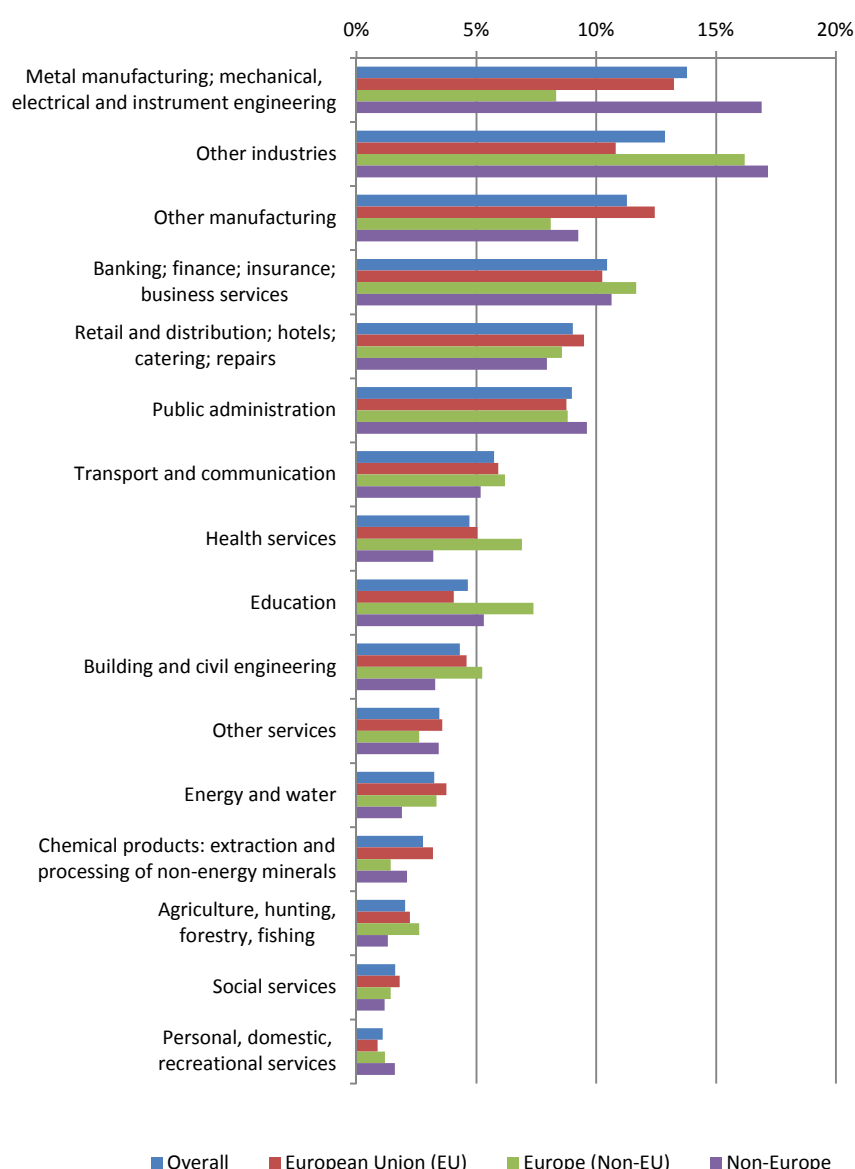
Figure 1: Response rates and total number of returned questionnaires



Note: During the development of the report, detailed information for some parts of the world was not available (na)

Figure 2 shows the industry classification system and the sample's distribution by Cranet's country categorization (cf., Table 2). The classification system covers 16 broad divisions from agriculture to manufacturing and from education to public and social services.

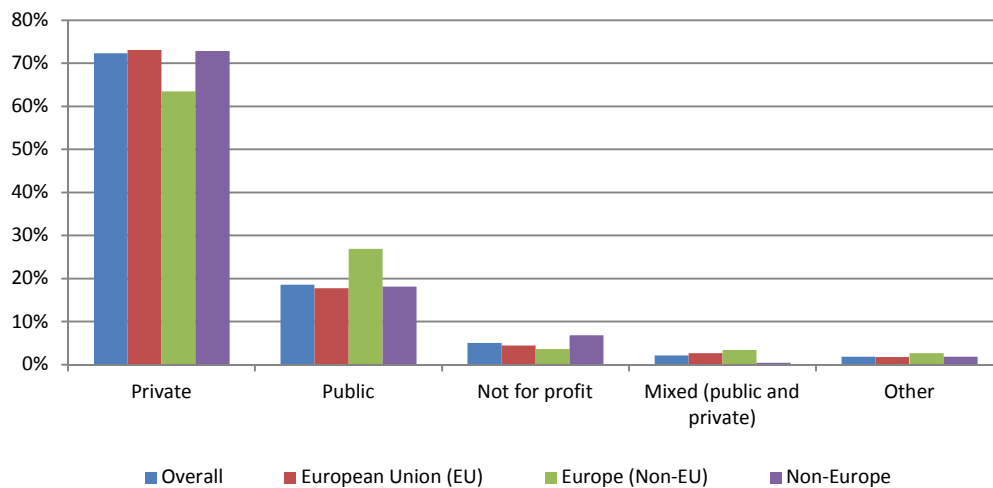
Figure 2: Survey sample industry classification by country categorization (%)



The sample distribution among the industry classifications shows that most of the organizations are in the production, manufacturing, and other industrial sectors. Moreover, regarding manufacturing, health services, and education, we observe marginal discrepancies between the European Union (EU), Europe (Non-EU), and the Non-Europe. However, in comparison to previous surveys of Cranet, the sample distribution among the 16 classifications has not changed substantially.

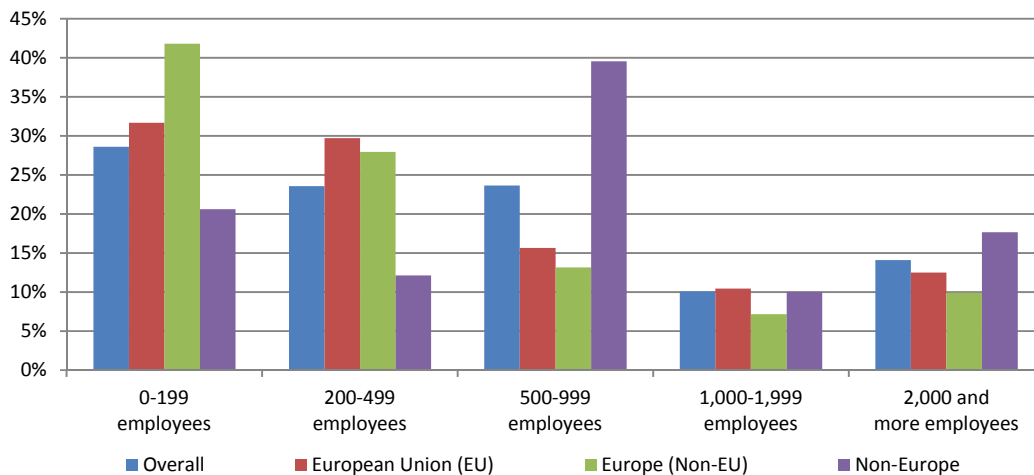
The industrial sector distribution is depicted in Figure 3. Since the vast majority of the participating organizations are in the production and manufacturing sector, it is not surprising that about 70% of these organizations are in the private sector and only approximately 20% are in the public sector. In addition, no differences were found among the country categorizations, which is in line with previous surveys of Cranet.

Figure 3: Industry sector distribution by country categorization (%)



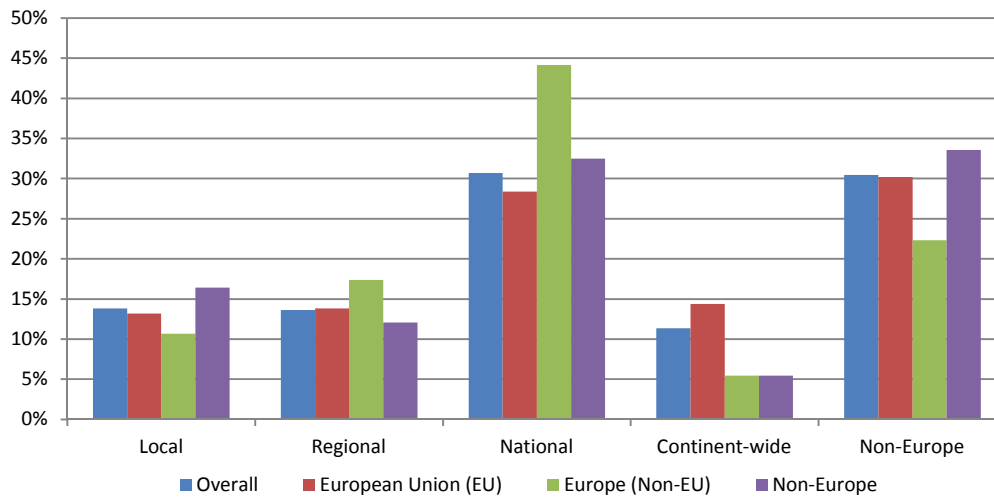
The survey sample size distribution across all countries in Figure 4 shows that about one-third of the organizations employed fewer than 200 people. Further, approximately one-half employed between 200 and 1,000 people and a further quarter employed between 1,000 or more people. In comparison to the other countries, more small-sized businesses (i.e. 0-199 employees) responded to the survey in Europe (Non-EU), whereas more medium-sized businesses (i.e. 500-999 employees) responded to the survey in the rest of the world. In addition, evidence that smaller organizations (i.e., less than 200 employees) already have a HR function is increasing. Thus, the overall percentage of small organizations participating in the survey has slightly increased over the past years.

Figure 4: Survey sample size distribution by country categorization (%)



Finally, the main markets for products and services of the participants are depicted in Figure 5. For the majority of the sample the main market is either national or world-wide; this distribution is similar to previous surveys of Cranet.

Figure 5: Main markets for products/services by country categorization (%)



In summary, the survey sample of the 2008/2010 dataset is comparable to the datasets of previous survey rounds. Nevertheless, the overall response rate among all countries has slightly decreased, although some countries could increase their response rate in 2008/2010. Besides the length of the questionnaire and an increasing 'survey-fatigue', the main reason for the decrease in response rates was the financial crisis at the end of 2008 and the beginning of 2009. However, the Cranet network was successful in ensuring the representativeness of the sample regarding to industry, size, and sector distribution.

2. HRM Roles

Nancy Papalexandris and Jozsef Poor

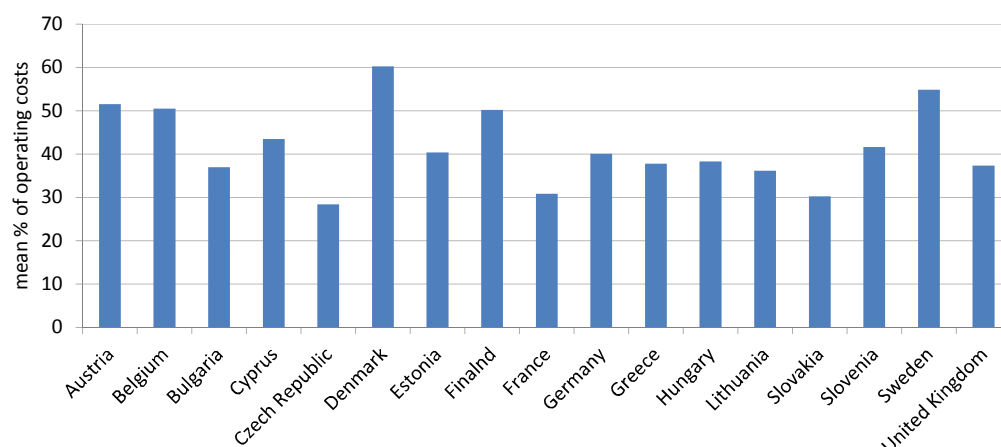
The Cranet questionnaire in 2008/2010 had a similar structure to the one used in previous research rounds. In this section of the report we focus on the answers given in the first section of the Cranet questionnaire, which focuses on the HRM function as a whole. Questions in this section attempt to portray the role of HRM for the organizations studied. We approach the role of HRM through questions on the proportion of operating costs accounted for by labour costs, on the participation of the HRM head on the board of directors/executive board of the organization, on the career path followed by the HRM directors, on the participation of HRM in the development of the business strategy, on the existence and type of HRM strategy, mission statement, corporate values statement and business strategy, on the extent of devolvement of separate HRM functions to the line and the extent of use of HRM information systems and internet technology. Through a variety of issues covered in the first part of the Cranet survey, we'll attempt to plot the role of Human Resource Management across a wide spectrum of organizations and countries, represented in this survey.

Operating costs accounted for by labour costs

We begin our description of HRM roles with an examination of labour costs in different countries as reported in the survey. This is because one driver of HRM specialisation is believed to be the significance of labour costs

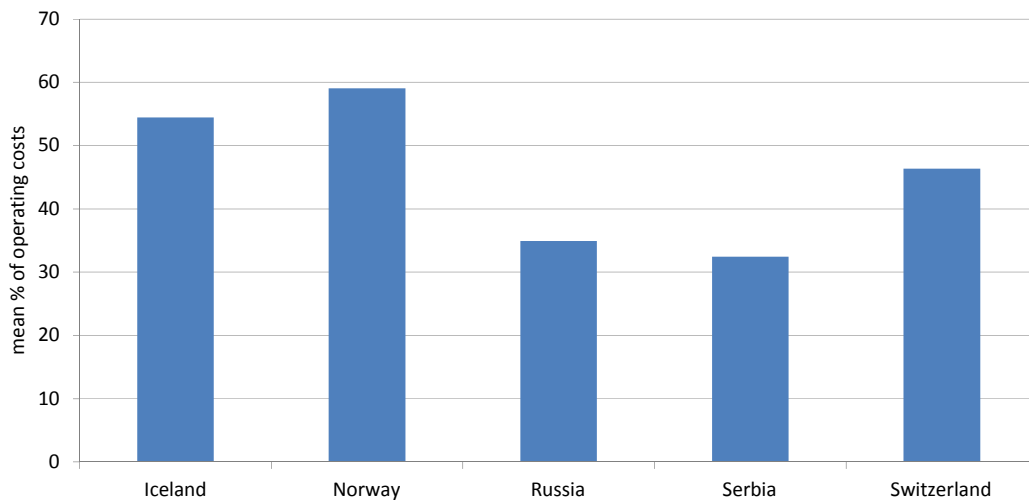
As shown in Figures 6 (a, b, c) in most of the participating countries labour costs account for 30% to 60% of the total operating costs. This underlines the magnitude of labour costs in the total operating costs of companies around the world. Labour costs represent the highest percentage of the total operating costs in the Nordic countries, i.e. Denmark (60%), Sweden (56%), and Finland (50%) followed by Austria and Belgium (approx. 50%). This is most probably due to the safety and pension obligations as regulated by law for the employer. They have the lowest impact on total operating costs in the Czech Republic (28%) and France (31%).

Figure 6a: Operating costs accounted for by labour costs (Europe EU)



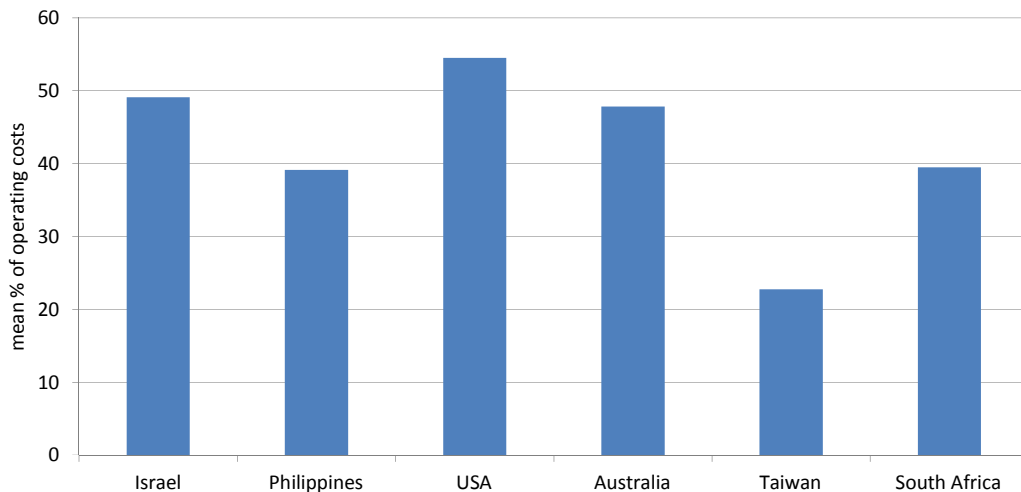
The same applies to Non-EU countries, where Nordic countries (Norway and Iceland) again present the highest percentage of labour costs over operating costs. (Figure 6b)

Figure 6b: Operating costs accounted for by labour costs (Europe Non-EU)



As previous Cranet surveys have shown, labour costs represent a higher percentage of the total operating costs in the USA (55%) and Israel (49%). They fall under 30% in Taiwan (Figure 6c).

Figure 6c: Operating costs accounted for by labour costs (Non-Europe)



The Head of the personnel/HR department has a place on the main Board of Directors or the equivalent

Table 3 shows the proportion of organizations in which the Head of HR is on the Board of Directors or equivalent. This proportion has risen somewhat within EU organizations, with 66% of organizations stating that their Head of HR is on the Board (compared to slightly over 50% in previous research rounds in the EU). The same holds true in all other sample groups of our survey (Europe Non-EU and Non-Europe).

Table 3: Does the Head of HRM have a place on the Board?

| | (%) |
|-------------------------|-------|
| Europe EU Countries | 66.4% |
| Europe Non-EU Countries | 69.5% |
| Non-Europe | 66.8% |

In the majority of the world, the head of the personnel/HR department seems to participate on the main board of directors at a percentage ranging from 40% to 70% of the companies. The participation of the HR/personnel director on the Board is most common in Sweden (90%), Belgium (84%), and France (83%). Participation is least common in Bulgaria (24%), the USA (32%) and Hungary (35%). Among the main reasons for HR to be represented at Board level by an HR specialist may be because factors, such as the extent of development of the function, board structure and the mix of industry sectors, the presence of multinationals etc. HR may be represented as part of a general management remit by other Directors, or by the CEO, for example. In general, however, especially for most EU countries participating in the sample, the general tendency is for a higher proportion of companies with participation of HR on the Board of Directors.

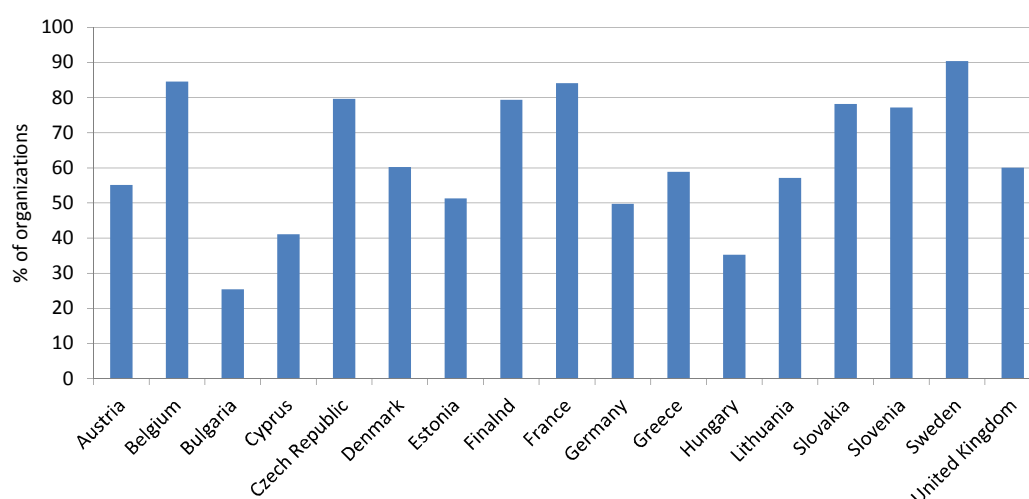
Figure 7a: The Head of the HRM department has a place on the main Board of Directors or the equivalent (Europe EU)

Figure 7b: The Head of the personnel/HR department has a place on the main Board of Directors or the equivalent (Europe Non-EU)

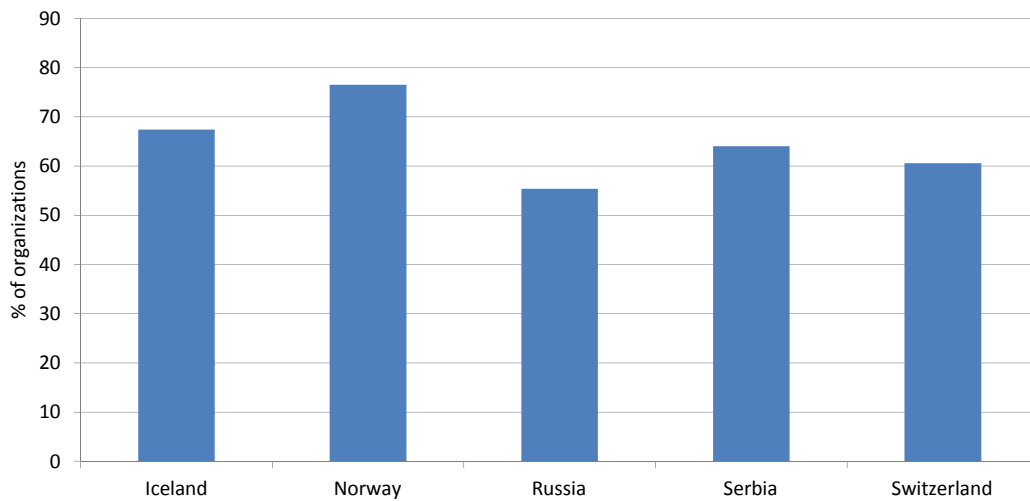
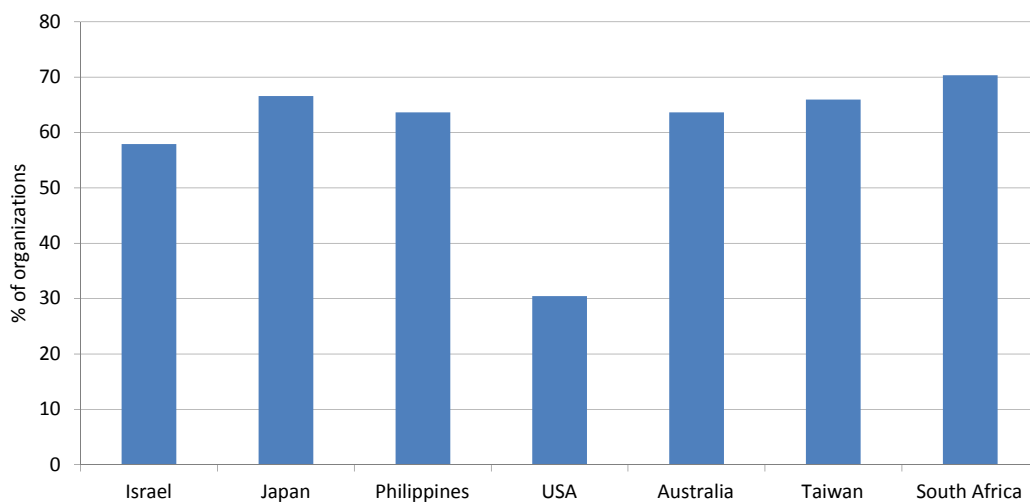


Figure 7c: The Head of the personnel/HR department has a place on the main Board of Directors or the equivalent (Non-Europe)



Where the senior HR Director was recruited

In most countries, the HR Director is usually an HR specialist coming from outside the organization. This is most pronounced in Anglo-Saxon countries like Australia (60%), the USA (51%), and the UK (50%), but also Sweden (60%), Denmark (49%) and Russia (54%). Exceptions to this were Hungary, Slovenia, and Japan, where the HR Director is more likely to be a non-specialist from within the organization, as well as Bulgaria, Serbia, Norway and France, where the HR Director usually comes from within the HR department.

Figure 8a: Where the senior HR Director was recruited (Europe EU)

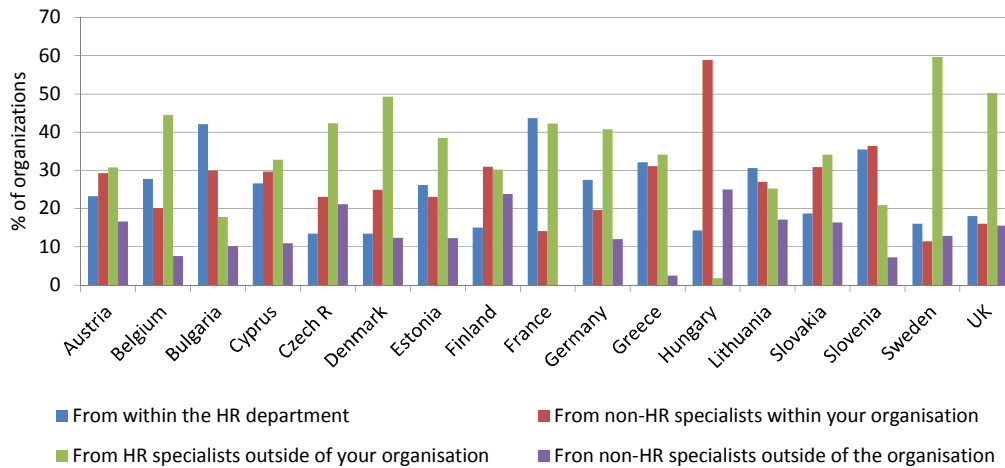


Figure 8b: Where the senior HR Director was recruited (Europe Non-EU)

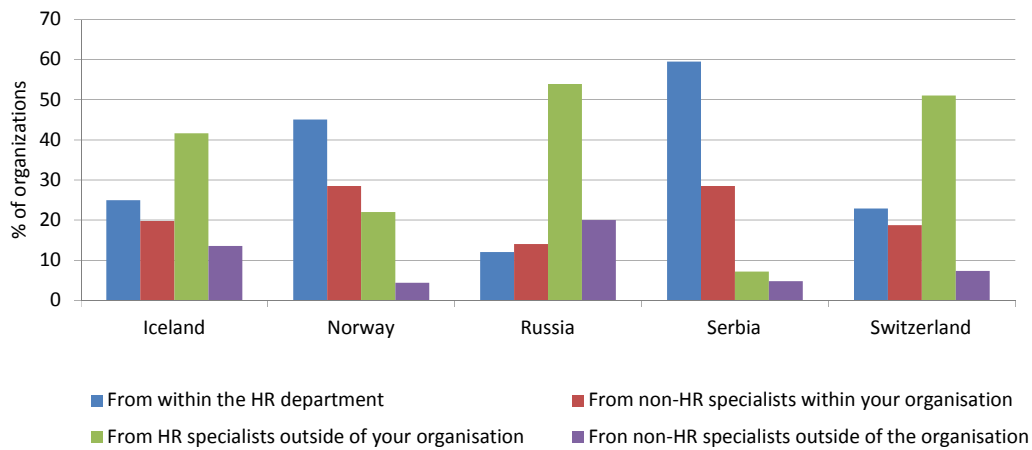
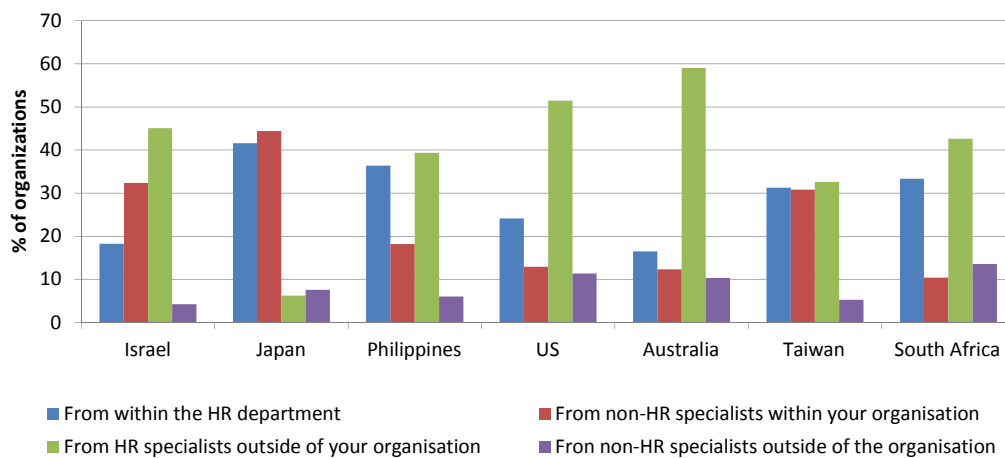


Figure 8c: Where the senior HR Director was recruited (Non-Europe)



Stage at which HR is involved in the development of business strategy

In most countries, HR is involved from the outset in the development of the business strategy. In most countries, 40%-60% of the respondents reported that HR is involved from the outset in business strategy development. This is most common in Norway (77%), France (73%), Finland (68%), Sweden (68%), Iceland (66%), Hungary (61%), and Slovenia (60%). Only in Lithuania is HR most commonly involved in the implementation only (in 3% of the cases). It should be stressed that the participation of HR in the development of business strategy has increased from the one reported in previous Cranet research rounds.

Figure 9a: Stage at which HR is involved in development of business strategy (Europe EU)

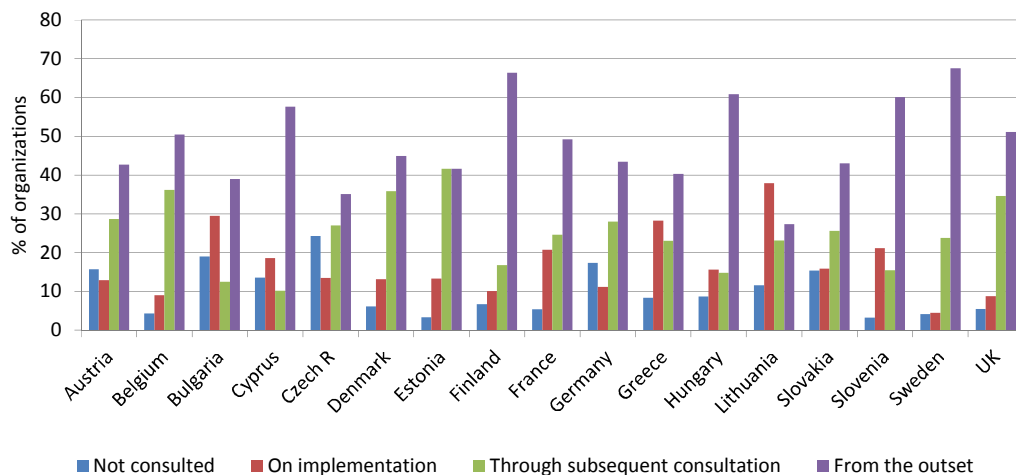


Figure 9b: Stage at which HR is involved in development of business strategy (Europe Non-EU)

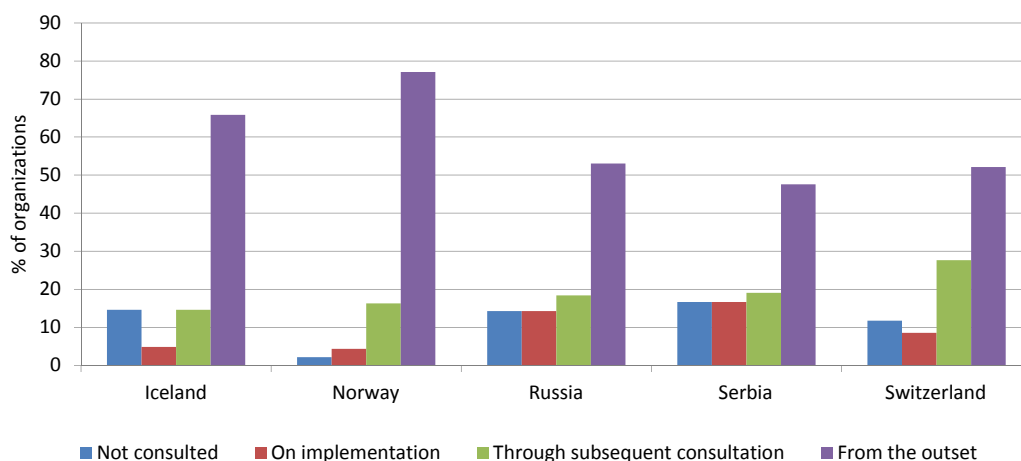
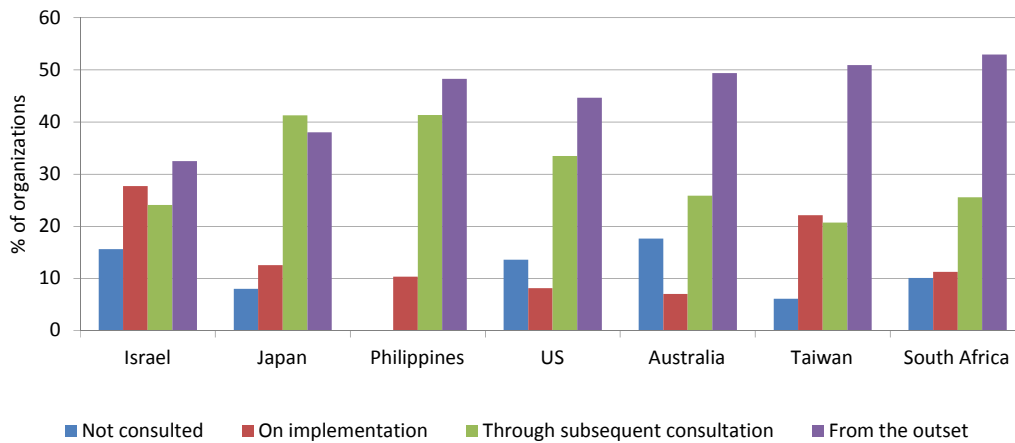


Figure 9c: Stage at which HR is involved in development of business strategy (Non-Europe)



Existence of HRM strategy

In most countries the prevailing practice is most commonly a written HR strategy. This is especially notable in Nordic countries, such as Norway, followed by Finland, Iceland and Sweden, where over 78% of organizations have a written HR strategy. In some countries, like Bulgaria and Cyprus, however, there is a similar frequency of written and unwritten HR strategy (approximately 35%), but there is an HR strategy to dictate HR policies and actions. Only in France, is the use of an unwritten HR strategy more common. The occurrence of an altogether non-existent HR strategy is very rare, with the exception of Russia, where it is marginally more common for a company not to have any HR strategy (39%).

Figure 10a: HR strategy (Europe EU)

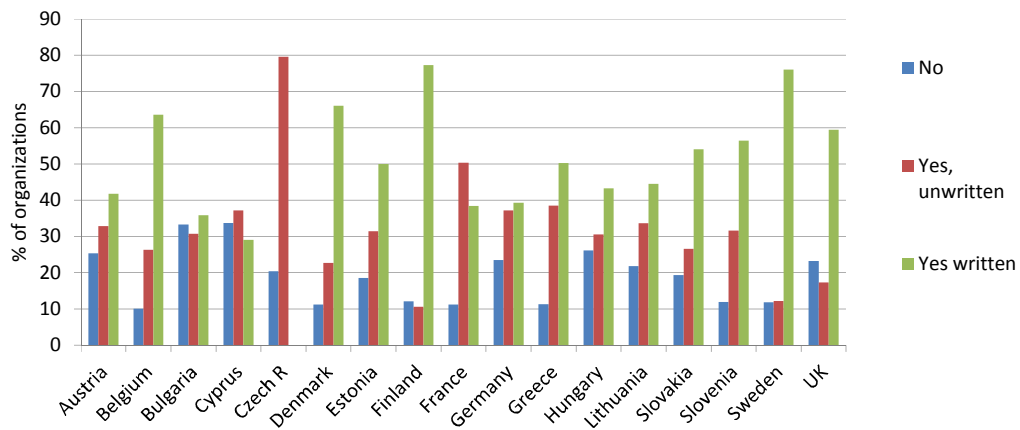


Figure 10b HR strategy (Europe Non-EU)

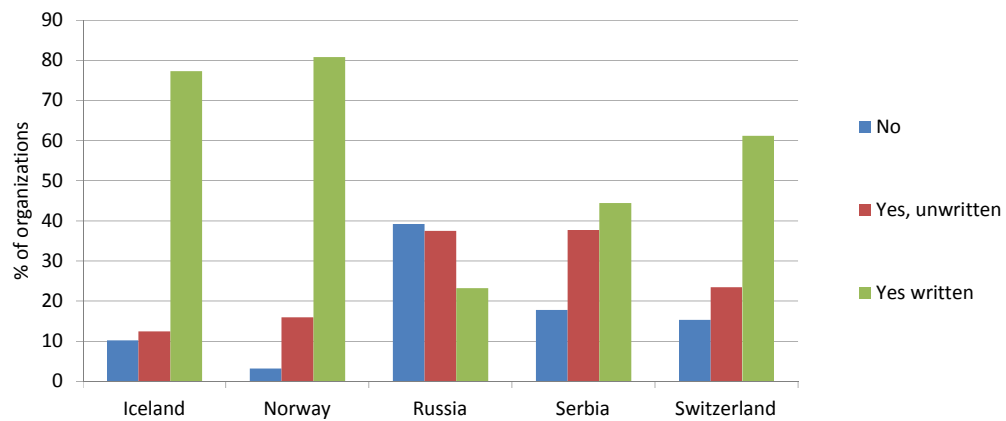
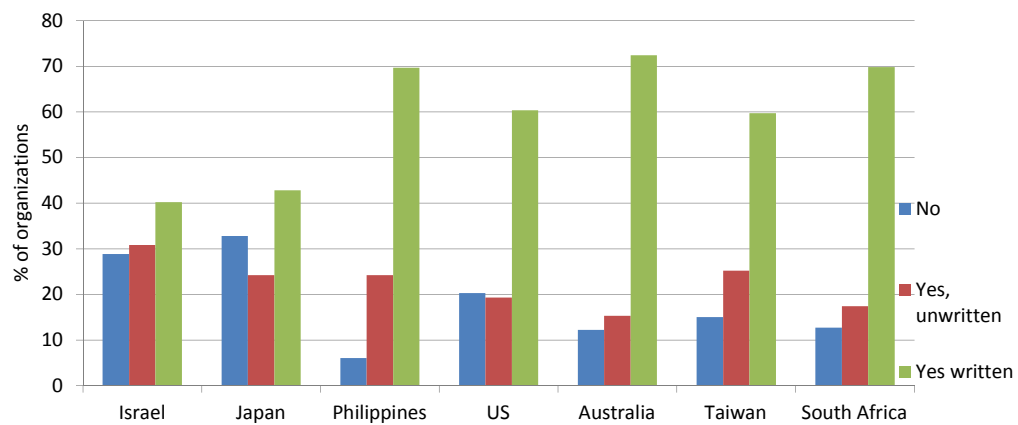


Figure 10c: HR strategy (Non-Europe)



Mission statement

In most countries, both in Europe and other continents, the vast majority of companies (55-85%) have a written mission statement. In Finland (92%), Sweden (91%), Belgium (91%), Norway (91%), and the Philippines (95%), the percentage of companies with a written mission statement, in general, exceeds 85%.

Figure 11a: Mission statement (Europe EU)

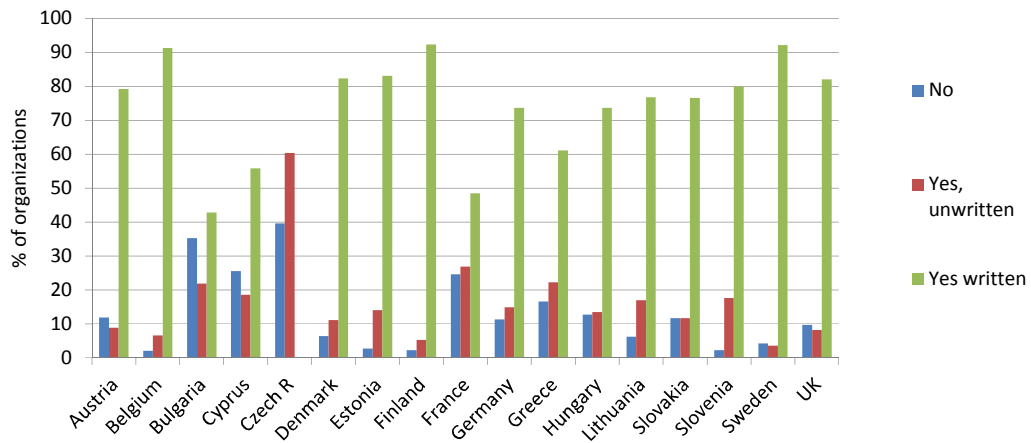


Figure 11b: Mission statement (Europe Non-EU)

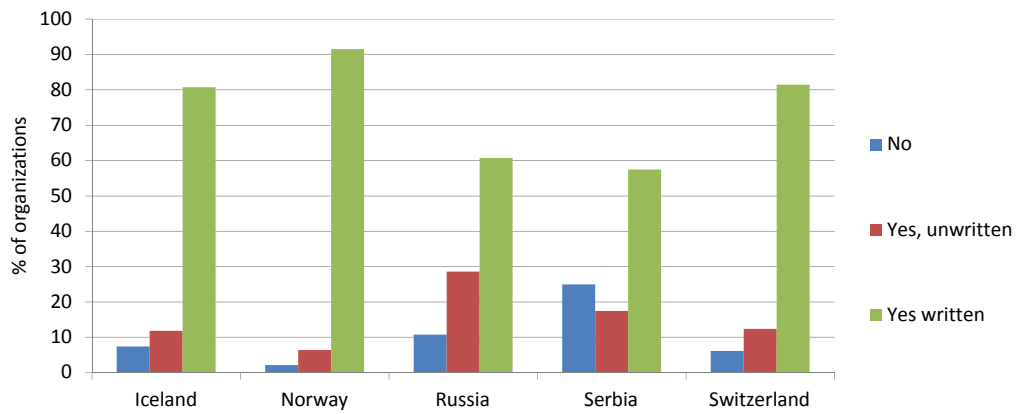
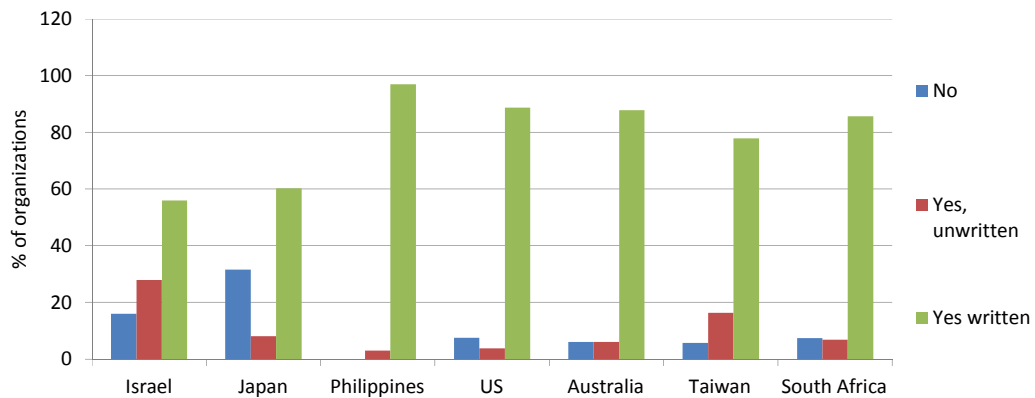


Figure 11c: Mission statement (Non-Europe)



Corporate values statement

In most countries, the majority of companies reported having a written values statement. Only in Austria, Cyprus and Bulgaria, as well as marginally Lithuania and Serbia, it is more common not to have a corporate values statement. It is interesting to note that in most countries, what is most rare is an unwritten values statement: the companies that have reported across the globe to have one will most probably have it in writing.

Figure 12a: Corporate value statement (Europe EU)

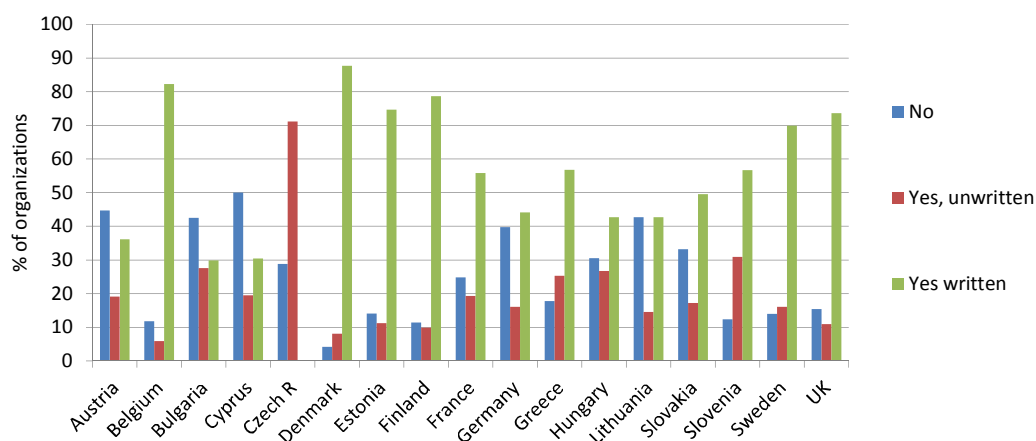


Figure 12b: Corporate value statement (Europe Non-EU)

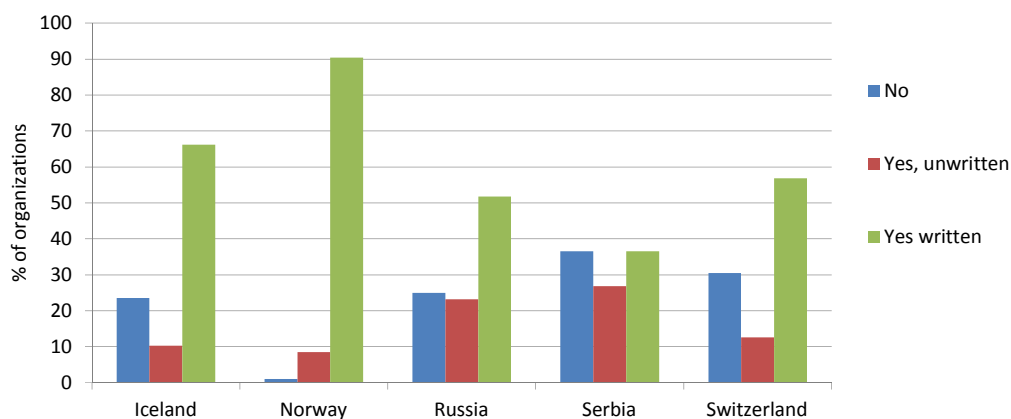
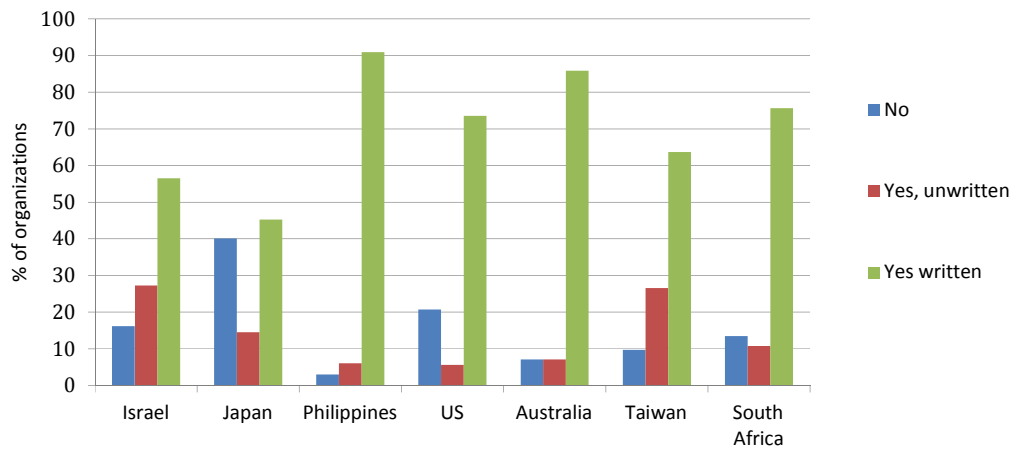


Figure 12c: Corporate value statement (Non-Europe)



Business strategy

In most countries the prevailing practice is to have a written Business Strategy (50-80% of companies examined). Only in Cyprus (37%), Italy (42%) and Israel (48%), fewer than 50% of the companies examined have a written business strategy.

Figure 13a: Business strategy (Europe EU)

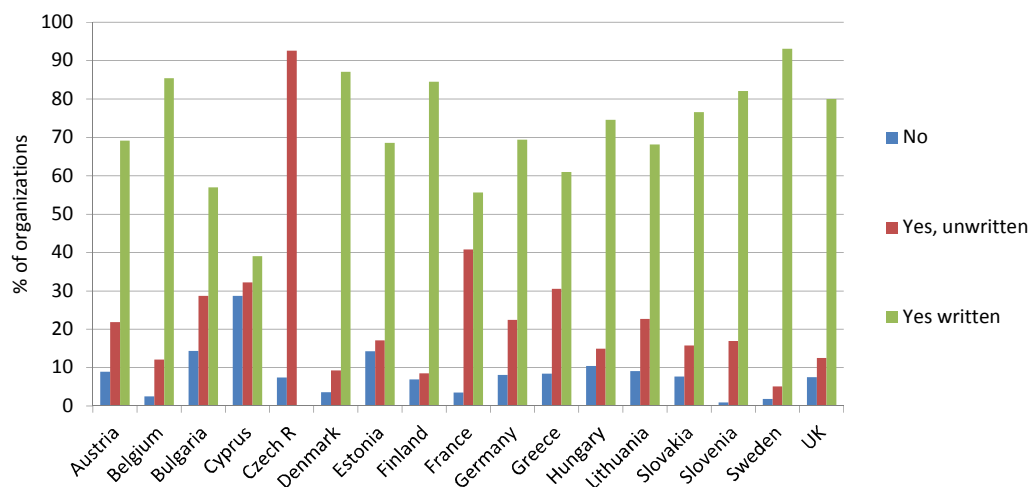


Figure 13b: Business strategy (Europe Non-EU)

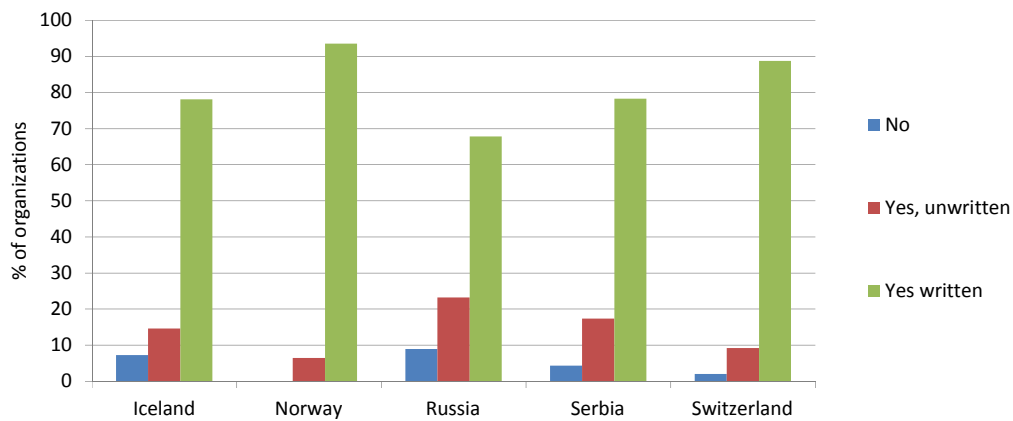
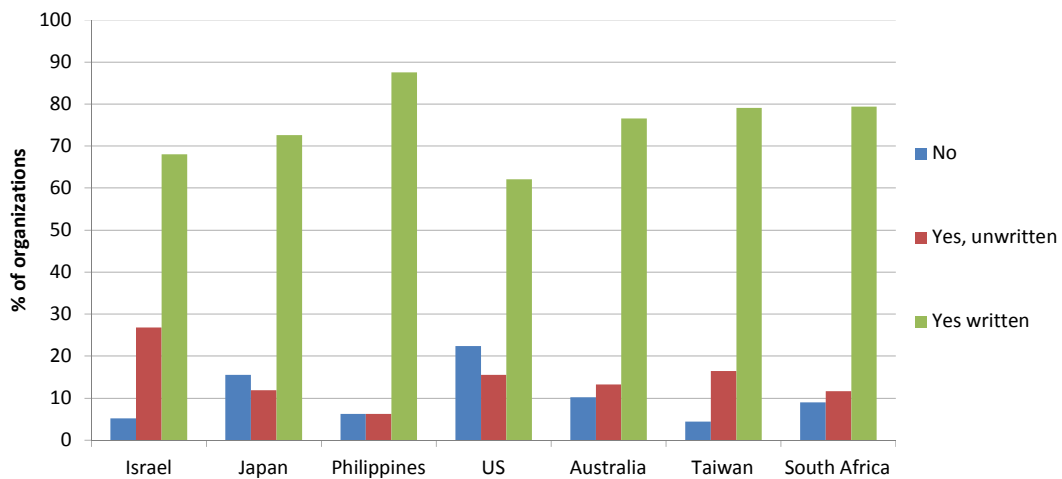


Figure 13c: Business strategy (Non-Europe)



Primary responsibility for recruitment and selection

It seems common for HR and line management to share the responsibility for recruitment and selection. In some countries it is more common for HR to have an assisting role to the line, while in others it is the other way round. The only exceptions are Serbia, Bulgaria and Hungary, where the main responsibility for recruitment and selection lies more commonly primarily within the hands of the line.

Figure 14a: Primary responsibility for recruitment and selection (Europe EU)

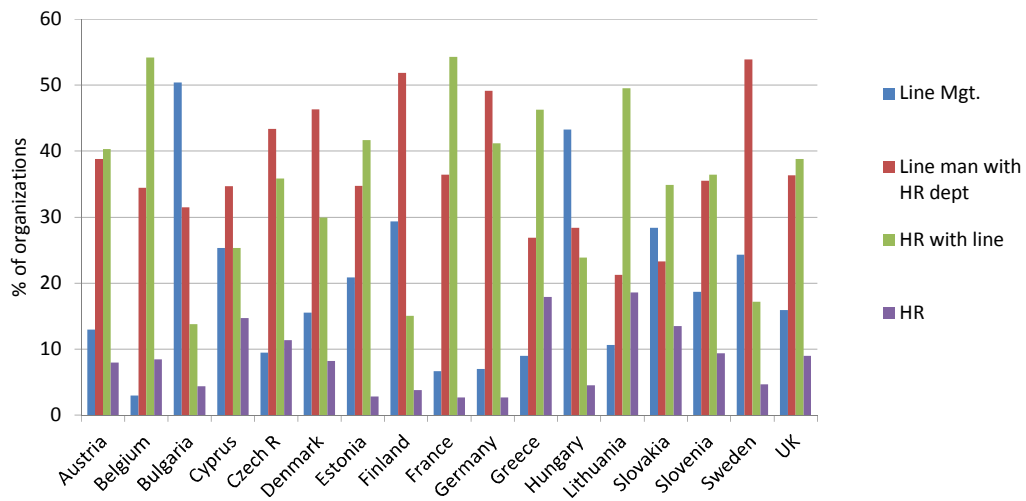


Figure 14b: Primary responsibility for recruitment and selection (Europe Non-EU)

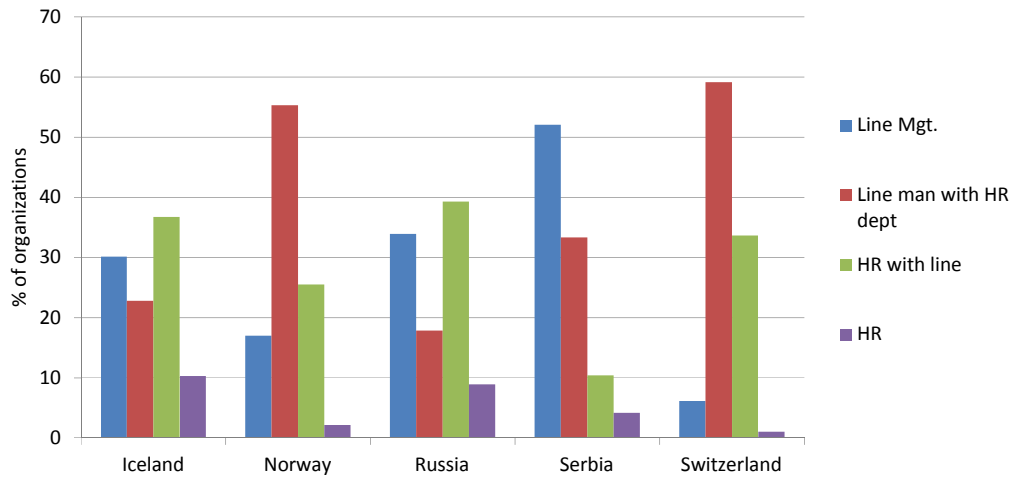
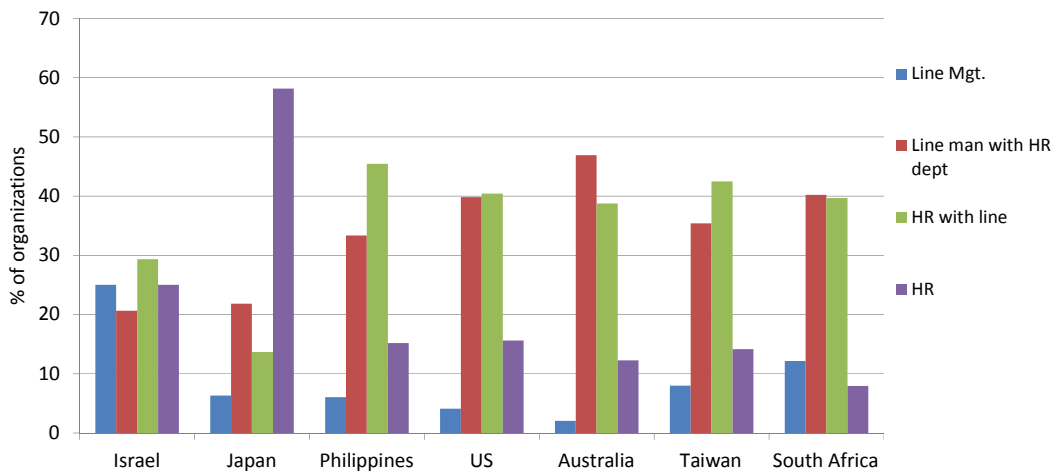


Figure 14c: Primary responsibility for recruitment and selection (Non-Europe)



Primary responsibility for pay and benefits

As in the case of recruitment and selection, the primary responsibility for pay and benefits is shared by the line and HR, with most common practice being HR taking responsibility with assistance from the line. In some countries, however, notably the ex-communist ones, it is more common for the line to have the main responsibility for pay and benefits [Bulgaria (73%), Serbia (72%), Hungary (58%), Lithuania (50%), Russia (46%), Slovakia (41%), Slovenia (41%),]. Taking the opposing view, HR alone has responsibility for pay and benefits in Japan (77%).

Figure 15a: Primary responsibility for pay and benefits (Europe EU)

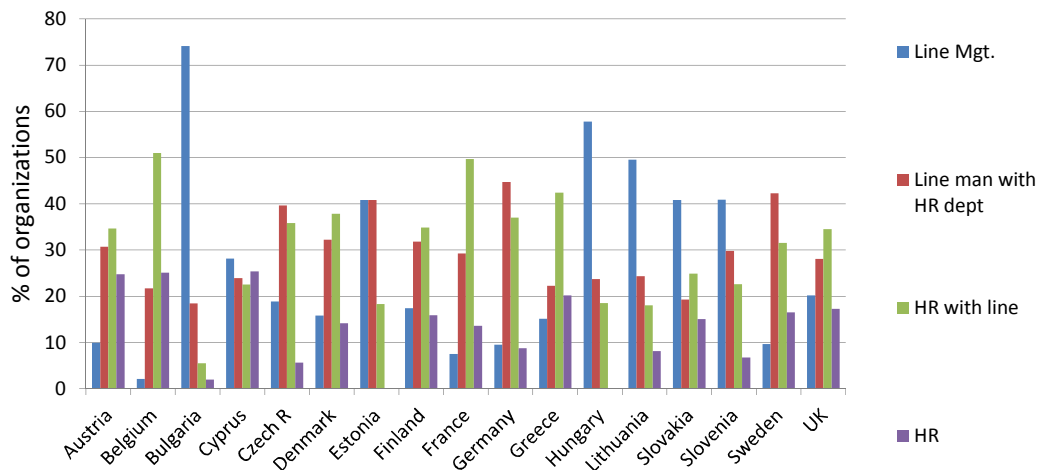


Figure 15b: Primary responsibility for pay and benefits (Europe Non-EU)

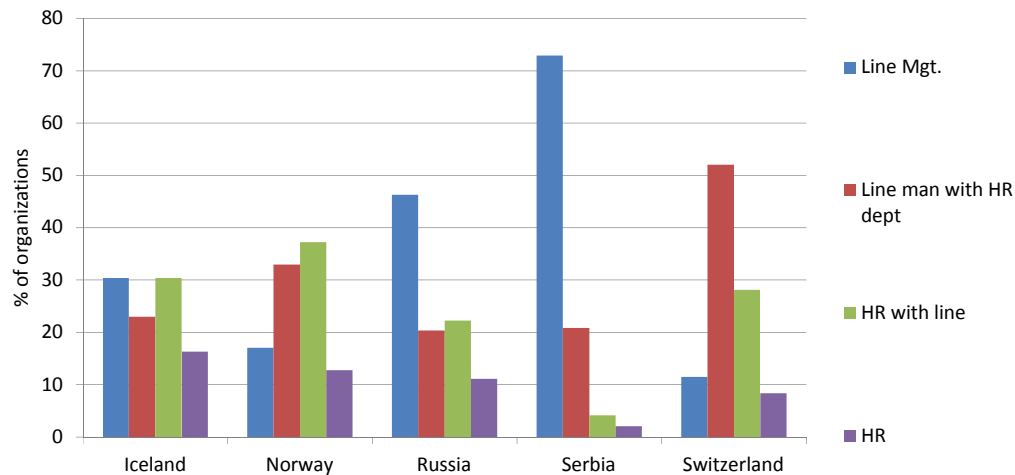
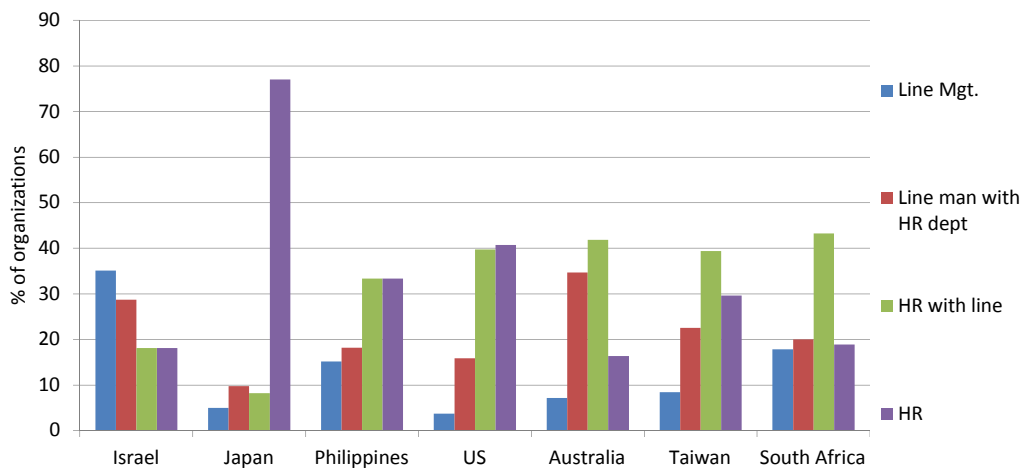


Figure 15c: Primary responsibility for pay and benefits (Non-Europe)



Primary responsibility for training and development

In training and development, the responsibility is shared by the line and HR, but it is common in most EU countries for HR to be responsible with the assistance of the line (except Bulgaria, Finland, Hungary, Sweden, Austria and Germany, where most commonly the line does the training and development with the assistance of HR). It can be said, therefore, that training and development is seen as a shared responsibility for managers in EU countries. This image is not consistent around the world, but it can be said that it is least common to have sole responsibility without sharing, on the part of either the line (Serbia and Hungary) or HR (Japan).

Figure 16a: Primary responsibility for training and development (Europe EU)

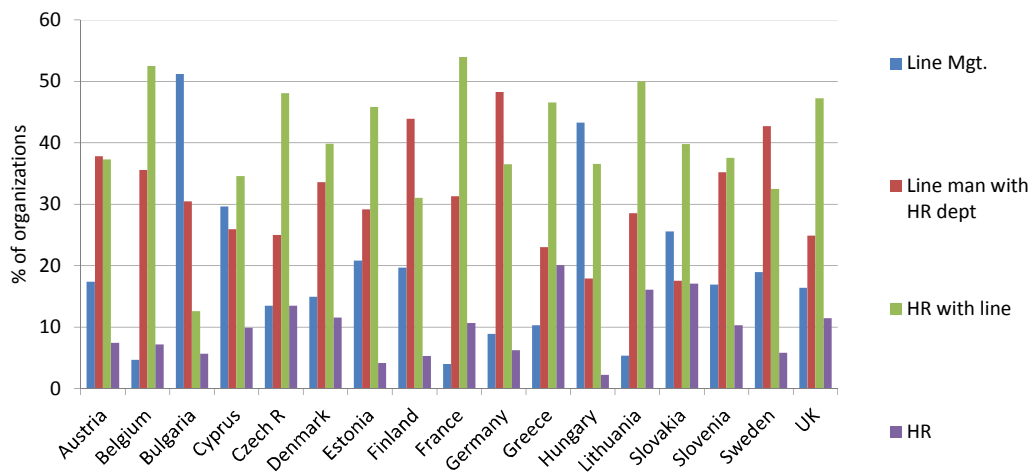


Figure 16b: Primary responsibility for training and development (Europe Non-EU)

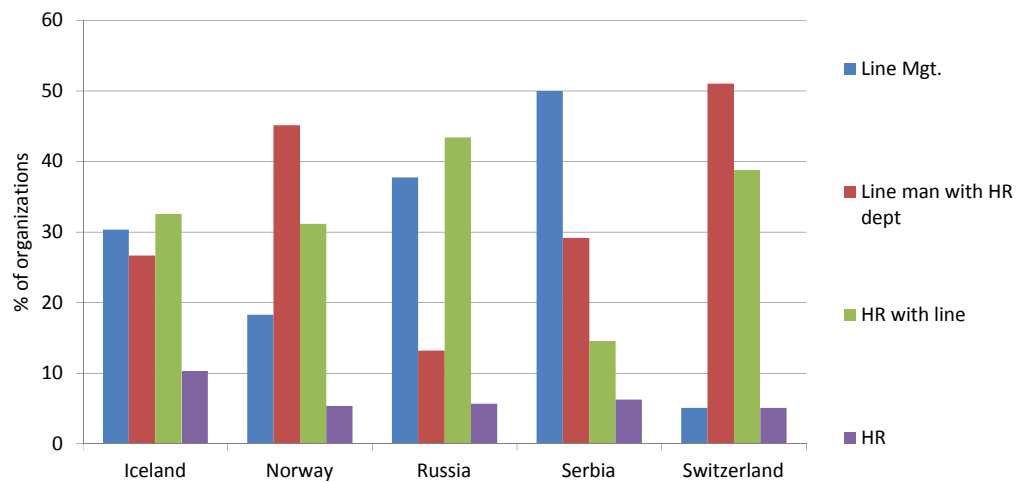
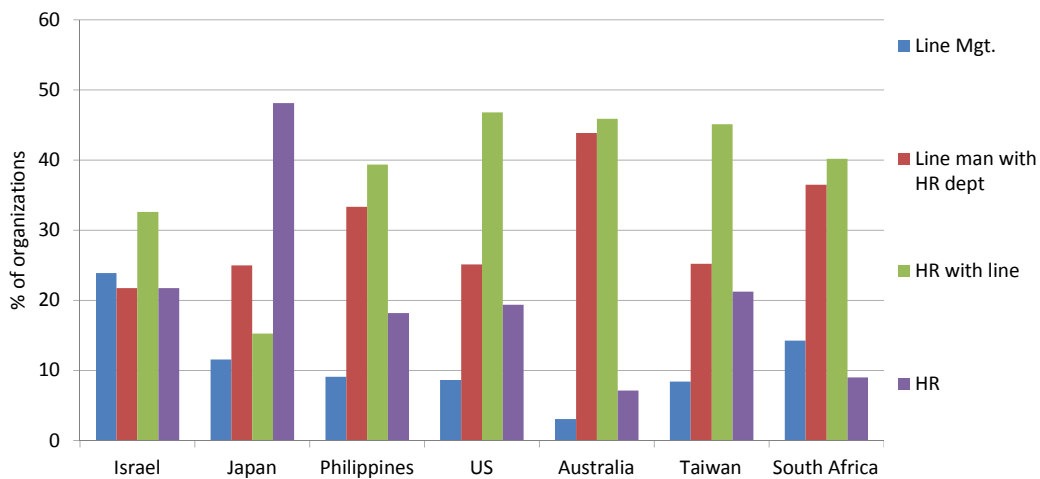


Figure 16c: Primary responsibility for training and development (Non-Europe)



Primary responsibility for industrial relations

Industrial relations, in contrast with all the other HR functions examined, are often seen as the primary responsibility of HR alone. Though in many countries (the UK, Sweden, Estonia, Slovenia, Norway, the USA, South Africa, the Philippines), industrial relations are considered most commonly as a shared responsibility under the guidance of HR, in all other countries industrial relations are most commonly seen as the job of HR. Exceptions were Bulgaria, Hungary, Serbia, and Russia, where it is most common for the line to assume responsibility for industrial relations, without the support of HR.

Figure 17a: Primary responsibility for Industrial Relations (Europe EU)

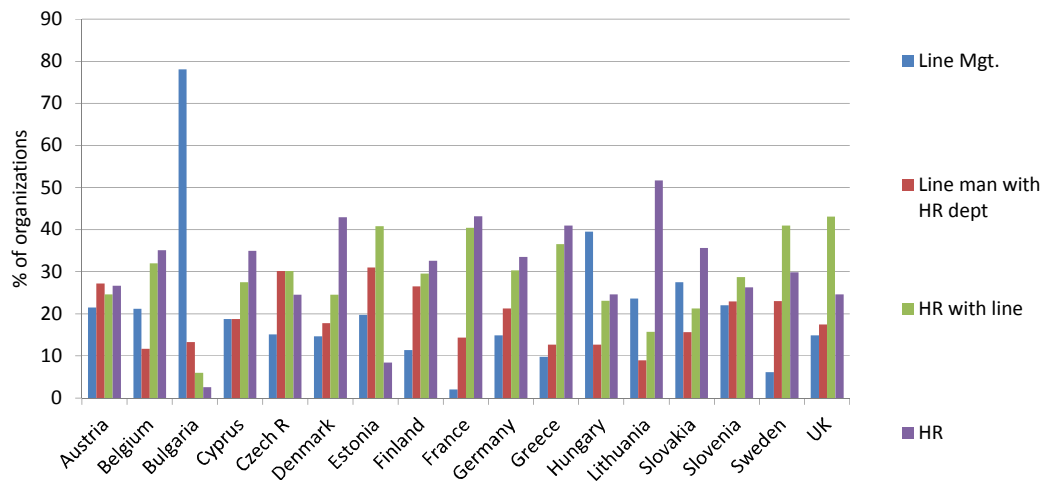


Figure 17b: Primary responsibility for Industrial Relations (Europe Non-EU)

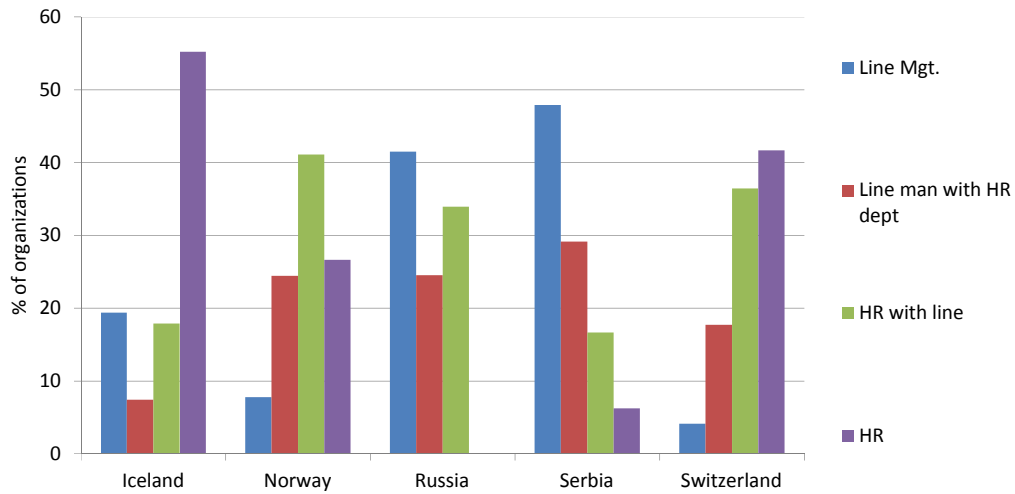
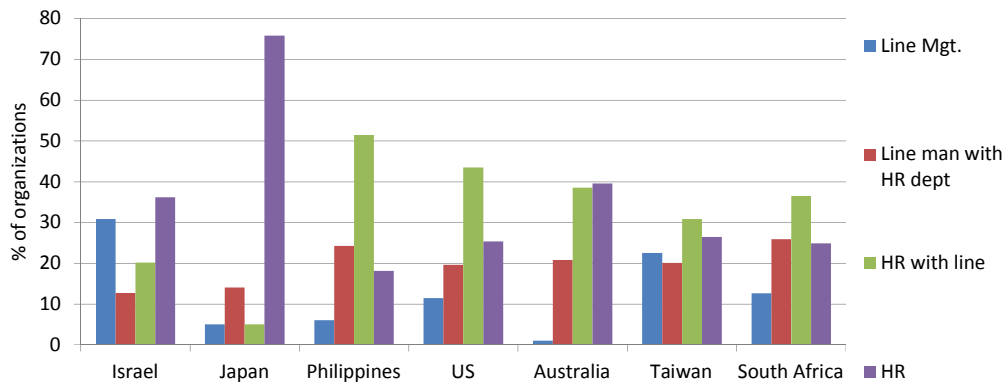


Figure 17c: Primary responsibility for Industrial Relations (Non-Europe)



Primary responsibility for workforce expansion/reduction

The primary responsibility for workforce expansion/reduction in most countries resides with the line, with assistance from the HR department. In some countries, though, it is the HR department, with assistance from the line that has the primary responsibility (Cyprus, France, Greece, Slovakia, and the US). Finally, in some countries it is more common for the line alone to have the responsibility for workforce expansion/reduction [Bulgaria (69%), Serbia (67%), Hungary (49%) and Israel 37%].

Figure 18a: Primary responsibility for workforce expansion/reduction (Europe EU)

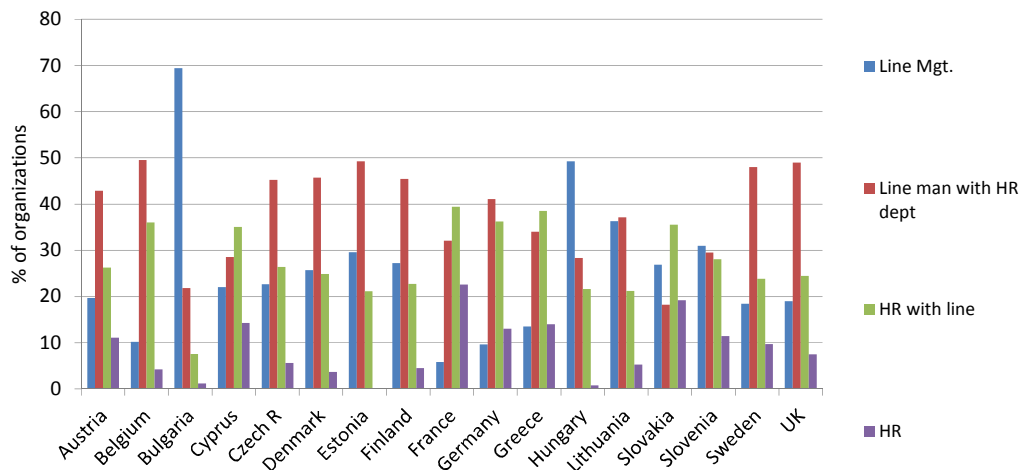


Figure 18b: Primary responsibility for workforce expansion/reduction (Europe Non-EU)

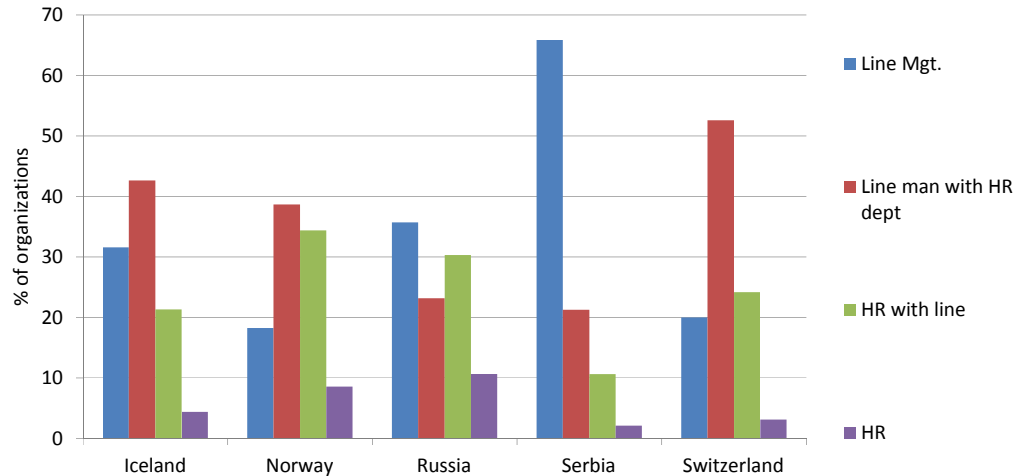
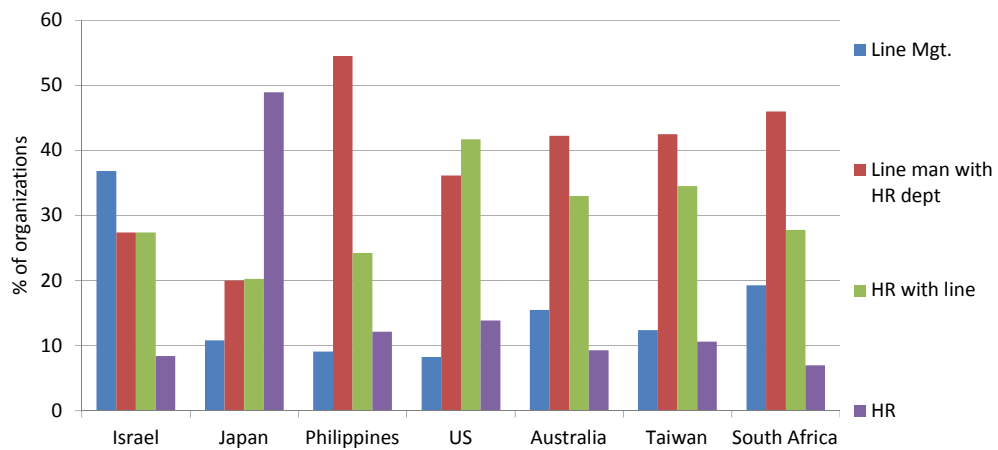


Figure 18c: Primary responsibility for workforce expansion/reduction (Non-Europe)



Use of external providers for HR information systems (HRIS)

As opposed to previous research rounds of the Cranet survey, the use of external providers for HRIS is substantially constrained in most countries. In the majority of EU and other European countries, HRIS is not outsourced. Only in Belgium (30%), Cyprus, Estonia (27%), and Sweden (28%), does the percentage of companies reporting that they do not outsource HRIS fall below 30%. This may be attributed to the advancement of internal know-how in technological aspects of HRM, which allows companies to develop their HRIS in-house.

Figure 19a: Change in use of external providers for HR information systems (Europe EU)

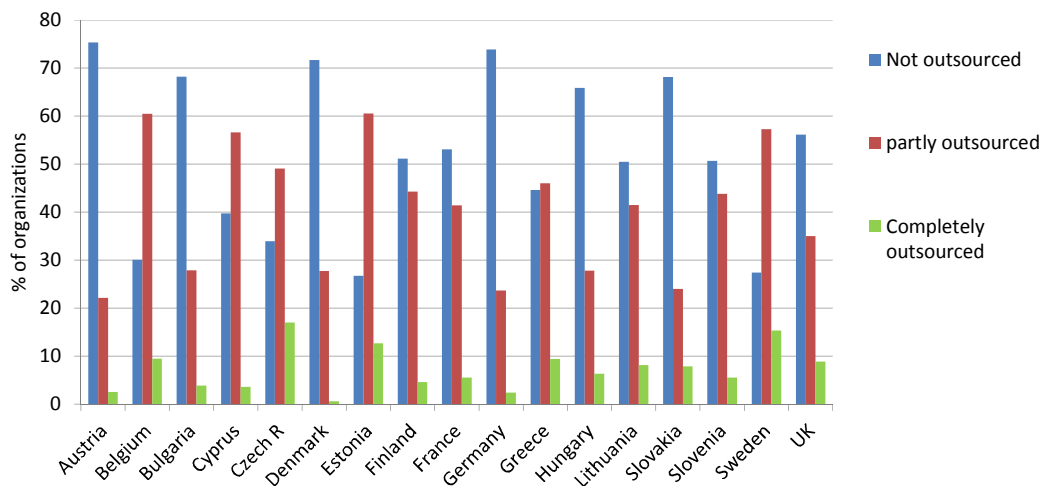


Figure 19b: Change in use of external providers for HR information systems (Europe Non-EU)

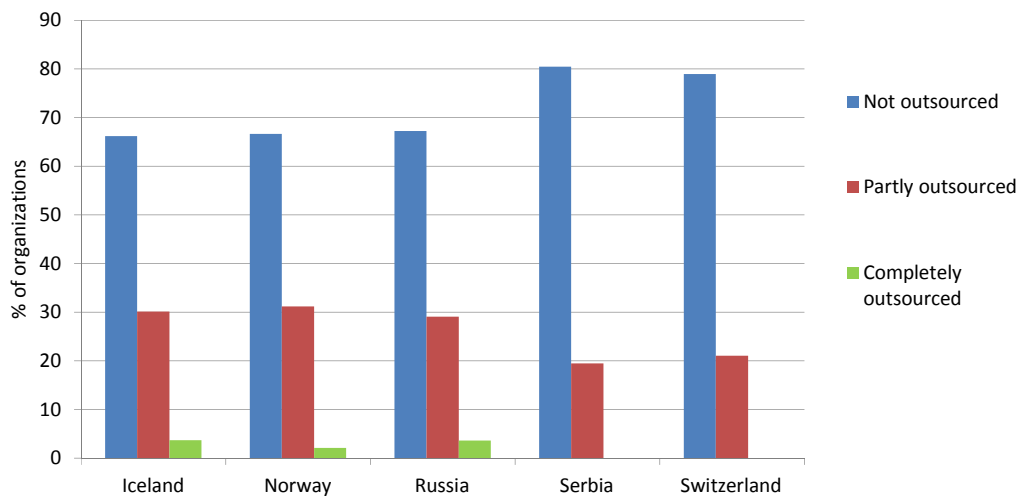
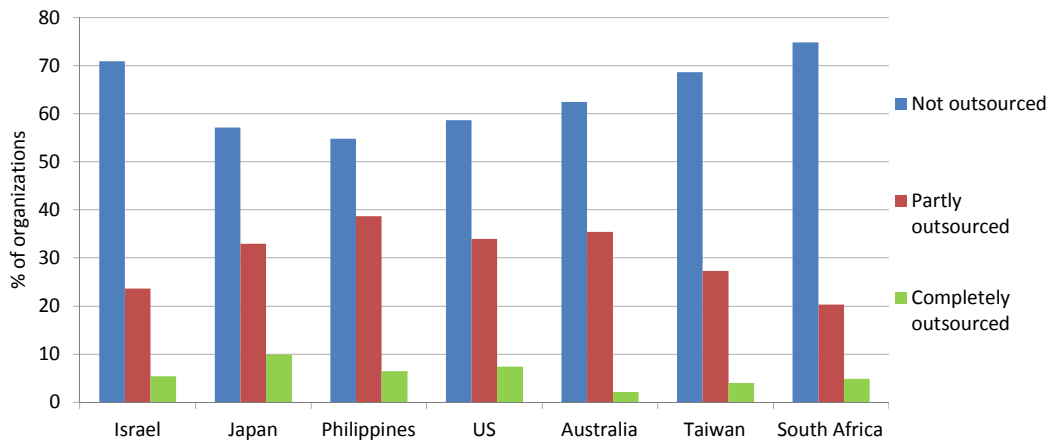


Figure 19c: Change in use of external providers for HR information systems (Non-Europe)



Type of HR information system

In most of the countries examined the most common practice was for companies to use a primarily independent HR system. In the Czech Republic and the Philippines it was most common, though, to have a HRIS which is integrated into the wider management information system.

Surprisingly, in many countries there was a relatively high occurrence of an absence of any computerized HRIS, for example, in Bulgaria, Hungary, Greece, Cyprus, Russia, Serbia and Israel.

Figure 20a: Type of HR information system (Europe EU)

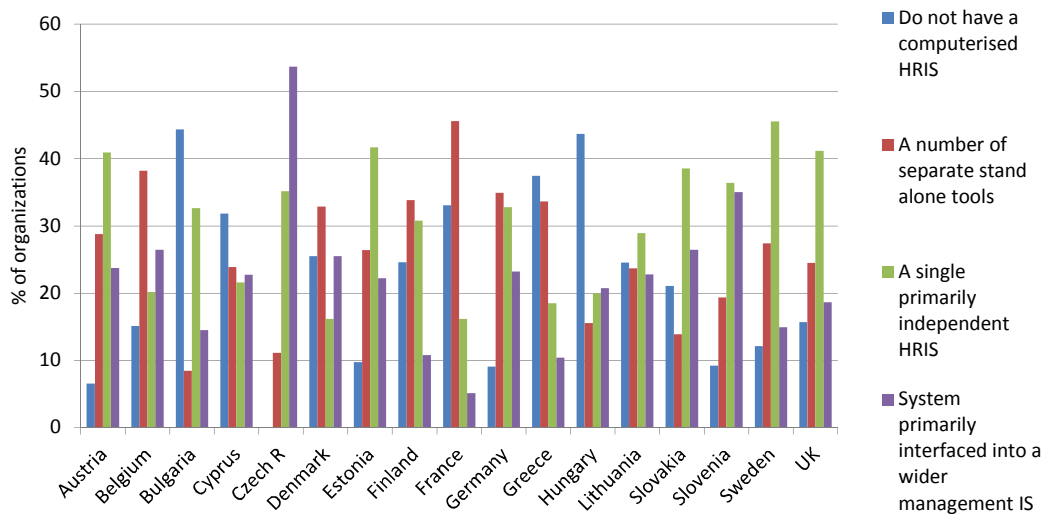


Figure 20b: Type of HR information system (Europe Non-EU)

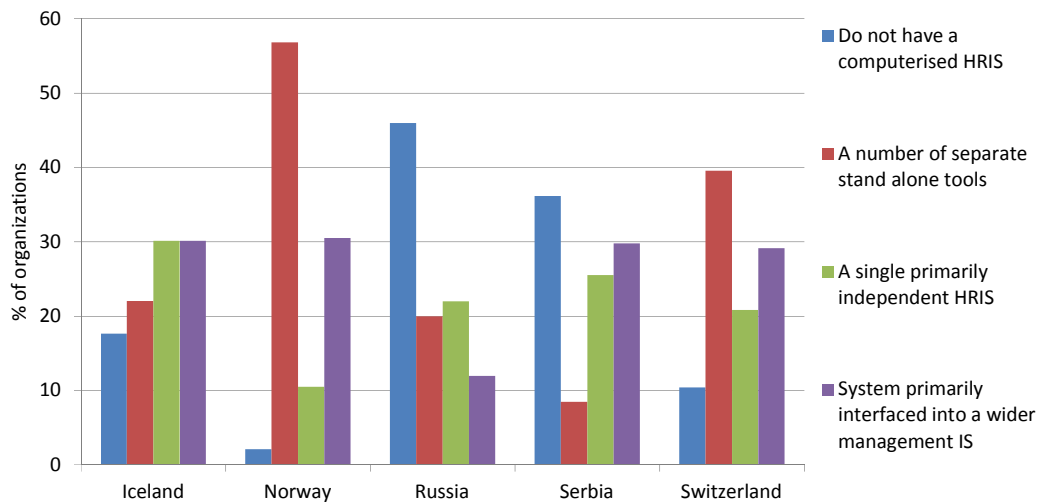
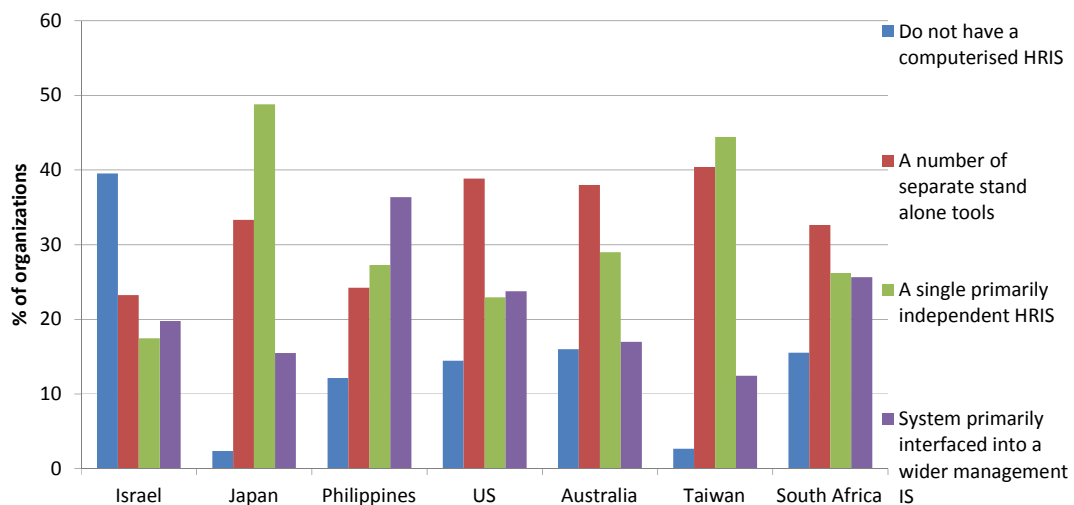


Figure 20c: Type of HR information system (Non-Europe)



Stage of e-HRM web deployment

In most countries examined, as opposed to previous rounds of the Cranet research, e-HRM allows for “self-service” functions to be accomplished, either by the manager or the employee. In previous research rounds, it was most common to have only one-way communication (mostly publishing of information and in some cases with restricted access from the end-user). In our current sample, it was more common to apply e-HRM solely for one-way communication in Hungary, Slovenia, Bulgaria, the UK, Austria, Serbia, Russia, Philippines, Israel and South Africa, while this was the rule in previous research rounds in almost all countries. This should be attributed to the advancement of technology that has become available to the majority of companies across the globe.

It should be noted, however, that the use of two-way e-HRM systems was still more common in the USA and Australia. The use of self-service e-HRM in Europe is also very common in Norway and Sweden, countries where the penetration of the internet has been discussed to be higher in comparison to the rest of Europe.

Figure 21a: Stage of EHRM web deployment (Europe EU)

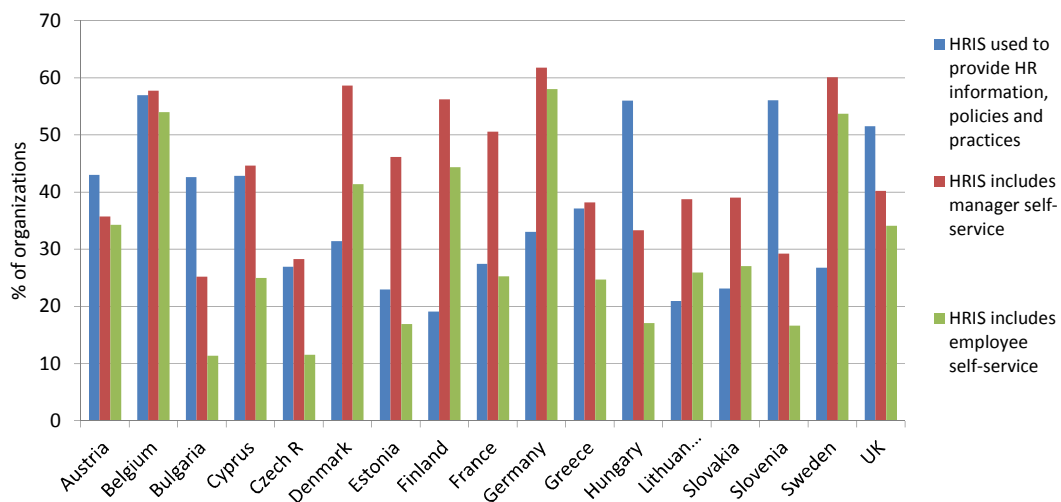


Figure 21b: Stage of EHRM web deployment (Europe Non-EU)

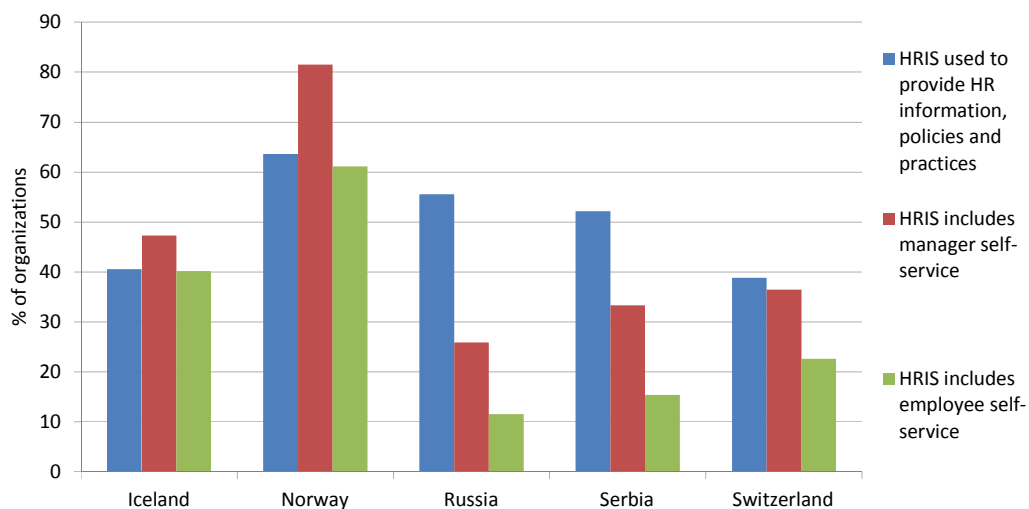
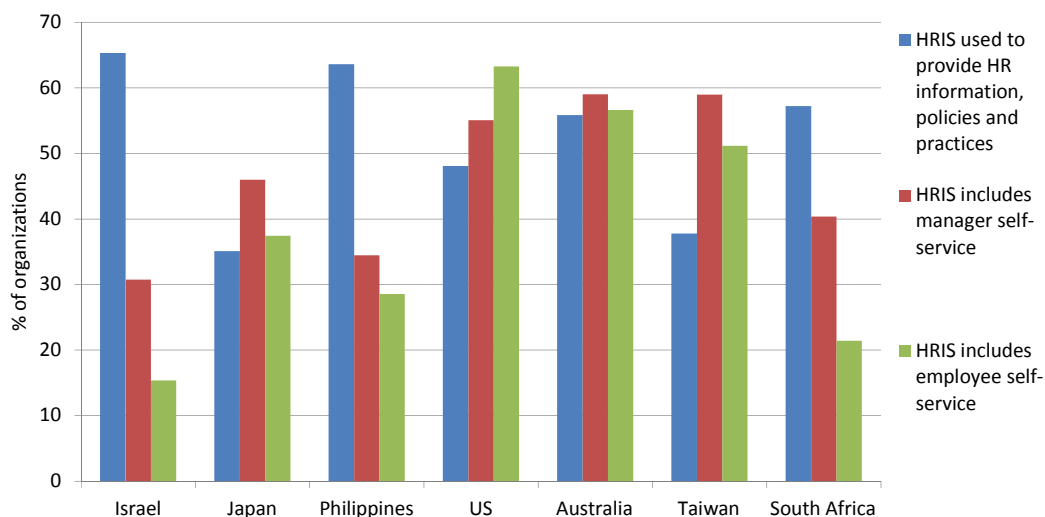


Figure 21c: Stage of EHRM web deployment (Non-Europe)



Conclusions for HRM Roles

The wide variation in the roles of HR Directors and HR functions described here no doubt reveals both a diversity of cultures and national economic systems, different stages in the development of HR roles, and a variety of models of HR management.

We can see, however, that whether or not the HR function is represented on the main Board of a business, the function continues to have an influence on the creation of strategy and its implementation. We can also see a trend towards the formalisation of strategy, with more written business strategies and written HR strategies being frequently in place. Similarly written mission statements imply that most businesses not only have strategic objectives, but also have provided a vision of the future for employees. HR's role in helping the organizations to achieve that mission is found in HRM's primary role for industrial relations policy, and in its significant responsibility in conjunction with line management for recruitment, selection, training, development and rewards.

There are also signs from these results of the growing significance of HR information systems, many of which are integrated with the wider business information platforms. The influence of information technology on HR may well be an area that future surveys should further explore, given its potential implications for the way the HR function is shaped.

3. Staffing: Practices for building and reducing the workforce across the globe

Koen Dewettinck and Emma Parry

In this chapter we focus on staffing practices, or, given our results, we should say de-staffing practices. The fact that the last round of the survey was conducted in 2008/10 has given us the opportunity to obtain a more detailed view on how companies have reacted to the global financial crisis by decreasing their workforce. Therefore, while looking at how organizations across the world have managed their workforce inflow, we will also examine the data that illustrate how employers across different national contexts have downsized their organizations.

How HR built the workforce

In this first part of the chapter we are going to look into the inflow of personnel (in terms of recruitment and selection) and how it was managed in different countries across the globe. We differentiate between recruitment and selection practices for managers, professionals, clerical staff and manual workers. Finally, we will also look into recruitment and training practices and career programmes that have been designed to attract minority groups.

Recruitment practices

Looking at Figures 22 through 25 (a, b, c), we see that managers were mainly recruited through the use of recruitment agencies and job advertisements. The third most popular recruitment channel was word of mouth. This picture seems to be consistent across the globe.

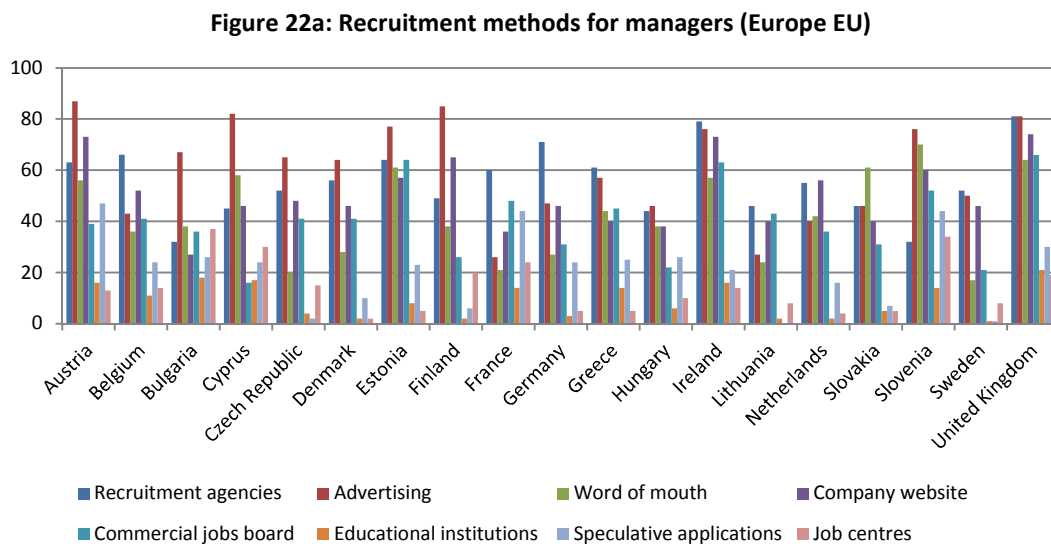


Figure 22b: Recruitment methods for managers (Europe Non-EU)

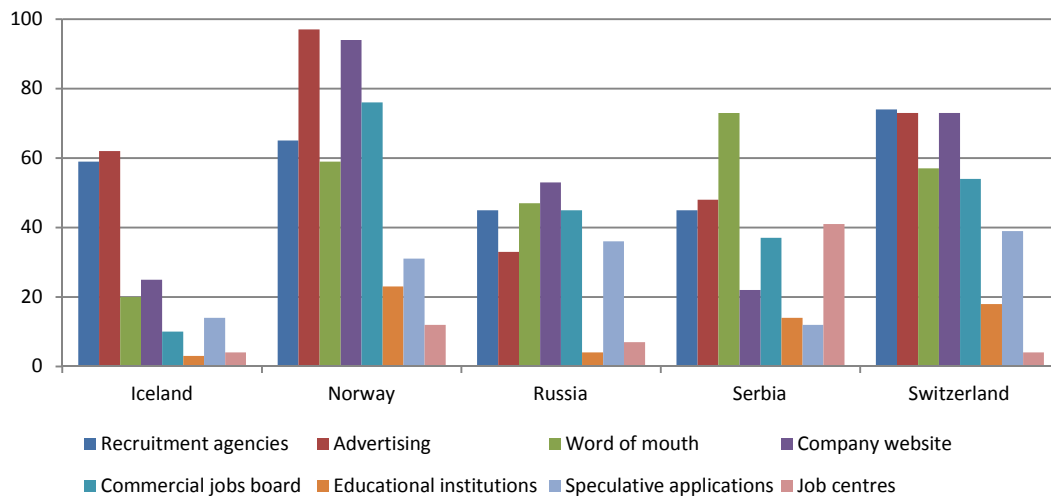
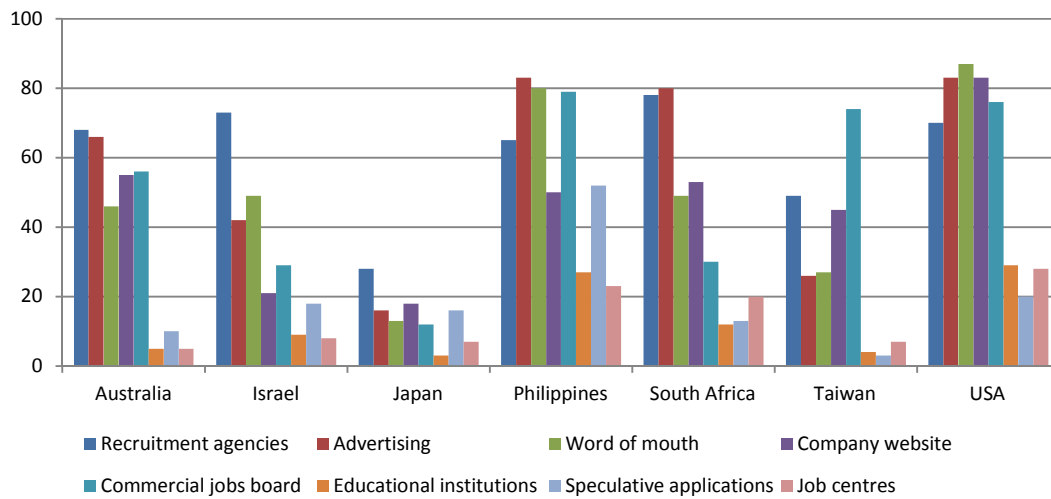


Figure 22c: Recruitment methods for managers (Non-Europe)



For professionals and clerical workers we see a more diversified picture where company websites and speculative applications were also important recruitment methods.

Figure 23a: Recruitment methods for professionals (Europe EU)

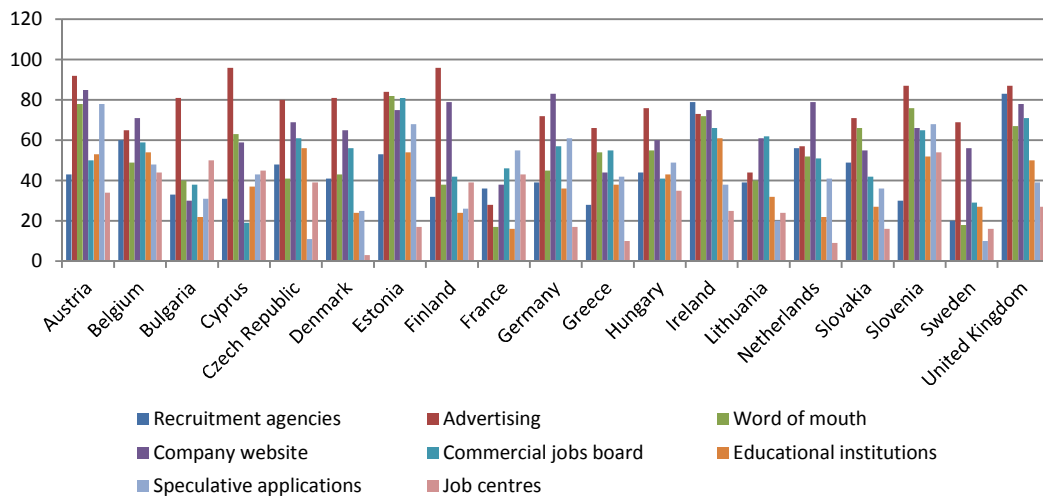


Figure 23b: Recruitment methods for professionals (Europe Non-EU)

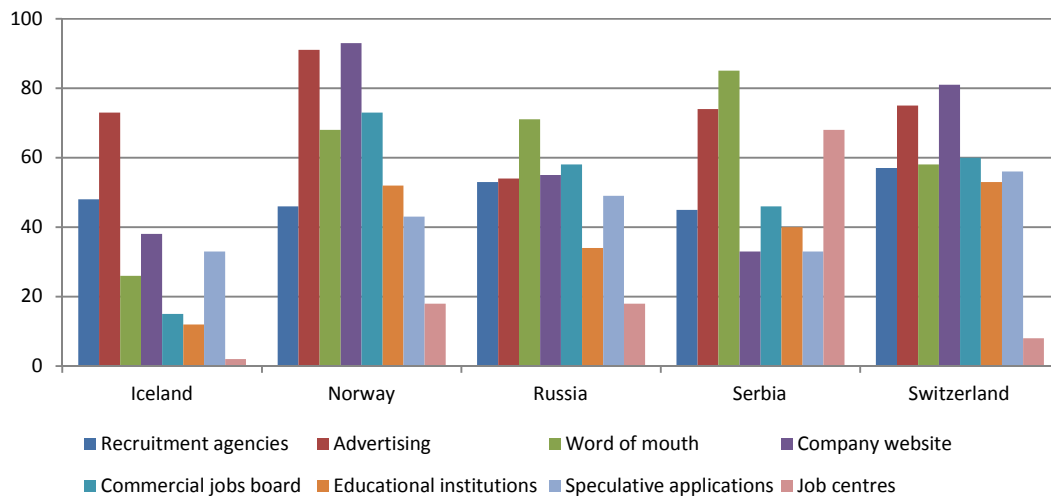


Figure 23c: Recruitment methods for professionals (Non-Europe)

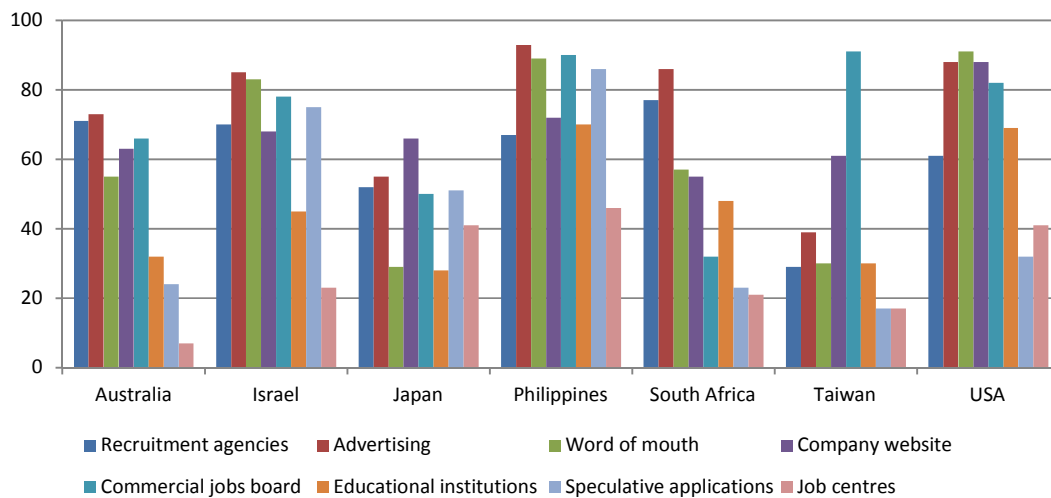


Figure 24a: Recruitment methods for clerical staff (Europe EU)

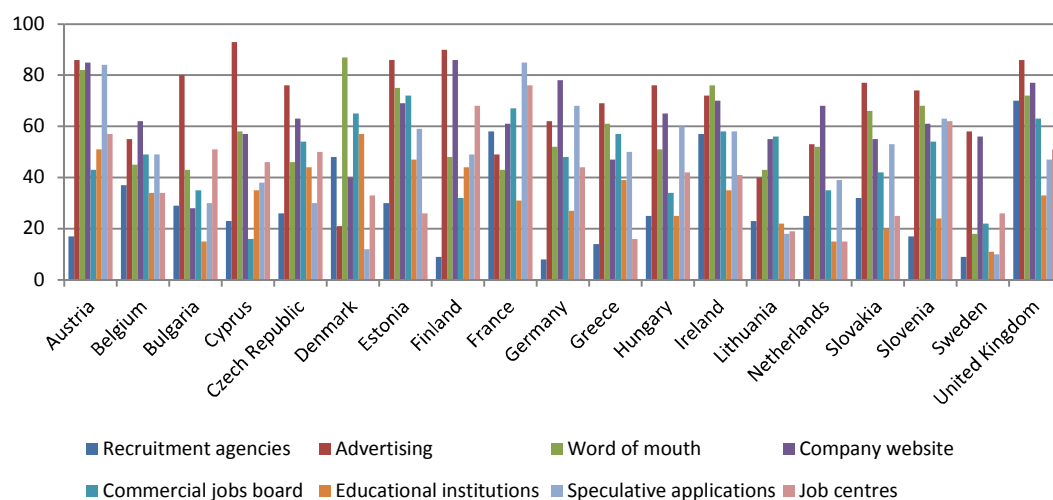


Figure 24b: Recruitment methods for clerical staff (Europe Non-EU)

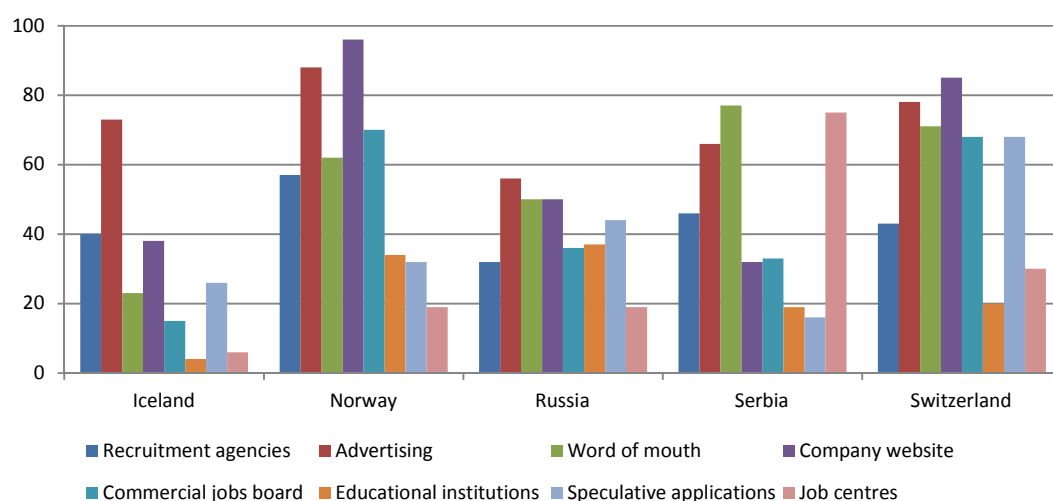


Figure 24c: Recruitment methods for clerical staff (Non-Europe)

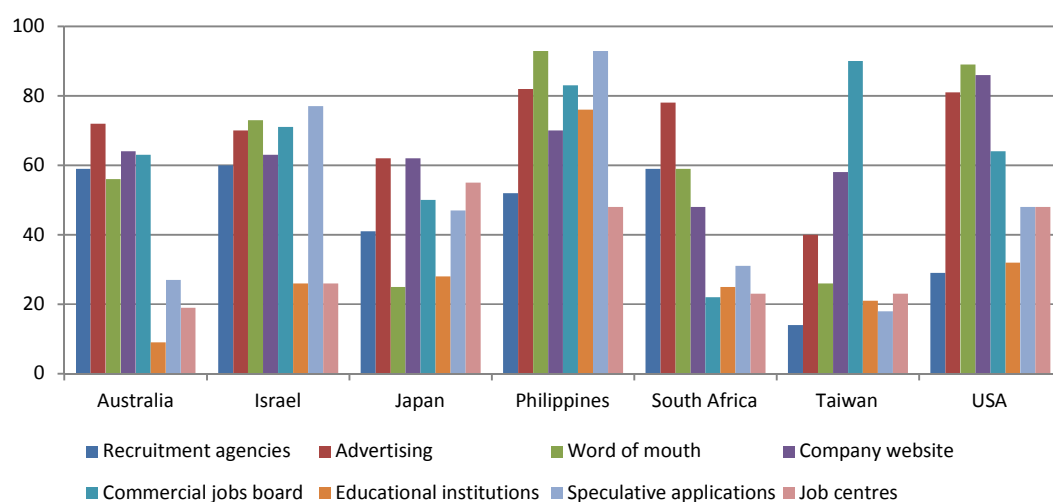


Figure 25a: Recruitment for manual workers (Europe EU)

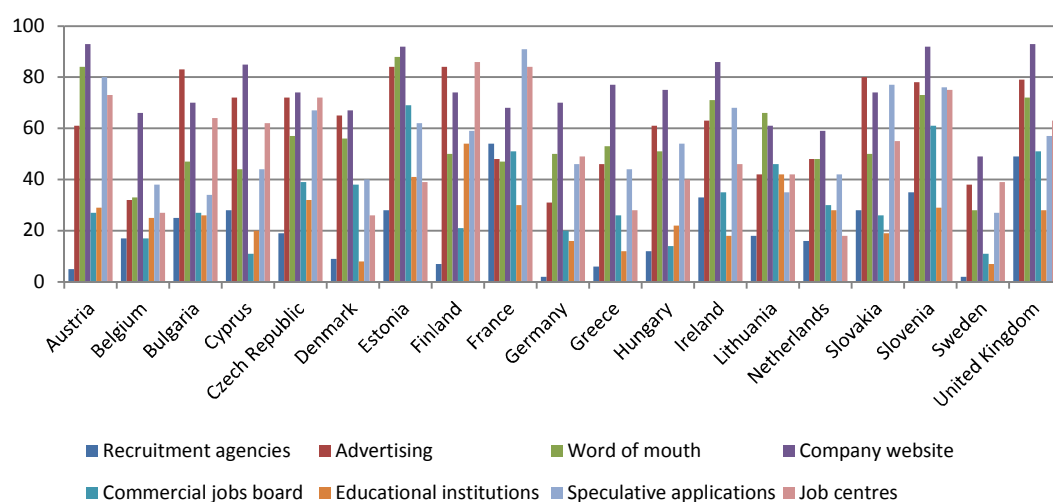


Figure 25b: Recruitment for manual workers (Europe Non-EU)

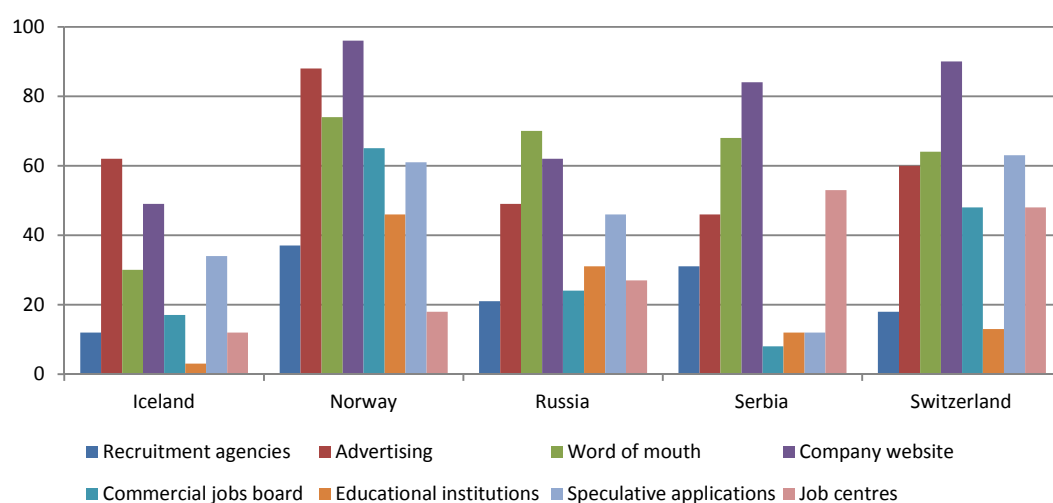
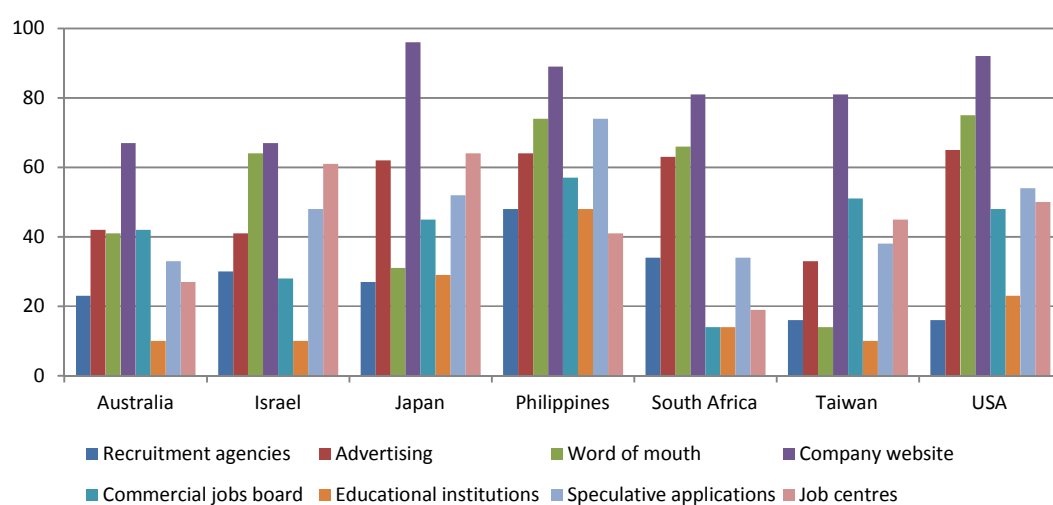


Figure 25c: Recruitment for manual workers (Non-Europe)



For manual workers, job centres and speculative applications were most commonly used for recruitment, as well as advertisements and word of mouth. Taking these recruitment practices

together, some countries appeared to have distinct patterns with regard to using particular recruitment methods, compared to others. In Japan, for example, recruitment practices generally appeared not to be used very extensively. When they were used, company websites and advertisements were the most common methods. Within the USA, Ireland, Estonia and the UK, the use of recruitment practices was more common and a more diverse range of practices were used.

Selection practices

When comparing selection practices we again made the distinction between different employee groups (management, professional, clerical and manual workers). Interviews (one to one and/or panel interviews) were heavily used for managers (see Figures 26 a, b, c). Together with references these were the most important selection tools. The use of psychometric tests was more diversified. These were used more commonly in Scandinavian countries. Graphology was the least commonly used method, especially in European countries but was still used relatively frequently in countries such as Israel, the Philippines and South Africa.

Figure 26a: Selection methods for managers (Europe EU)

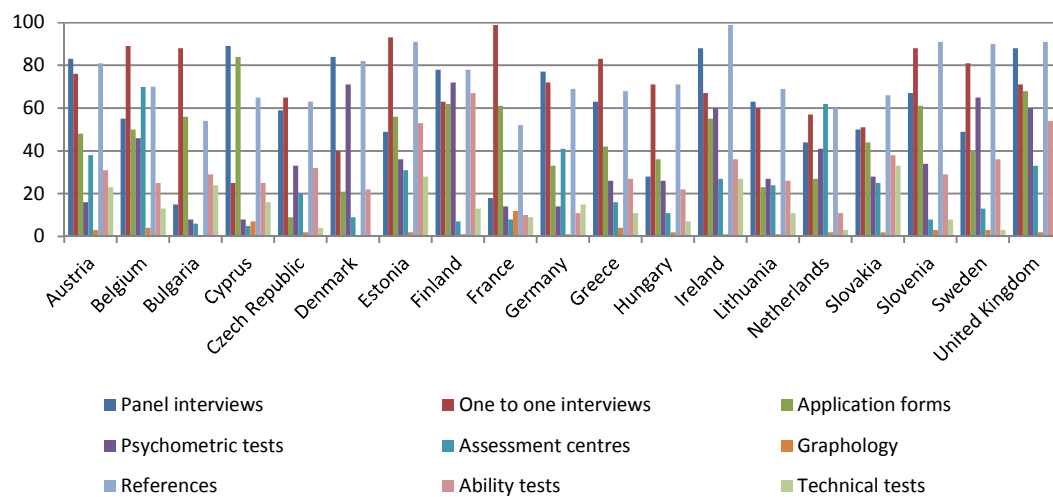


Figure 26b: Selection methods for managers (Europe Non-EU)

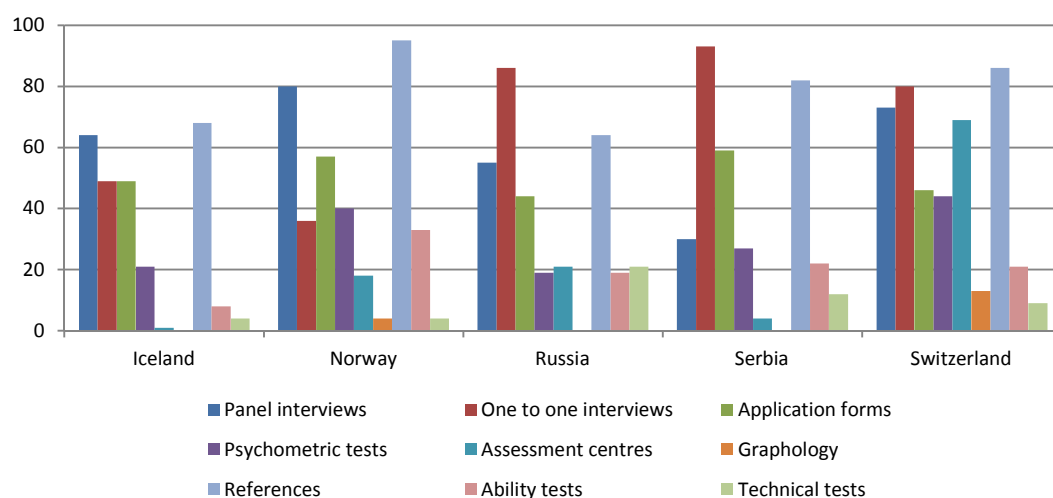
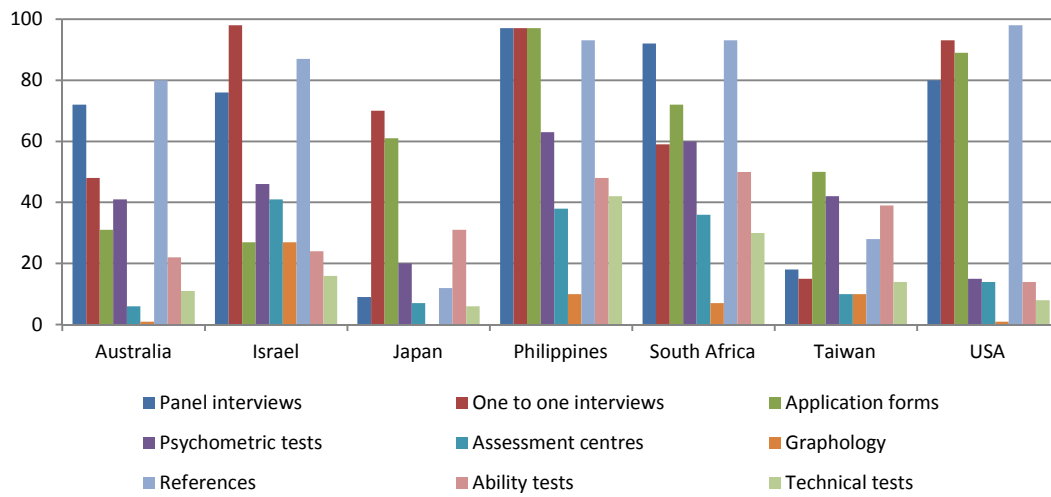
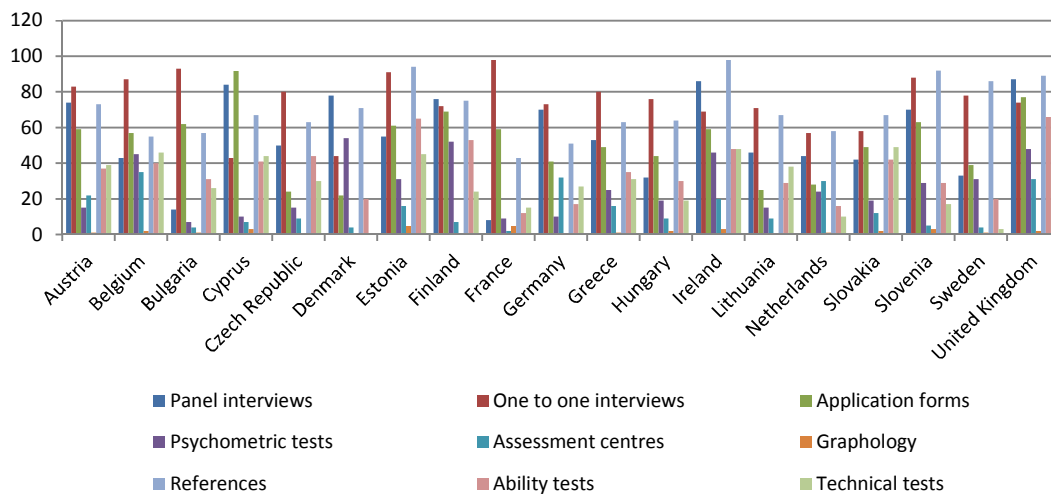


Figure 26c: Selection methods for managers (Non-Europe)



For professional, clerical and manual workers a similar picture emerged. Interviews and references were also most commonly used, as opposed to application forms, ability and technical tests for managers.

Figure 27a: Selection methods for professionals (Europe EU)



Note: No data for technical tests in Denmark

Figure 27b: Selection methods for professionals (Europe Non-EU)

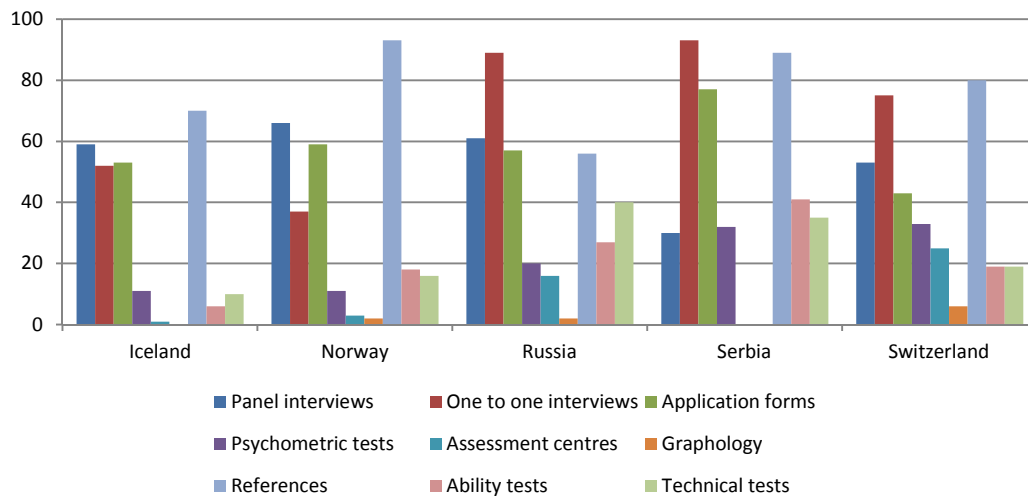


Figure 27c: Selection methods for professionals (Non-Europe)

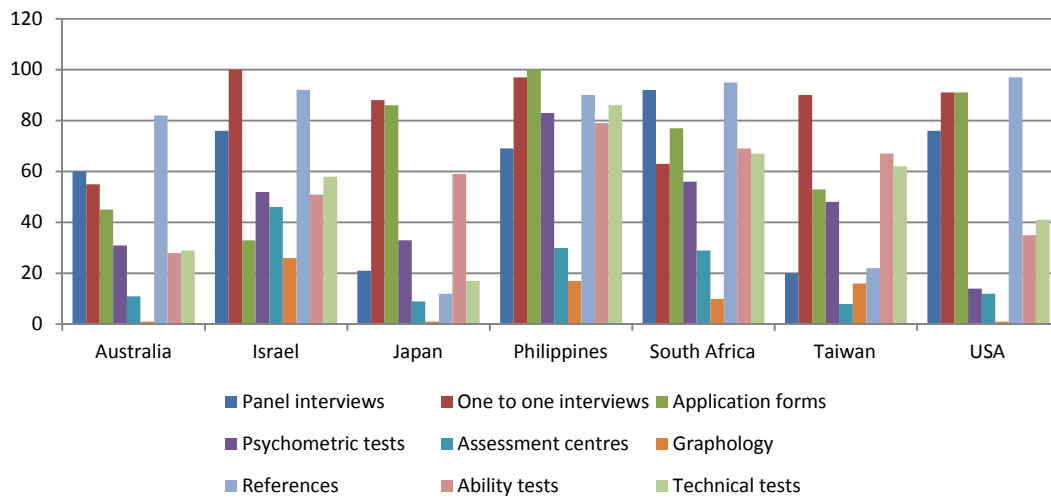
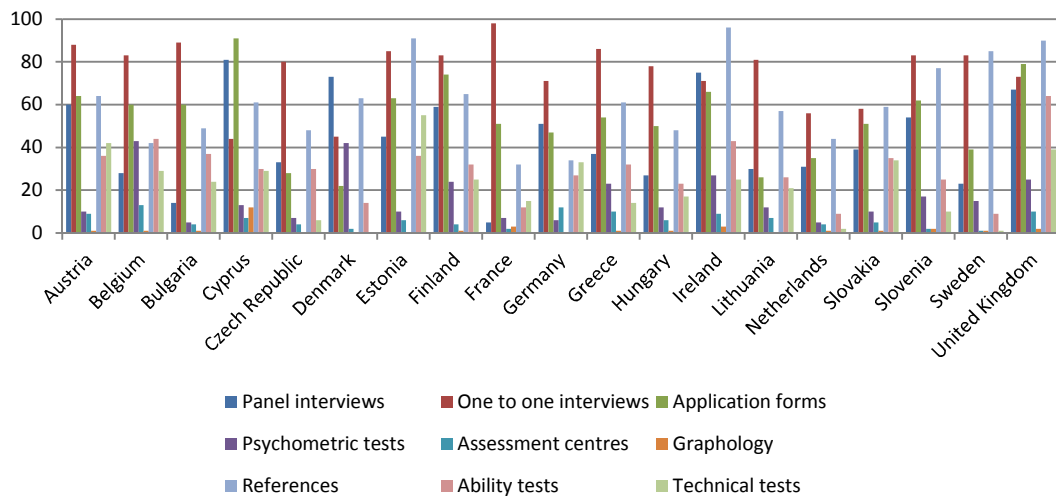


Figure 28a: Selection methods for clerical staff (Europe EU)



Note: No data for technical tests in Denmark

Figure 28b: Selection methods for clerical staff (Europe Non-EU)

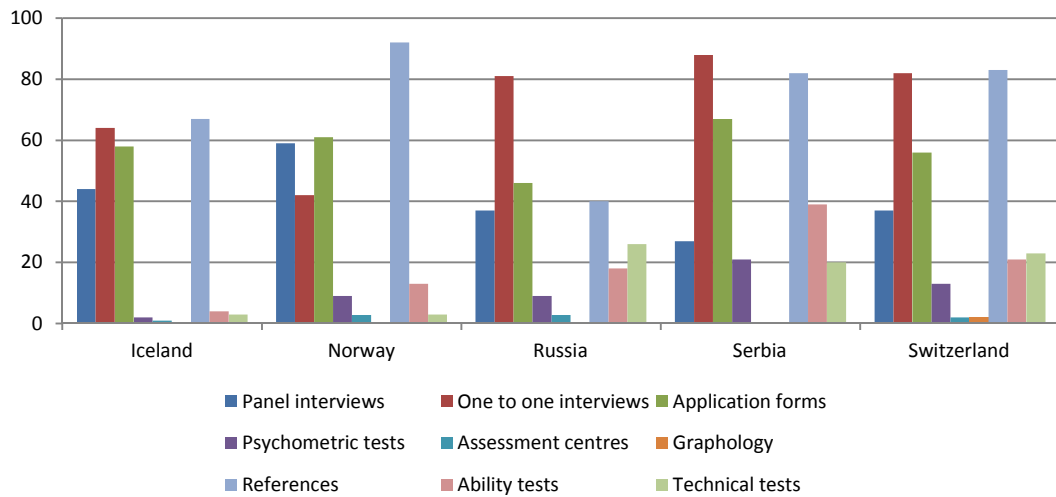


Figure 28c: Selection methods for clerical staff (Non-Europe)

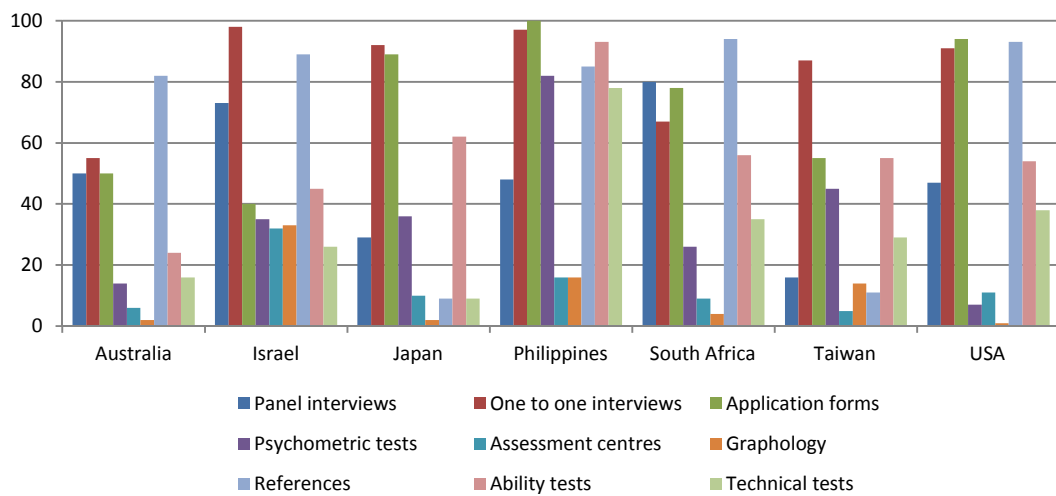
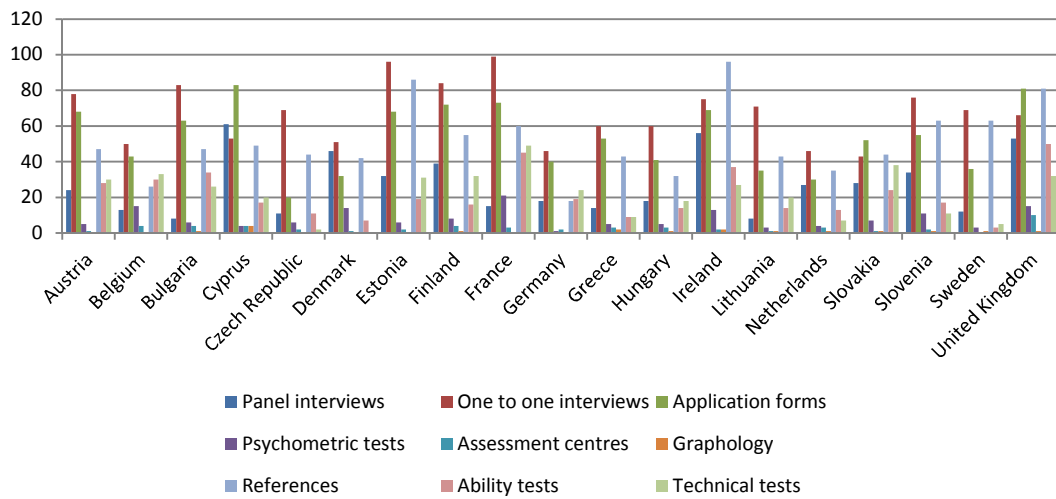


Figure 29a: Selection methods for manual workers (Europe EU)



Note: No data for technical tests in Denmark

Figure 29b: Selection methods for manual workers (Europe Non-EU)

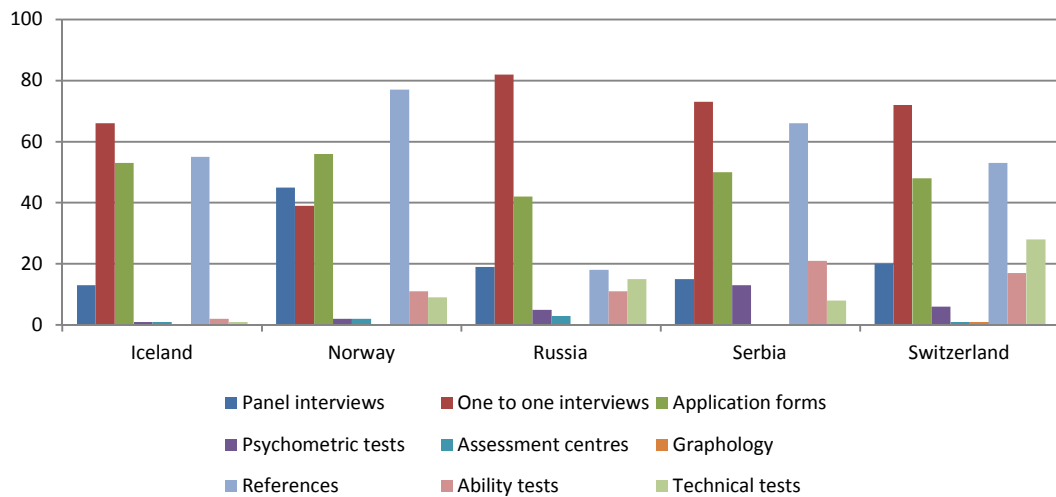
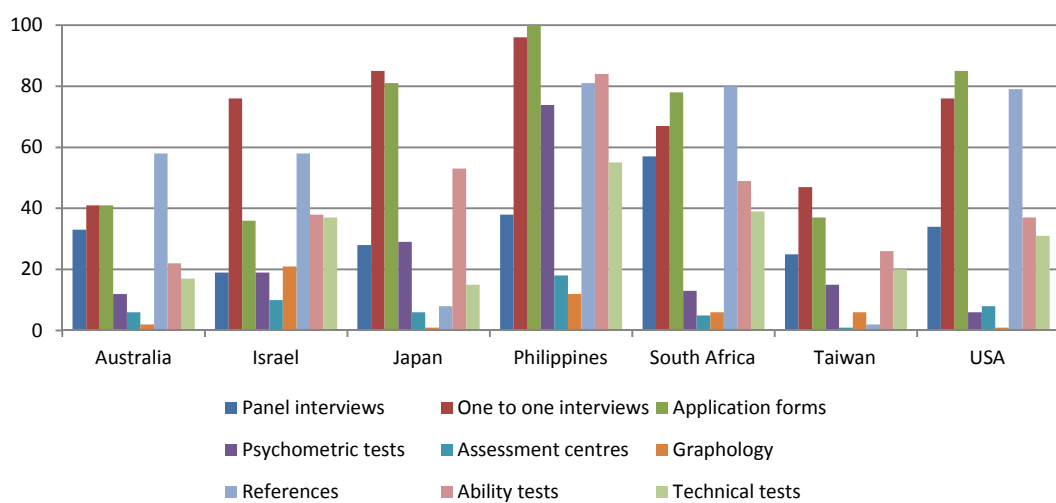


Figure 29c: Selection methods for manual workers (Non-Europe)



The practice of using specific programmes in order to recruit minority groups was scattered across national contexts. In the non-European countries (Australia, Japan, the Philippines, Taiwan, Israel, the USA and South Africa) we found a consistent picture of employers making use of such programmes, in order to attract several target groups such as ethnic minorities, women and older workers. For the European countries, only the Turkish Cypriot Community in Cyprus and to a lesser extent the UK showed a similar picture. In most of the other European countries organizations had recruitment programmes mainly for younger workers, women and the disabled. In a few European countries, such as the Czech Republic and Estonia, organizations were making only very limited use of such programmes.

Figure 30a: Recruitment programmes for minority groups (Europe EU)

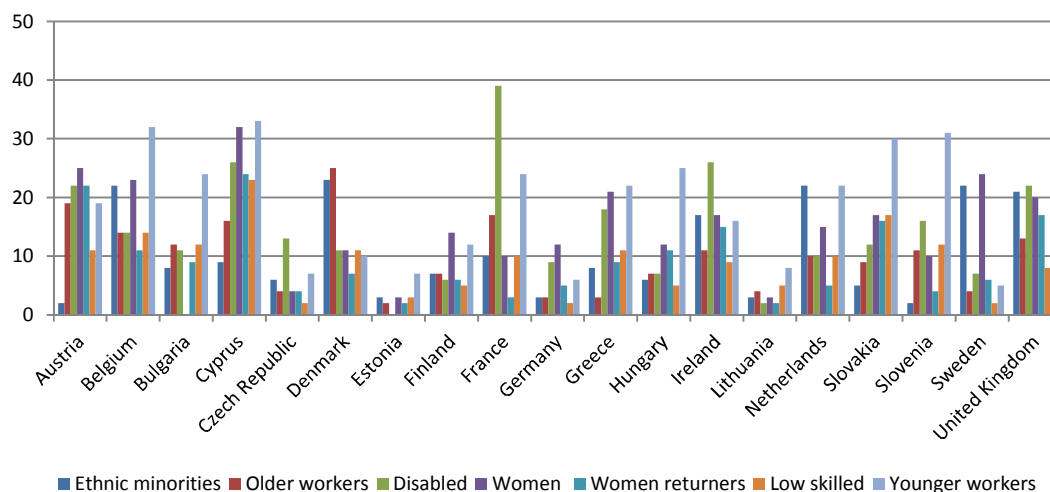


Figure 30b: Recruitment programmes for minority groups (Europe Non-EU)

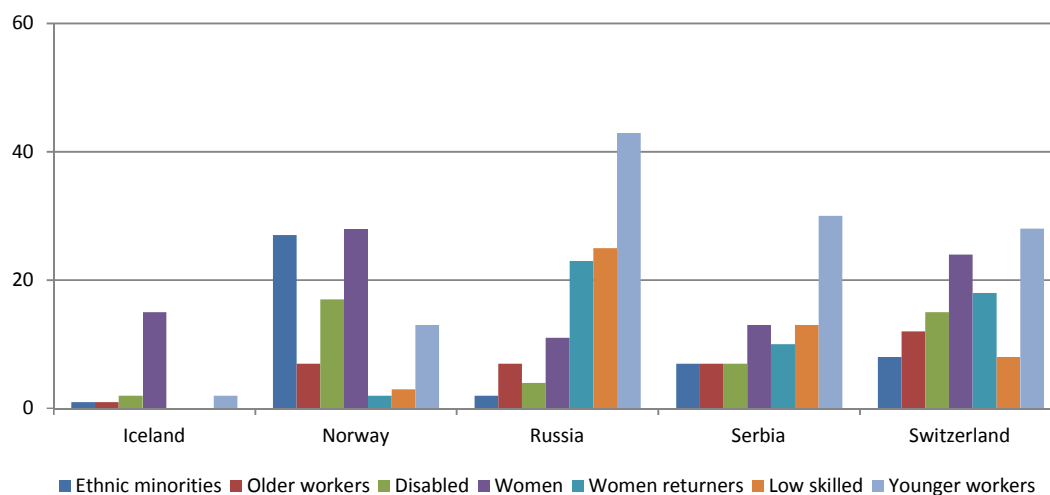
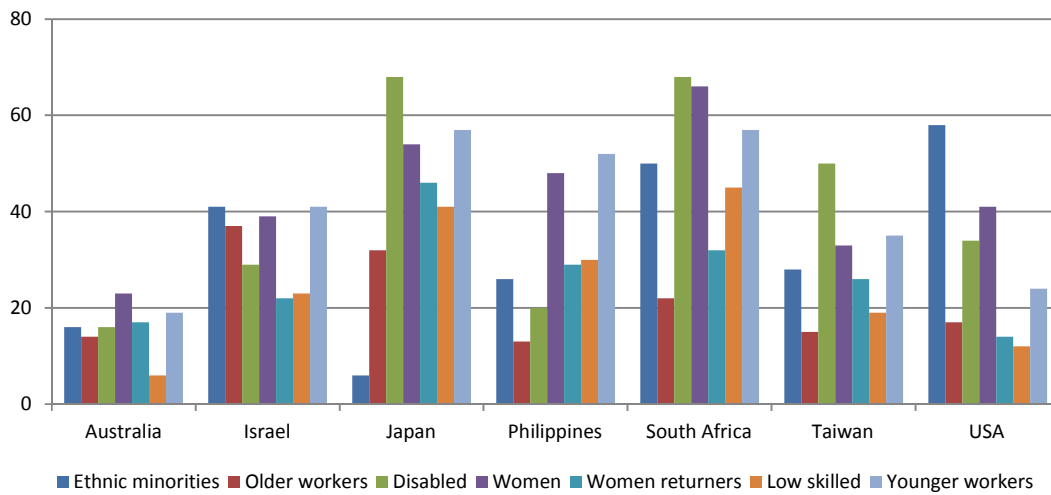


Figure 30c: Recruitment programmes for minority groups (Non-Europe)



For training and career programmes targeted towards minority groups a similar picture emerged. These programmes tended to be more extensively used in non-European countries (except for Taiwan). In the European countries these types of programmes were mainly targeted towards low skilled and younger workers. In general, career programmes targeted at minorities were used less commonly than similar training programmes. This was the case in the European countries of Russia, Switzerland, Ireland, Slovenia, Greece, Cyprus and Austria.

Figure 31a: Training programmes for minority groups (Europe EU)

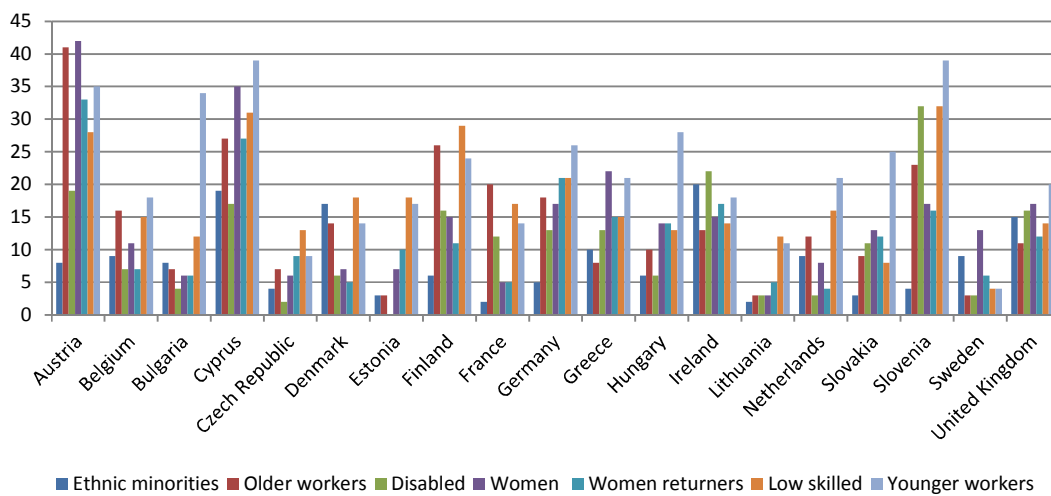


Figure 31b: Training programmes for minority groups (Europe Non-EU)

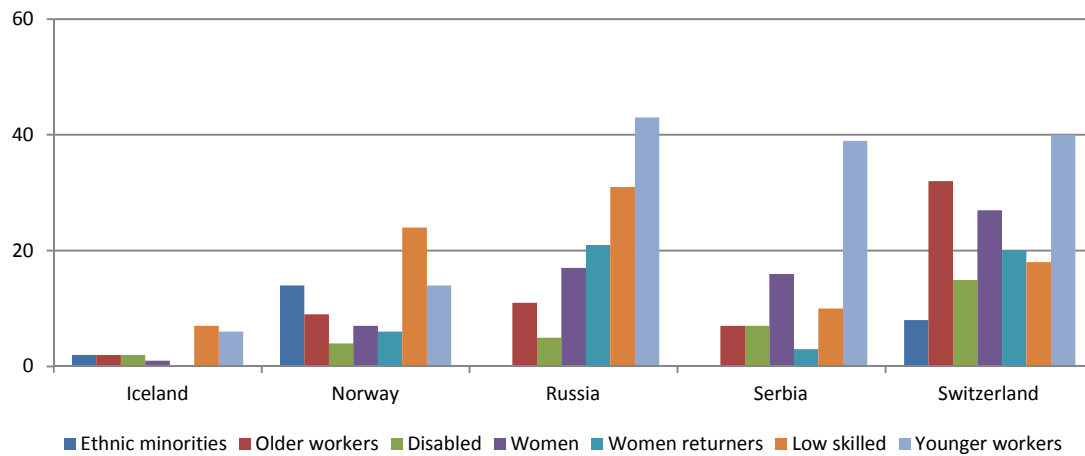


Figure 31c: Training programmes for minority groups (Non-Europe)



Figure 32a: Career programmes for minority groups (Europe EU)

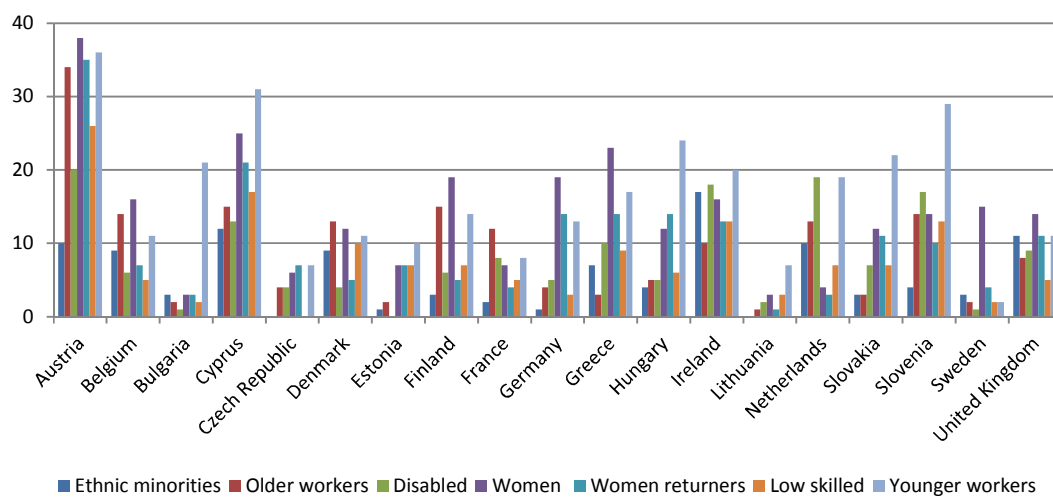
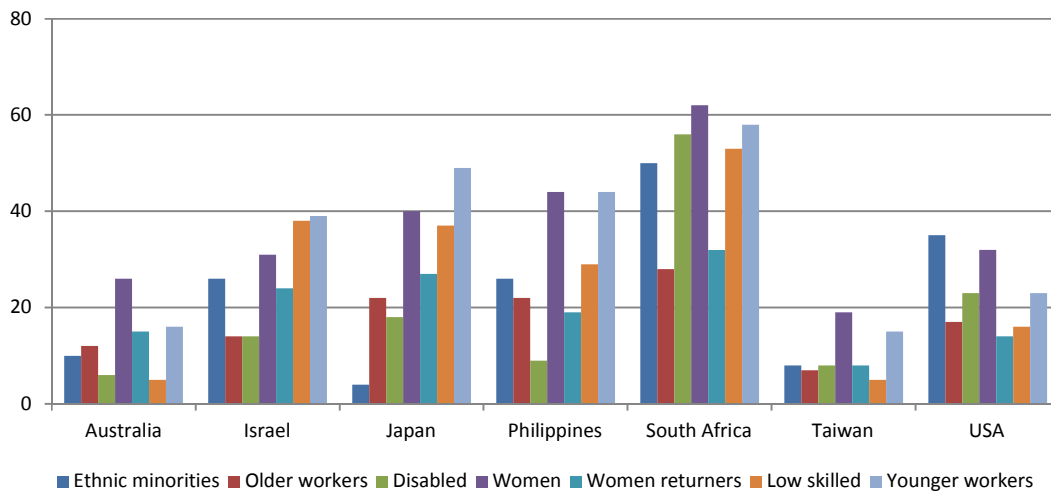


Figure 32b: Career programmes for minority groups (Europe Non-EU)



Figure 32c: Career programmes for minority groups (Non-Europe)



Workforce reduction across the globe

In the survey we differentiated between several methods for reducing workforce size. These were: recruitment freeze; early retirement; voluntary redundancies; compulsory redundancies; redeployment; non-renewal of contracts and outsourcing. The findings are presented in Figures 33 and 34 (a, b, c).

Figure 33a: Percentage that outsourcing has reduced workforce (Europe EU)

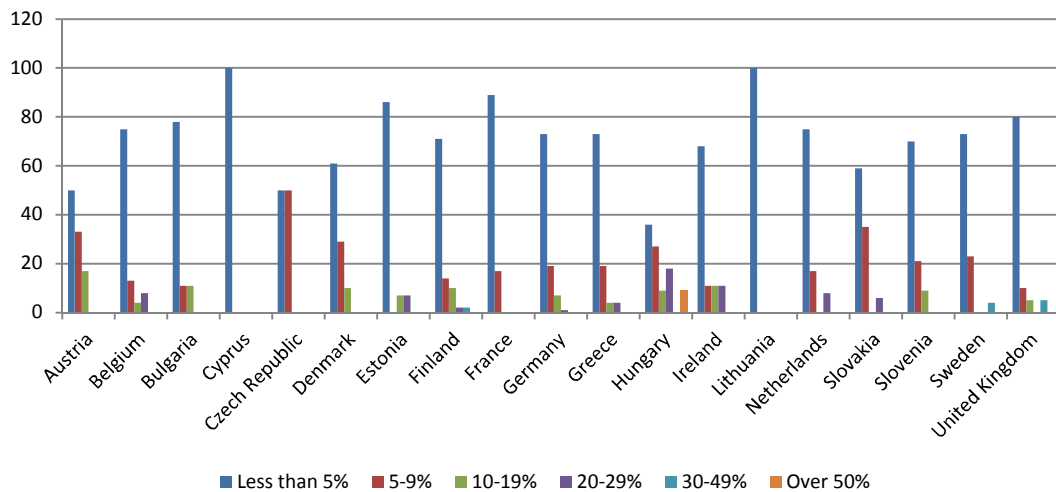


Figure 33b: Percentage that outsourcing has reduced workforce (Europe Non-EU)

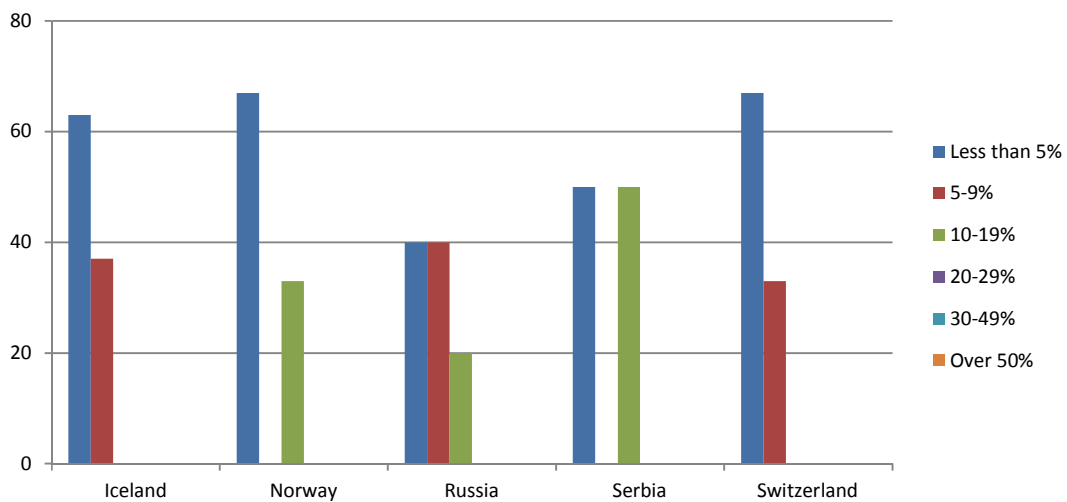
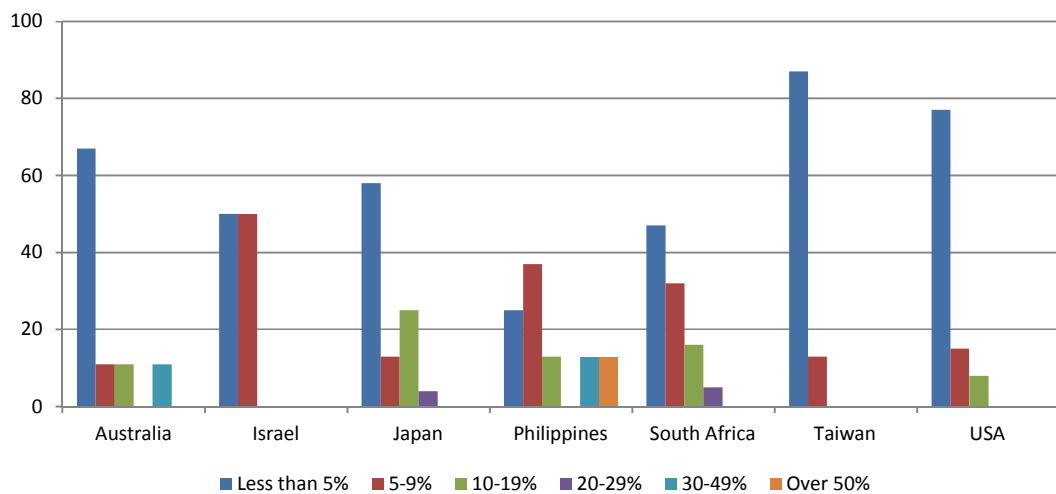


Figure 33c: Percentage that outsourcing has reduced workforce (Non-Europe)



Looking at these figures, there was one country that showed particularly interesting results, namely Denmark. With the exception of a small amount of use of recruitment freeze and compulsory

redundancies, it appeared that almost none of the other downsizing measures were needed. This might indicate that workforce reduction has been a less important issue within Denmark. In sharp contrast, some countries showed consistently high use of downsizing methods, indicating that labour force reduction had been of a very high priority. These countries included Ireland, Iceland and Norway. It is perhaps not surprising that recruitment freeze was most commonly used to deal with workforce reduction across countries as this method could be said to have no direct implications for the existing workforce. Although early retirement has been seen as a contested measure because of its negative impact on the employment rate of older workers, it is still used by employers in a small number of countries, probably because of its socially accepted nature. This is true in Germany (50%), Belgium (44%) and the Philippines (44%) where it is used extensively.

Although many organizations have tried to reduce their headcount through internal redeployment (most heavily used in Israel, Norway, Iceland and Ireland), measures such as voluntary and compulsory redundancies were also needed to achieve the needed workforce reduction. In some countries such as France, Bulgaria, Russia and Taiwan, voluntary redundancies were shown to be more common than compulsory ones. In other countries such as Hungary, Australia and the USA, the opposite has been the case (more compulsory than voluntary redundancies). A notable case is Israel, in which 92% of the companies in our dataset used compulsory redundancies to downsize. Non-renewal of contracts was extensively used in the Czech Republic, Ireland and the Netherlands. This method was rarely used in countries such as Cyprus, Denmark, Russia and Australia. Finally, we also saw notable differences in the use of outsourcing. In Austria, Russia, Cyprus, Slovenia, Switzerland and the Philippines about a quarter or more of the organizations used outsourcing to reduce the workforce. In countries such as Norway, Denmark, France, Estonia and Lithuania downsizing was used rarely or not at all.

Figure 34a: Methods of decreasing employees (Europe EU)

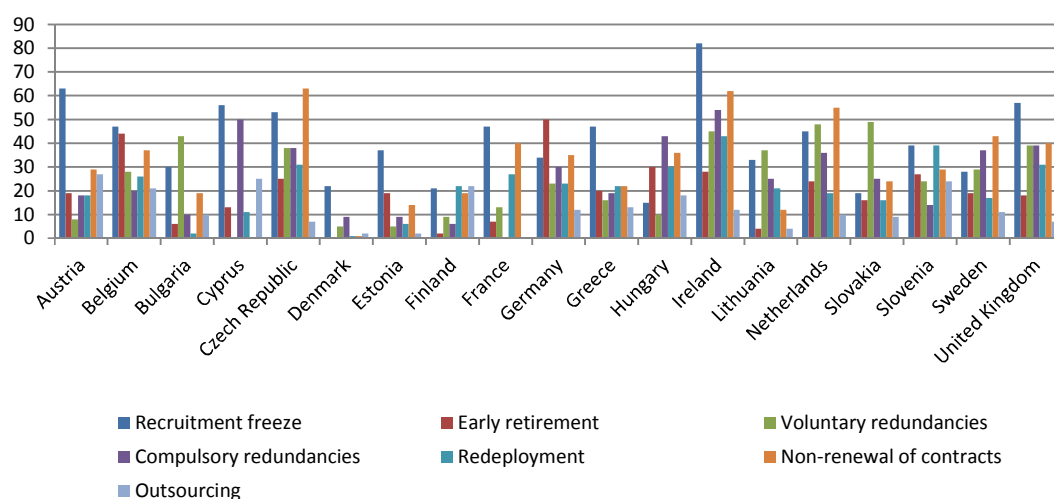


Figure 34b: Methods of decreasing employees (Europe Non-EU)

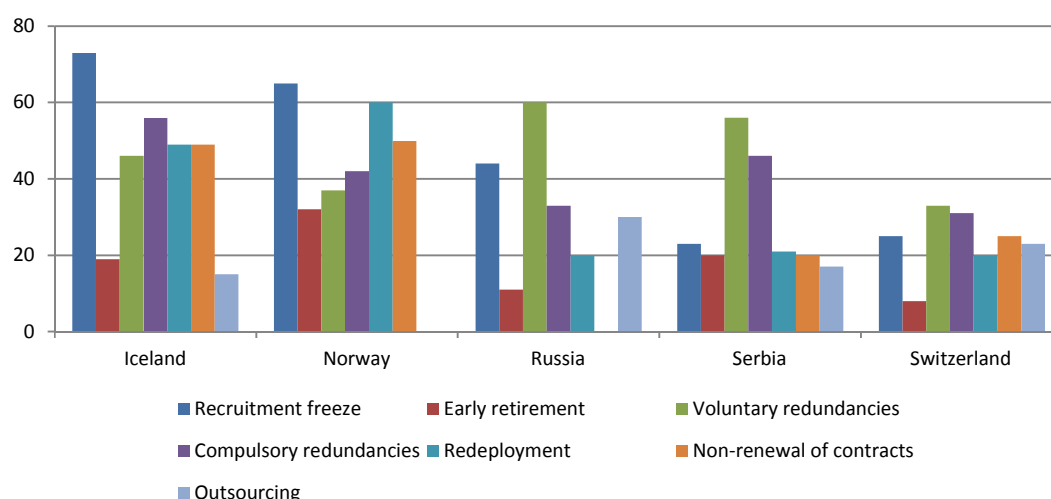
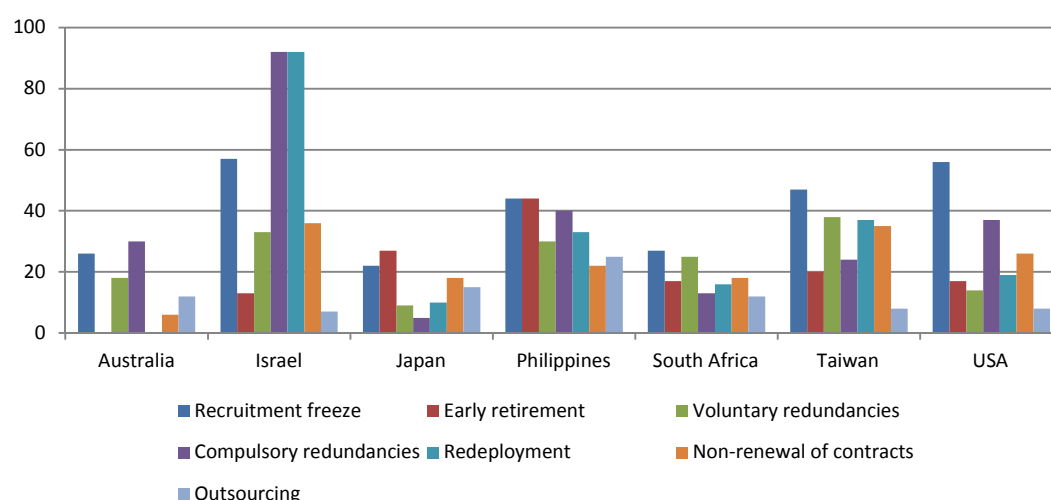


Figure 34c: Methods of decreasing employees (Non-Europe)



Conclusions

We can see from the Cranet results that little has changed in the way in which organizations recruit personnel. Managers were mainly recruited through recruitment agencies, job advertisements and word of mouth regardless of the location. For professionals and clerical workers the picture is more diversified, with company websites and speculative applications also being used. Job centres and speculative applications are the most commonly used recruitment methods for manual workers. This suggests that in choosing a means by which to attract workers, the level or type of role to be recruited is more important than the country in which the recruitment is taking place.

With regard to selection, interviews (both panel and one-to-one) and references were commonly used to select managers across countries. Some national differences were found in the use of other selection methods such as psychometric tests and graphology.

The use of programmes to recruit and train specific minority groups such as women, older workers and ethnic groups was found consistently in non-European countries and the UK. In most other European countries, recruitment programmes for younger workers and the disabled were more common.

Finally, workforce reduction appears to have been a particularly important issue in most countries, probably due to the worldwide economic downturn, except for Denmark. Some organizations were trying to deal with the need to reduce the size of the workforce without directly affecting existing employees, by using methods such as a recruitment freeze. However, voluntary and compulsory redundancies were also used.

4. Work Life Balance

Michael Koch, Eleni Stavrou and Michael Morley

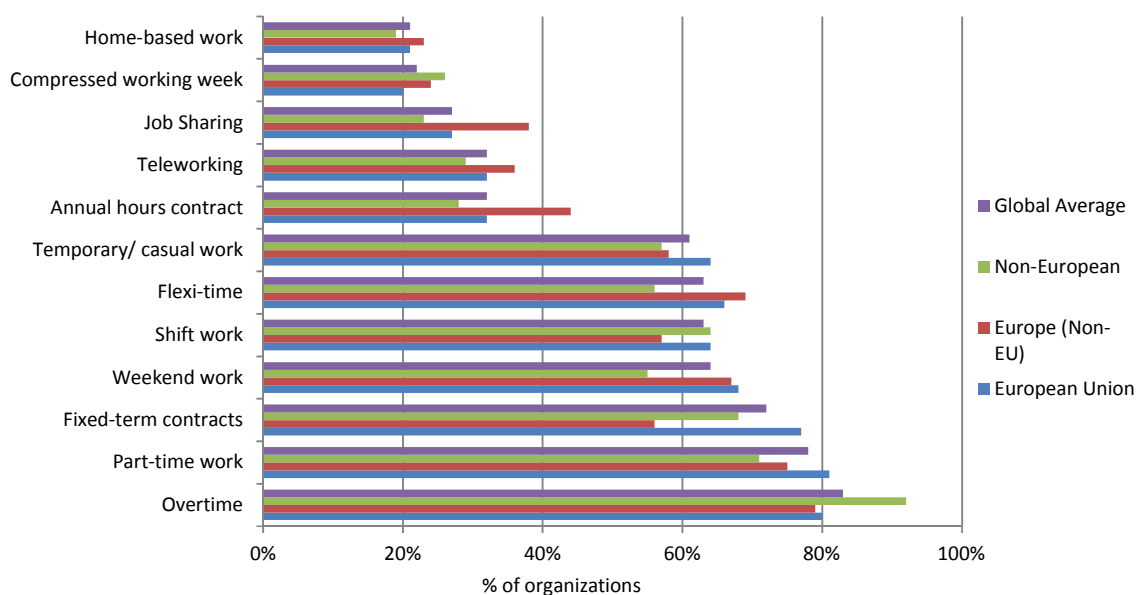
The appropriate balance between work and non-work commitments has long featured as an important debate in human resource management. Interest in this interface remains unabated and, as it does, the myth of separate worlds of work and non-work continues to dissipate. While studies of the interface have been approached largely from a conflict perspective arguing that work and non-work demands are not always compatible, there is increasing evidence of a rebalancing of the debate with some fruitful inquiries into the positive spill-over and facilitation effects of engagement in multiple roles in the work and non-work sphere. However, work-life balance remains a significant challenge. Indeed, a recent study by the Boston Consulting Group identified work-life balance as one of the major on-going challenges for HR departments. Responding to the challenge also remains difficult, often requiring a multi-pronged approach in order that the policy options that organizations pursue have the desired effect of meeting the on-going performance demands faced by the organization, while addressing some of the conflicts frequently experienced by employees.

The Cranet survey includes information on the prevalence of two important policy responses which employers have been pursuing, namely the introduction of flexible work arrangements and extending the range of non-statutory benefits offered to employees. The following sections outline some of the major observations derived from our data on these tools.

Flexible working arrangements

The Cranet survey asks for the approximate proportion of employees on a number of flexible working arrangements. Figure 35 exhibits the popularity of these arrangements for major geographies included in the survey. The data show that the relative importance of most tools has not changed considerably since the previous Cranet enquiry in 2004. Traditional measures such as overtime are still at the top of the list, while other arrangements such as teleworking or job sharing have not gained a foothold.

Figure 35: Proportion of companies that use flexible working arrangements



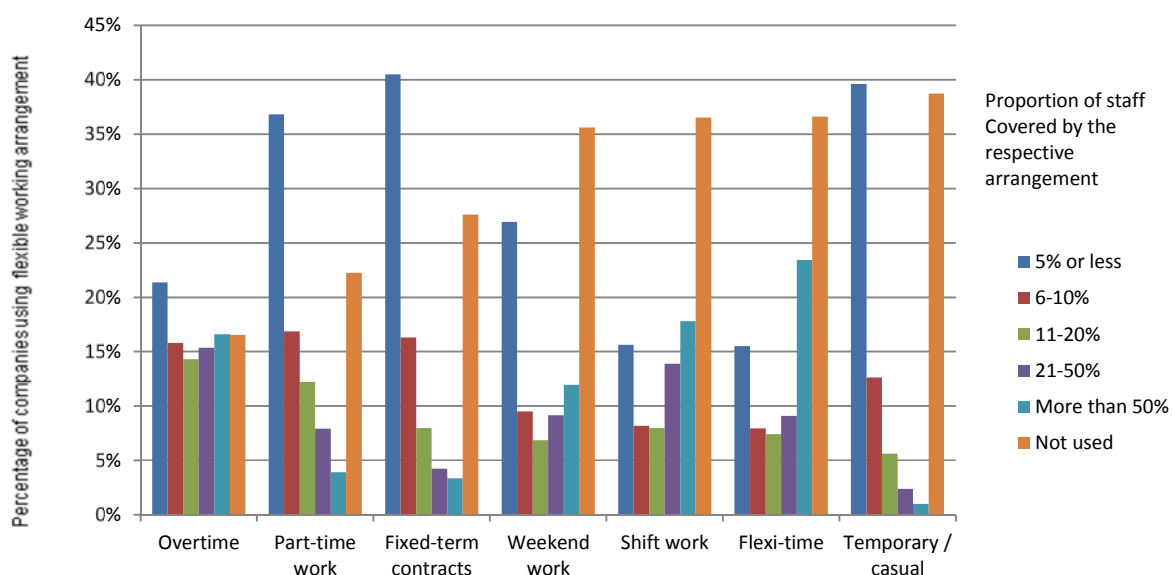
More specifically, the prevalence of flexible working arrangements seems to fall into two distinct categories: On the one hand, a number of measures are widely used across most countries. These measures consistently exhibit high usage rates of at least 60% and include mostly time-based arrangements such as overtime (which is by far the most widespread form) or part-time work. Such time-based arrangements are fairly conventional and often can be introduced without much additional cost.

On the other hand, several other flexible working arrangements are used to a rather limited extent, displaying global usage rates of around 30% or less. These arrangements are mostly those that affect the location of the job (teleworking, home-based work) or require specific job designs and contracts (job sharing, annual hours contract), meaning that more complex and costly flexible work arrangements are also less popular. Here, our data indicate that most employers want their staff to be present on-site and also prefer a steady presence during the entire workweek. One should also note that the most important practices, such as overtime or weekend work, do not improve life management per se. In fact, excessive use of overtime and weekend work may as well run counter to the idea of balancing work and non-work commitments. Hence, the high popularity of time-based arrangements should not automatically be interpreted as evidence for employer's heightened concern with work-life balance measures.

Regional differences for the usage of flexible work arrangements are most pronounced for flexi-time, teleworking, compressed working week and temporary/casual work. For instance, flexi-time enjoys high levels of popularity in Northern and Central European countries, while being much less prevalent in the Mediterranean, Asia and the former Eastern block.

The following figure shows for which proportion of the total workforce the seven most popular flexible working arrangements are commonly used. Only overtime (and to a certain degree flexi-time) exhibit high levels of diffusion; most other tools are limited to a few employees, i.e. are used among 5% or less of the workforce.

Figure 36: Proportion of employees for which the most popular flexible working arrangements are used

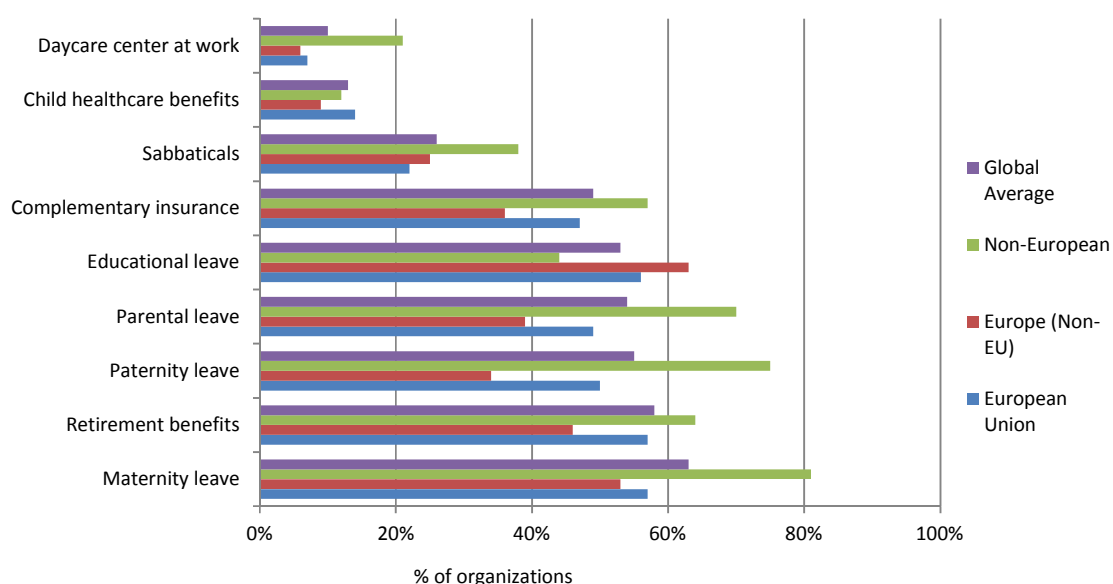


Benefits offered to employees

Life management related benefits mostly involve childcare facilities, monetary rewards such as insurance protection or retirement and healthcare benefits, and leaves of absence. Leaves of absence allow employees to take care of children (maternity leave, paternity leave, or parental leave) or to take up training and education (educational leave).

Figure 37 shows the prevalence of the different benefits that companies use, over and above the legal requirements, to support employee life management. Legal requirements for employee benefits vary largely across countries and country-specific frequencies should therefore be interpreted in light of the respective requirements. For instance, paid maternity leave is mandated in all analysed countries. However, legal requirements for maternity leave in Northern Europe are open handed and often exceed those in Anglo countries, meaning that the differences between the two blocks (46% in Northern Europe vs. 72% for English-Speaking countries) do not imply that maternity leave in Northern Europe is provided to a comparably lesser extent. In this case, the difference only implies that companies in Anglo Saxon countries seem to provide maternity leave benefits that exceed legal requirements more often than their Northern European counterparts.

Figure 37: Proportion of companies that offer the following benefits



In general, benefit practices across geographies seem to be more heterogeneous than flexible working arrangements. Eastern and Northern European countries often display small or moderate proportions of companies that offer work-life benefits to their staff. Also, the Asian countries included in the Cranet survey (Japan, Philippines, and Taiwan) consistently display high usage rates for most types of benefits.

While strong regional differences exist for many benefits, few commonalities can be identified as well. For example, some form of parental leave is available for employees in most countries. Childcare-related benefits, such as child healthcare benefits or day-care centres, seem to be of minor importance in most countries.

Conclusions

Flexible working arrangements in the analysed countries are still quite traditional. Time-based, less elaborate measures such as overtime and part-time work dominate practice, overshadowing more innovative and recent measures such as teleworking. This finding confirms similar results from the Cranet survey conducted in 2004.

Benefits offered to employees across countries share only few common features. They are often characterized by local legislation and culture which prevent a stronger convergence. The least common denominator of all analysed countries seems to be parental leave (including maternal leave and paternal leave), which is the most common benefit related to employee life management.

Appendix Table 4: Usage rates of flexible work arrangements across all surveyed countries

| Country / FWA | Week-end work | Shift work | Over-time | Annual hours contract | Part-time work | Job Sharing | Flexi Time | Temporary / casual work | Fixed-term contracts | Home-based work | Tele-working | Compressed working week |
|------------------------|---------------|------------|-----------|-----------------------|----------------|-------------|------------|-------------------------|----------------------|-----------------|--------------|-------------------------|
| European Union | | | | | | | | | | | | |
| Austria | 80% | 66% | 98% | 27% | 97% | 36% | 90% | 49% | 79% | 14% | 39% | 40% |
| Belgium | 65% | 60% | 80% | 12% | 99% | 20% | 74% | 70% | 78% | 29% | 39% | 16% |
| Bulgaria | 52% | 52% | 51% | 26% | 27% | 33% | 21% | 35% | 46% | 2% | 6% | 2% |
| Cyprus | 67% | 62% | 88% | 33% | 44% | 16% | 49% | 56% | 64% | 9% | 4% | 5% |
| Czech Republic | 57% | 90% | 98% | 12% | 82% | 5% | 77% | 53% | 80% | 11% | 17% | / |
| Denmark | 49% | 48% | 92% | 47% | 98% | 15% | 81% | 88% | 57% | 22% | 70% | 36% |
| Estonia | 67% | 71% | 66% | 21% | 80% | 35% | 62% | 61% | / | 19% | 39% | 10% |
| Finland | 79% | 80% | 97% | 40% | 99% | 38% | 92% | 70% | 97% | 36% | 39% | 20% |
| France | 57% | 56% | 84% | 55% | 93% | 11% | 22% | 86% | 89% | 6% | 13% | 13% |
| Germany | 83% | 67% | 59% | 39% | 98% | 37% | 94% | 76% | 93% | 39% | 52% | 31% |
| Greece | 66% | 75% | 80% | 10% | 44% | 10% | 33% | 38% | 66% | 5% | 10% | 5% |
| Hungary | 75% | 55% | 85% | 21% | 62% | 27% | 72% | 33% | 68% | 17% | 22% | 6% |
| Lithuania | 69% | 67% | 63% | 8% | 87% | 33% | 48% | 50% | 82% | 7% | 13% | 55% |
| Slovakia | 72% | 65% | 83% | 45% | 65% | 22% | 46% | 51% | 63% | 18% | 20% | 8% |
| Slovenia | 80% | 78% | 90% | 27% | 81% | 29% | 54% | 55% | 95% | 6% | 16% | 10% |
| Sweden | 73% | 72% | 98% | 47% | 95% | 27% | 92% | 93% | 98% | 31% | 32% | 18% |
| United Kingdom | 55% | 58% | 76% | 32% | 90% | 49% | 55% | 72% | 77% | 38% | 29% | 30% |
| Europe (Non-EU) | | | | | | | | | | | | |
| Iceland | 51% | 62% | 71% | 58% | 89% | 30% | 85% | 63% | 55% | 9% | 61% | 23% |
| Norway | 76% | 60% | 94% | 45% | 95% | 21% | 90% | 84% | 32% | 65% | 41% | 35% |
| Russia | 57% | 31% | 56% | 19% | 58% | 20% | 39% | 45% | 52% | 16% | 31% | 33% |
| Serbia | 81% | 73% | 78% | 31% | 13% | 39% | 18% | 69% | 48% | 2% | 2% | 2% |
| Switzerland | 77% | 62% | 96% | 52% | 98% | 58% | 78% | 46% | 92% | 28% | 25% | 28% |
| Non-European | | | | | | | | | | | | |
| Australia | 53% | 45% | 74% | 35% | 83% | 26% | 46% | 58% | 75% | 69% | 28% | 35% |
| Israel | 66% | 68% | 91% | 66% | 79% | 13% | 44% | 68% | 54% | 23% | 38% | 13% |
| Japan | 29% | 73% | 94% | 28% | 80% | 10% | 43% | 22% | 82% | 6% | 5% | 6% |
| Philippines | 68% | 59% | 100% | 10% | 13% | 31% | 53% | 67% | 79% | 9% | 13% | 41% |
| South Africa | 63% | 61% | 93% | 34% | 58% | 14% | 45% | 82% | 88% | 13% | 12% | 15% |
| Taiwan | 65% | 69% | 93% | 21% | 37% | 30% | 54% | 56% | 73% | 8% | 21% | 21% |
| USA | 69% | 59% | 94% | 22% | 88% | 33% | 77% | 74% | 42% | 26% | 64% | 51% |

Table 5: Usage rates of work-life related benefits

| Country / Benefit | Daycare center at work | Child health-care benefits | Sabbaticals | Maternity leave | Paternity leave | Parental leave | Retirement benefits | Educational leave | Complementary insurance protection |
|------------------------|------------------------|----------------------------|-------------|-----------------|-----------------|----------------|---------------------|-------------------|------------------------------------|
| European Union | | | | | | | | | |
| Austria | 13% | 8% | 23% | 70% | 62% | 76% | 56% | 86% | 36% |
| Belgium | 9% | 8% | 43% | 56% | 53% | 54% | 85% | 49% | 73% |
| Bulgaria | 1% | 20% | 4% | 51% | 18% | 24% | 22% | 44% | 19% |
| Cyprus | 0% | 1% | 14% | 60% | 23% | 38% | 56% | 59% | 73% |
| Czech Republic | 0% | 0% | 15% | 23% | 71% | 21% | 57% | 57% | 12% |
| Denmark | 3% | 2% | 63% | 73% | 32% | 62% | 83% | 52% | 69% |
| Estonia | 3% | 4% | 34% | 32% | 33% | 32% | 6% | 56% | 31% |
| Finland | 8% | 2% | 26% | 40% | 47% | 44% | 31% | 43% | 46% |
| France | 3% | 13% | 14% | 54% | 72% | 50% | 27% | 44% | 80% |
| Germany | 16% | 20% | 24% | 77% | 40% | 64% | 91% | 92% | 43% |
| Greece | 7% | 58% | 11% | 62% | 23% | 64% | 41% | 66% | 80% |
| Hungary | 3% | 15% | 10% | 23% | 17% | 25% | 44% | 61% | 29% |
| Lithuania | 3% | 8% | 3% | 30% | 31% | 14% | 12% | 24% | 27% |
| Slovakia | 3% | 19% | 9% | 31% | 77% | 33% | 40% | 29% | 31% |
| Slovenia | 1% | 3% | 2% | 76% | 67% | 75% | 57% | 58% | 12% |
| Sweden | 1% | 0% | 2% | 48% | 43% | 24% | 55% | 39% | 38% |
| United Kingdom | 17% | 31% | 32% | 63% | 58% | 47% | 90% | 37% | 70% |
| Europe (Non-EU) | | | | | | | | | |
| Iceland | 1% | 1% | 12% | 20% | 27% | 22% | 10% | 41% | 23% |
| Norway | 9% | 5% | 11% | 26% | 53% | 23% | 70% | 71% | 26% |
| Russia | 2% | 16% | 41% | 78% | 57% | 67% | 15% | 63% | 74% |
| Serbia | 0% | 0% | 63% | 78% | 23% | 67% | 56% | 72% | 10% |
| Switzerland | 13% | 22% | 11% | 83% | 88% | 34% | 76% | 83% | 42% |
| Non-European | | | | | | | | | |
| Australia | 3% | 3% | 26% | 77% | 71% | 71% | 67% | 57% | 18% |
| Israel | 10% | 12% | 15% | 49% | 98% | 62% | 65% | 44% | 47% |
| Japan | 49% | 20% | 57% | 91% | 31% | 85% | 75% | 17% | 90% |
| Philippines | 7% | 7% | 18% | 59% | 31% | 48% | 57% | 43% | 84% |
| South Africa | 4% | 2% | 8% | 89% | 48% | 63% | 81% | 74% | 72% |
| Taiwan | 9% | 7% | 90% | 92% | 50% | 71% | 63% | 72% | 32% |
| USA | 15% | 12% | 10% | 67% | 55% | 61% | 46% | 39% | 37% |

5. Training and Development

Hilla Peretz and Amnon Caspi

There is a widespread consensus in the HRM literature concerning the importance of training to organizational effectiveness. HRM practices can lead to competitive advantage through developing a unique and valuable human capital pool. Organizations can follow many paths to secure a skilled and competitive human force. One of the most direct ways is to focus on training and development. It follows that the more advanced the firm's training policy is, and the more efficiently it invests in training and development, the more likely it is to position itself well in the market.

Empirical research largely supports this argument. Guzzo, Jette and Katzell (1985) proved through meta-analysis a link between training and worker productivity. Bartel (1994) showed that adoption of training programmes was related to organizational productivity. Training has also been linked to financial performance (Russell, Terborg and Powers (1985). Harel and Tzafrir (1999) found that out of a list of "best HRM practices," the single practice significantly related to organizational and market performance was training.

The purpose of this chapter is to systematically explore training policies and practices in different countries. More specifically, this chapter will focus on the differences and similarities between countries and world zones (EU countries, European non-EU countries and non-European countries) on investment in training, training days provided annually, systematically evaluated training effectiveness, techniques used to evaluate training effectiveness and career development in order to draw a conclusion and explanation for the differences between countries.

Amount of investment

Organizations' expenditures on training and development are located in a band between 2-5% of annual payroll cost in most countries (see Figures 38 a, b, c). On average, EU countries spent 3.72%, European non-EU countries 4.73%, and non-European countries 5.43%.

Figure 38a: Annual payroll costs spent on training (%), (Europe EU)

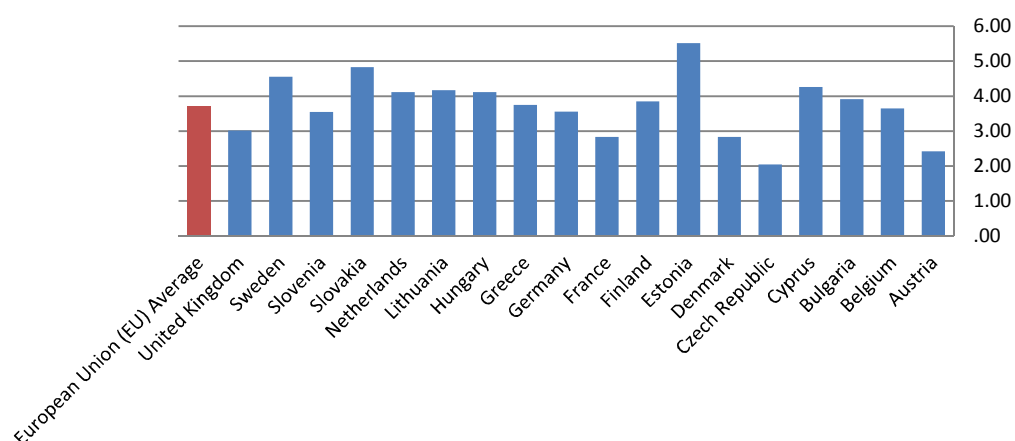


Figure 38b: Annual payroll costs spent on training (%), (Europe Non-EU)

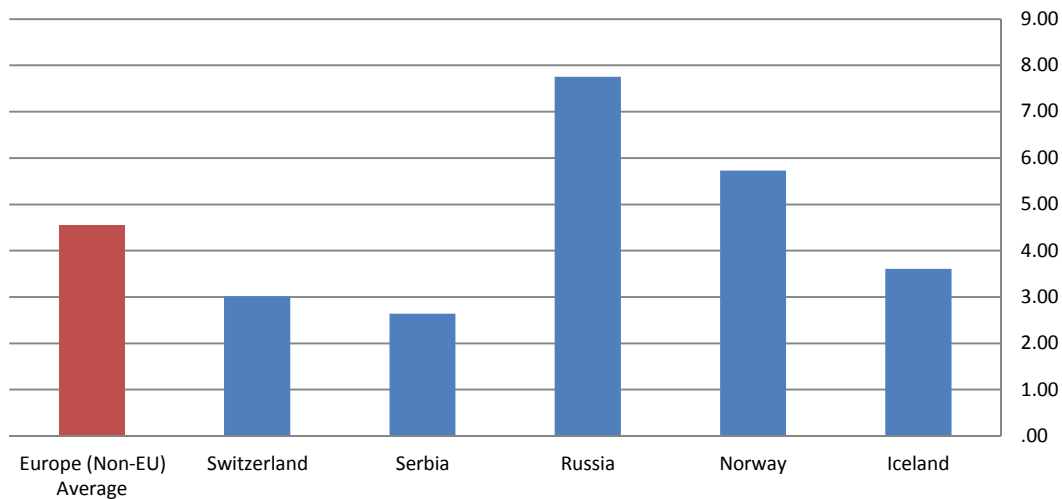
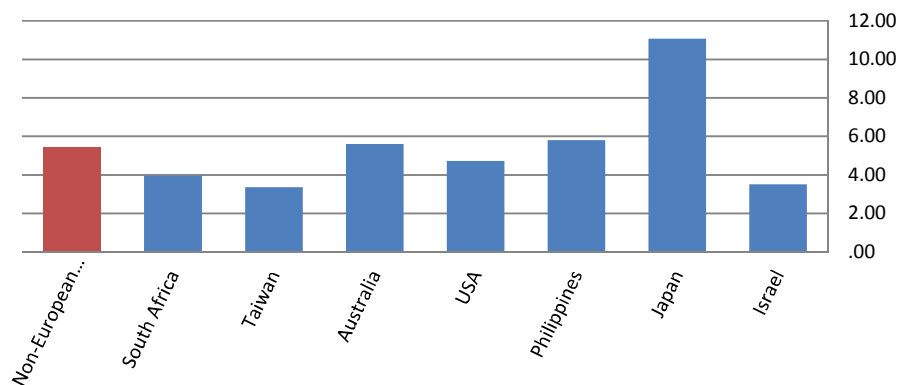


Figure 38c: Annual payroll costs spent on training (%), (Non-Europe)



Annual training days

In terms of days per year allowed for training, most countries report on average 8 days for managers and professional/technical employees, and 5 days for clerical staff and manual workers. EU countries and Non-European countries reported a higher average number of days devoted to professional/technical employees, while European Non-EU countries reported a higher average number of training days for managers. Comparing this to the reported results from the last Cranet survey, we can see a significant increase in yearly training days for all four categories (average increase is 2 days annually). In addition, and contrary to the 2003/5 survey, we could not find a link between training days and money spent on training. Table 6 gives an overview.

Table 6: Annual training days

| | Training days per year per employee | | | | | Training cost (%) |
|------------------------------------|-------------------------------------|-------------|----------------------------|-------------|-------------|-------------------|
| Country | Manual | Clerical | Professional/ Technical | Management | Average | |
| European Union (EU) Average | 4.14 | 4.71 | 7.88 | 7.20 | 5.98 | 3.72 |
| Austria | 2.69 | 4.32 | 5.03 | 6.24 | 4.57 | 2.42 |
| Belgium | 3.21 | 3.40 | 5.89 | 5.44 | 4.49 | 3.65 |
| Bulgaria | 7.90 | 5.75 | 10.90 | 7.62 | 8.04 | 3.92 |
| Cyprus | 3.39 | 5.20 | 9.98 | 6.98 | 6.39 | 4.26 |
| Czech Republic | 3.56 | 5.35 | 8.00 | 8.15 | 6.26 | 2.04 |
| Denmark | 4.26 | 4.56 | 5.77 | 6.44 | 5.26 | 2.83 |
| Estonia | 5.11 | 6.78 | 13.10 | 12.66 | 9.41 | 5.51 |
| Finland | 4.03 | 5.20 | 6.51 | 6.76 | 5.62 | 3.85 |
| France | 3.81 | 4.73 | 4.34 | 4.32 | 4.30 | 2.83 |
| Germany | 2.21 | 3.88 | 6.76 | 7.74 | 5.15 | 3.56 |
| Greece | 4.32 | 5.24 | 11.74 | 8.00 | 7.33 | 3.75 |
| Hungary | 1.98 | 3.53 | 6.63 | 6.81 | 4.74 | 4.12 |
| Lithuania | 5.37 | 5.18 | 10.04 | 8.17 | 7.19 | 4.17 |
| Netherlands | 4.58 | 3.38 | 5.62 | 6.10 | 4.92 | 4.11 |
| Slovakia | 5.50 | 7.10 | 10.45 | 10.11 | 8.29 | 4.83 |
| Slovenia | 6.25 | 3.89 | 10.45 | 7.97 | 7.14 | 3.55 |
| Sweden | 3.52 | 4.23 | 5.35 | 5.65 | 4.69 | 4.56 |
| United Kingdom | 2.80 | 3.07 | 5.23 | 4.44 | 3.88 | 3.02 |
| Europe (Non-EU) Average | 4.35 | 5.49 | 8.43 | 9.16 | 6.86 | 4.73 |
| Iceland | 4.13 | 4.31 | 6.55 | 7.90 | 5.72 | 3.61 |
| Norway | 6.32 | 4.09 | 7.17 | 5.82 | 5.85 | 5.73 |
| Russia | 4.91 | 9.47 | 13.21 | 17.88 | 11.37 | 7.76 |
| Serbia | 1.71 | 6.13 | 8.16 | 11.50 | 6.88 | 2.64 |
| Switzerland | 2.99 | 2.92 | 4.34 | 4.68 | 3.77 | 3.01 |
| Non-European Average | 6.36 | 7.17 | 9.23 | 9.04 | 7.95 | 5.43 |
| Israel | 1.71 | 4.08 | 5.70 | 7.71 | 4.80 | 3.51 |
| Japan | 5.62 | 7.04 | 10.45 | 11.23 | 8.59 | 11.08 |
| Philippines | 6.14 | 11.10 | 11.54 | 11.39 | 10.04 | 5.80 |
| USA | 3.88 | 4.40 | 6.70 | 5.72 | 5.18 | 4.73 |
| Australia | 6.80 | 5.47 | 9.13 | 7.92 | 7.33 | 5.61 |
| Taiwan | 5.61 | 5.84 | 8.45 | 7.19 | 6.77 | 3.35 |
| South Africa | 14.78 | 12.23 | 12.65 | 12.15 | 12.95 | 3.95 |

Systematically evaluated training effectiveness

On average, 46.6% of the organizations systematically evaluate the training effectiveness (50.5% of the organizations in EU countries, 36.9% of the organizations in European Non-EU countries, and 40.7% % of the organizations in Non-European countries). Interestingly, while the Philippines reported a higher percentage of systematic evaluation of training effectiveness (78.1%), Japan reported the lowest percentage (17%). Table 7 gives an overview.

Table 7: Systematically evaluated training effectiveness

| European Union (EU) Countries | % Evaluate training effectiveness | European Non -EU Countries | % Evaluate training effectiveness | Non-European Countries | % Evaluate training effectiveness |
|-------------------------------|-----------------------------------|----------------------------|-----------------------------------|------------------------|-----------------------------------|
| Average | 50.5 | Average | 36.9 | Average | 40.7 |
| Austria | 47.4 | Iceland | 21.7 | Israel | 30.5 |
| Belgium | 49.0 | Norway | 24.7 | Japan | 17.0 |
| Bulgaria | 42.7 | Russia | 42.3 | Philippines | 78.1 |
| Cyprus | 60.2 | Serbia | 36.4 | USA | 38.2 |
| Czech Republic | 72.2 | Switzerland | 54.7 | Australia | 65.9 |
| Denmark | 41.2 | | | Taiwan | 60.0 |
| Estonia | 52.1 | | | South Africa | 59.0 |
| Finland | 29.5 | | | | |
| France | 56.5 | | | | |
| Germany | 61.5 | | | | |
| Greece | 69.0 | | | | |
| Hungary | 42.4 | | | | |
| Lithuania | 31.1 | | | | |
| Netherlands | 39.7 | | | | |
| Slovakia | 60.1 | | | | |
| Slovenia | 53.1 | | | | |
| Sweden | 34.7 | | | | |
| United Kingdom | 69.9 | | | | |

Techniques used to evaluate training effectiveness

Although most countries used a variety of techniques to evaluate training effectiveness, the least common technique in all countries is return of investment (ROI) (an average of 15.32% organizations in EU countries, 23.82% in Non-EU European countries, and 23.20% in non-European countries). The most common technique used in EU countries is evaluation immediately after training (83.11% of the organizations). In Non-EU European countries, the most common technique used is feedback from line manager (79.2%), and in Non-European countries evaluation immediately after training (83.64%) and feedback from employees (81.44% of the organizations). Table 8 represents an overview.

Table 8: Techniques used to evaluate training effectiveness

| Country | Training days | Meeting objective | Evaluation immediately after training | Job performance immediately after training | Job performance several months after training | Feedback from line managers | Feedback from employees | Return of Investment |
|------------------------------------|---------------|-------------------|---------------------------------------|--|---|-----------------------------|-------------------------|----------------------|
| European Union (EU) Average | 51.86 | 79.58 | 83.11 | 27.86 | 32.64 | 80.47 | 76.94 | 15.32 |
| Austria | 68.20 | 76.70 | 87.60 | 17.40 | 18.40 | 88.60 | 55.20 | 3.70 |
| Belgium | 52.50 | 77.10 | 59.80 | 16.10 | 28.00 | 78.80 | 75.40 | 12.70 |
| Bulgaria | 47.80 | 63.40 | 59.20 | 63.90 | 68.70 | 63.30 | 54.80 | 35.50 |
| Cyprus | 60.50 | 90.90 | 93.90 | 34.00 | 33.30 | 91.10 | 79.10 | 30.30 |
| Czech Republic | 60.00 | 88.20 | 97.30 | 14.30 | 21.40 | 94.10 | 94.10 | 19.20 |
| Denmark | 34.80 | 76.30 | 92.60 | 20.00 | 20.00 | 80.70 | 71.10 | 11.90 |
| Estonia | 50.00 | 86.10 | 78.40 | 50.00 | 38.90 | 94.60 | 100.00 | 19.40 |
| Finland | 76.30 | 86.10 | 78.90 | 8.60 | 20.00 | 79.40 | 86.80 | 2.90 |
| France | 46.80 | 69.20 | 79.50 | 46.20 | 35.90 | 38.50 | 38.50 | 17.90 |
| Germany | 46.20 | 74.90 | 96.70 | 13.70 | 19.50 | 79.80 | 81.20 | 7.00 |
| Greece | 52.60 | 76.30 | 96.00 | 30.60 | 36.10 | 82.70 | 79.30 | 17.90 |
| Hungary | 52.00 | 86.30 | 86.30 | 28.00 | 30.00 | 90.00 | 90.00 | 20.40 |
| Lithuania | 25.00 | 56.30 | 56.30 | 21.90 | 28.10 | 59.40 | 65.60 | 3.10 |
| Netherlands | 30.40 | 89.10 | 91.30 | 26.10 | 41.30 | 91.30 | 91.30 | 6.50 |
| Slovakia | 56.80 | 75.90 | 72.90 | 27.10 | 36.80 | 82.00 | 76.50 | 16.50 |
| Slovenia | 78.60 | 86.80 | 79.20 | 22.70 | 37.50 | 87.70 | 87.90 | 15.30 |
| Sweden | 47.30 | 85.90 | 96.70 | 19.40 | 23.20 | 79.50 | 70.10 | 9.00 |
| United Kingdom | 47.60 | 86.90 | 93.40 | 41.40 | 50.50 | 87.00 | 88.10 | 26.50 |
| Europe (Non-EU) Average | 45.02 | 72.98 | 77.77 | 45.70 | 38.12 | 79.02 | 71.78 | 23.82 |
| Iceland | 26.90 | 46.20 | 65.40 | 7.70 | 0.00 | 57.70 | 42.30 | 11.50 |
| Norway | 44.40 | 85.70 | 84.20 | 44.40 | 47.40 | 85.00 | 75.00 | 22.20 |
| Russia | 38.10 | 68.20 | 70.00 | 54.50 | 35.00 | 77.30 | 86.40 | 10.00 |
| Serbia | 45.50 | 83.30 | 69.20 | 57.10 | 50.00 | 84.60 | 72.70 | 27.30 |
| Switzerland | 59.60 | 87.80 | 100.00 | 36.40 | 44.40 | 88.00 | 69.60 | 20.00 |

| Country | Training days | Meeting objective | Evaluation immediately after training | Job performance immediately after training | Job performance several months after training | Feedback from line managers | Feedback from employees | Return of Investment |
|-----------------------------|---------------|-------------------|---------------------------------------|--|---|-----------------------------|-------------------------|----------------------|
| Non-European Average | 40.86 | 80.46 | 83.64 | 56.40 | 39.00 | 78.74 | 81.44 | 23.20 |
| Israel | 21.90 | 72.20 | 87.00 | 96.00 | 0.00 | 66.70 | 88.00 | 15.00 |
| Japan | 14.60 | 56.30 | 62.30 | 84.90 | 16.20 | 50.40 | 56.90 | 1.90 |
| Philippines | 61.90 | 92.00 | 96.00 | 45.50 | 58.30 | 100.00 | 96.00 | 38.10 |
| USA | 43.70 | 89.50 | 88.70 | 42.90 | 53.40 | 89.50 | 88.80 | 34.10 |
| Australia | 32.80 | 77.60 | 86.20 | 34.50 | 37.90 | 84.50 | 89.70 | 24.10 |
| Taiwan | 71.80 | 81.70 | 85.50 | 40.50 | 48.90 | 70.20 | 64.10 | 9.20 |
| South Africa | 39.30 | 93.90 | 79.80 | 50.50 | 58.30 | 89.90 | 86.60 | 40.00 |

Career development

On a 0-4 scale ("0" = not at all, "4" = very much), most countries reported moderate use of career development techniques. The average for EU countries is 1.29, European Non-EU countries - 1.24, and Non-European countries – 1.27. Figures 39 (a, b, c) presents a detailed description of the results. In addition, in all countries (EU countries, European Non-EU countries, and Non-European countries), the most common techniques for career development are project team work, special tasks/projects for career development and cross organizational/disciplinary tasks for career development, and the less common techniques for career development are development centres and high flier schemes.

Figure 39a: Use of career development (0-4 scale) (Europe EU)

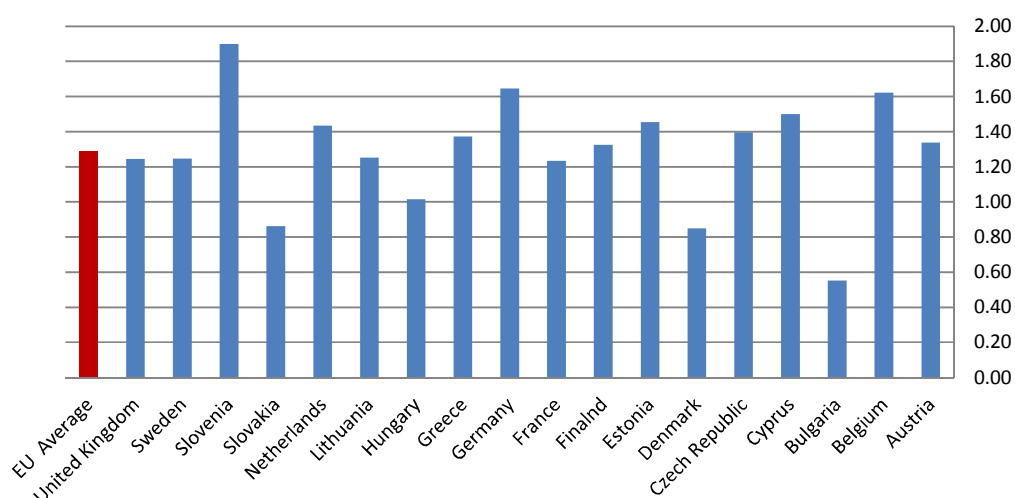


Figure 39b: Use of career development (0-4 scale) (Europe Non-EU)

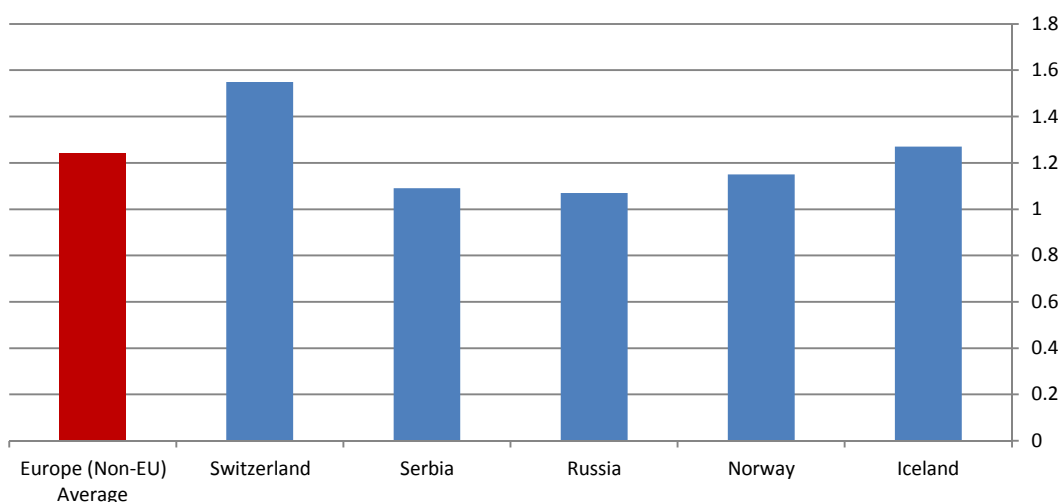
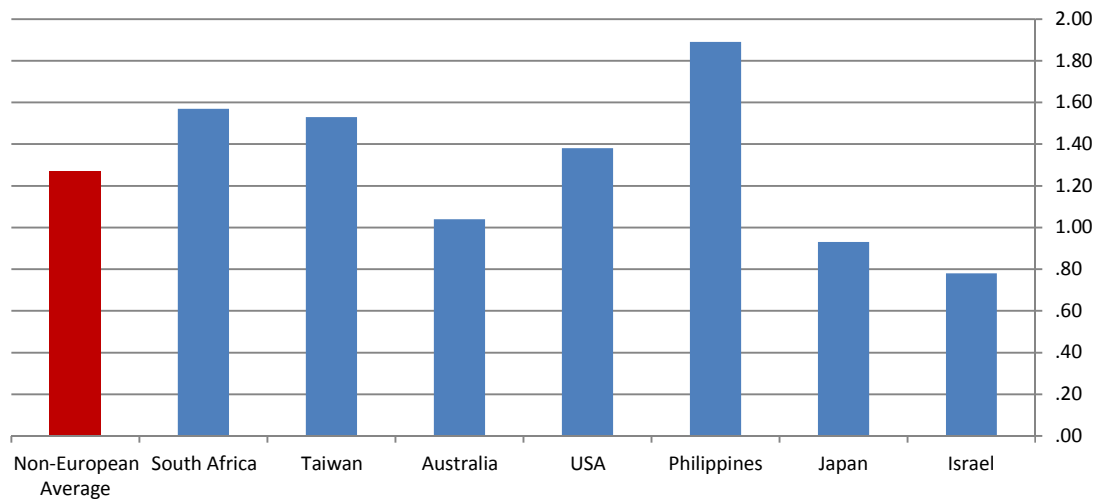


Figure 39c: Use of career development (0-4 scale) (Non-Europe)



Conclusions

Between 2-5% of annual payroll costs are spent on training and development (EU-average: 3.72%, Europe non-EU average: 4.73%, and Non-European countries average: 5.43 %).

On average, managers and professional/technical employees receive 8 days of training and development per year; clerical and manual employees receive 5 days of Training and Development Teamwork, special task-assignments; project teams and involvement in cross-organizational tasks emerge as the major career development measures beyond formal training.

Looking at the results, a similarity can be seen between countries from the same regions (for example, eastern European countries, Nordic countries etc.) and differences can be seen between countries from different regions of the world. One possible explanation for that is similarity in national values.

6. Compensation and Benefits

Erik Poutsma and Paul Ligthart

Under the heading of compensation and benefits, four topics are covered in the survey. The first topic is the importance of variable pay. The increasing use of variable pay related to the performance of the individual, the team or the organization as a whole is a major trend in HRM today. The second topic, which is related to performance oriented HRM, is the new phenomenon of financial participation, employee share ownership, stock options and profit sharing. The third topic is the level of bargaining where decentralisation to lower levels, from nation/industry wide to company and individual level, is seen as a major trend. The fourth topic is the offering of benefits in excess of statutory requirements that exist in countries. Some of these have to do with leave arrangements or childcare that relates strongly to the increased importance of arrangement to develop a better work life balance; others concern important arrangement such as extra pension schemes, career and training facilities and health care provisions. Organizations tend to offer these as strategic packages in order to be more competitive in the labour market. The next paragraphs present a comparative overview of the topics.

Variable pay

Table 9 presents an overview of the use of financial participation and performance related pay by organizations per country (proportion of companies). In general financial participation is used less than performance related pay, but there is quite some diversity between countries. Within the category of financial participation, profit sharing is much more common than shares or stock option schemes. In the category variable pay based on the performance, group or team bonuses are less common than individual performance rating and performance related pay based on collective organizational level performance. The survey asked also about the new category of flexible benefits and it appears that this new form of remuneration shows higher variance among countries than the other schemes.

It is clear that for all these compensation categories the diversity among countries is large. This diversity is based on cultural differences in the acceptance of these forms of variable pay as well as differences in business regimes. We may expect these forms of pay to appear in more voluntary regimes where the discretion of management to model the employment relationship is the largest. The patterns that emerge from this table suggest that country specific choices exist in the use of variable pay.

The survey also asked to which categories of the workforce the schemes apply: management, professionals, clerical administrative staff, and operational/ manual employees. It appears that in general, variable pay is especially important for management and professionals. Variable pay is less common among the other categories of personnel. This suggests high use for key personnel.

Table 9: Proportion of companies with types of financial participation and performance related pay per country

| | Financial Participation (only private sector) | | | Performance Related Pay (private and (semi-)public sectors) | | | |
|----------------|---|---------|----------------|---|-------------------------|---------------------------|---------------------------|
| | Share plan | Options | Profit Sharing | Flexible Benefits | Performance Related Pay | Bonus based on ind. goals | Bonus based on team goals |
| Austria | 13% | 13% | 65% | 42% | 61% | 67% | 37% |
| Belgium | 37% | 46% | 36% | 43% | 63% | 73% | 59% |
| Bulgaria | 17% | 13% | 23% | 31% | 53% | 59% | 50% |
| Cyprus | 10% | 2% | 22% | 19% | 27% | 25% | 19% |
| Denmark | 25% | 18% | 13% | 45% | 60% | 62% | 58% |
| Estonia | 10% | 10% | 17% | 48% | 28% | 61% | 48% |
| Finland | 23% | 16% | 80% | 67% | 78% | 71% | 55% |
| France | 22% | 10% | 79% | 27% | 47% | 44% | 22% |
| Germany | 17% | 25% | 71% | 1% | 37% | 76% | 45% |
| Greece | 26% | 30% | 19% | 51% | 76% | 81% | 49% |
| Hungary | 30% | 26% | 4% | 40% | 58% | 73% | 60% |
| Lithuania | 11% | 14% | 16% | 54% | 69% | 72% | 53% |
| Netherlands | 27% | 24% | 59% | 32% | 64% | 72% | 55% |
| Slovakia | 31% | 10% | 20% | 14% | 28% | 62% | 41% |
| Slovenia | 16% | 9% | 35% | 26% | 64% | 64% | 55% |
| Sweden | 16% | 11% | 22% | 54% | 75% | 79% | 44% |
| United Kingdom | 32% | 23% | 19% | 15% | 21% | 30% | 35% |
| Iceland | 2% | 17% | 23% | 31% | 46% | 59% | 54% |
| Norway | 21% | 12% | 26% | 16% | 27% | 29% | 33% |
| Russia | 11% | 22% | 37% | 41% | 34% | 0% | 31% |
| Serbia | 12% | 20% | 12% | 35% | 81% | 84% | 58% |
| Switzerland | 28% | 27% | 73% | 13% | 84% | 42% | 37% |
| Israel | 14% | 18% | 27% | 33% | 70% | 70% | 40% |
| Japan | 58% | 13% | 12% | 11% | 28% | 35% | 24% |
| Philippines | 12% | 20% | 40% | 10% | 42% | 79% | 45% |
| USA | 19% | 42% | 52% | 31% | 77% | 77% | 54% |
| Australia | 37% | 23% | 30% | 23% | 28% | 25% | 17% |

| | Financial Participation (only private sector) | | | Performance Related Pay (private and (semi-)public sectors) | | | |
|-----------------------------|---|------------|----------------|---|-------------------------|---------------------------|---------------------------|
| | Share plan | Options | Profit Sharing | Flexible Benefits | Performance Related Pay | Bonus based on ind. goals | Bonus based on team goals |
| Taiwan | 63% | 45% | 71% | 40% | 56% | 60% | 48% |
| South Africa | 44% | 31% | 44% | 7% | 55% | 48% | 41% |
| Countries on average | 23% | 20% | 36% | 31% | 53% | 59% | 44% |
| RANGE: | | | | | | | |
| Max | 63% | 46% | 80% | 67% | 84% | 84% | 63% |
| top 15% | 0.35 | 0.29 | 0.69 | 0.47 | 0.75 | 0.78 | 0.57 |
| bottom 15% | 0.12 | 0.10 | 0.17 | 0.13 | 0.28 | 0.31 | 0.32 |
| Min | 2% | 0% | 4% | 1% | 21% | 0% | 17% |

Performance related pay

In the survey of 2003/5, Slovenia and Slovakia had higher scores in the use of performance related pay than the USA. The argument was then that these post-communist states offer ample opportunities for organizations to model the employment relationship to performance oriented arrangements. In the survey of 2008/10 levels of performance related pay there generally higher in most countries suggesting that the trend towards performance related pay is persistent. Nevertheless, it is interesting to note that countries like Cyprus, the UK, France, Norway, Japan and Australia generally have lower scores on performance related pay.

Financial participation

There is also considerable diversity in the use of financial participation schemes among countries. Higher usage of share plans is found in Taiwan, Japan, Belgium, the UK, South Africa and Australia. In some cases this high level is related to favourable tax concessions as found in Japan, Belgium and the UK. Profit sharing is very common in France and Finland due to specific provisions and tax concessions in those countries. High levels of profit sharing are also found in Germany, Austria and Switzerland. As expected a high level of use of stock options is found in the USA, but also in Belgium, Greece and Taiwan.

Narrow and broad based financial participation

As with performance related pay the survey asked for eligibility of categories of personnel (management, professionals, clerical and operational/manual staff). Financial participation is mainly used for management and professionals. Figures 40, 41 and 42 present a comparative overview of so called narrow based schemes, schemes eligible for management only, and broad based schemes, schemes for all other categories. The pattern that emerges from Figure 40 is that share schemes are used for categories other than management in only a small number of countries. Japan, Taiwan and the UK stand out as countries where private sector companies tend to have broad based schemes. In Japan, management only schemes are culturally not well accepted, and in the UK tax concessions partly explained the broad based use of shares. Figure 41 about profit sharing shows that private sector companies use it more in France (partly due to law requirements), Finland, the Netherlands (due to specific legislative tradition and tax exemptions), Germany, Austria, Switzerland, Taiwan and the USA. Stock options (Figure 42) are used much more for Management only, especially in Belgium, Germany, Hungary, Russia, South Africa and Switzerland. In the USA stock options are used for both management and other categories of staff.

Figure 40: Incidence rates of employee share schemes for private LSE (100+) per country (N= 3161), 2008-10

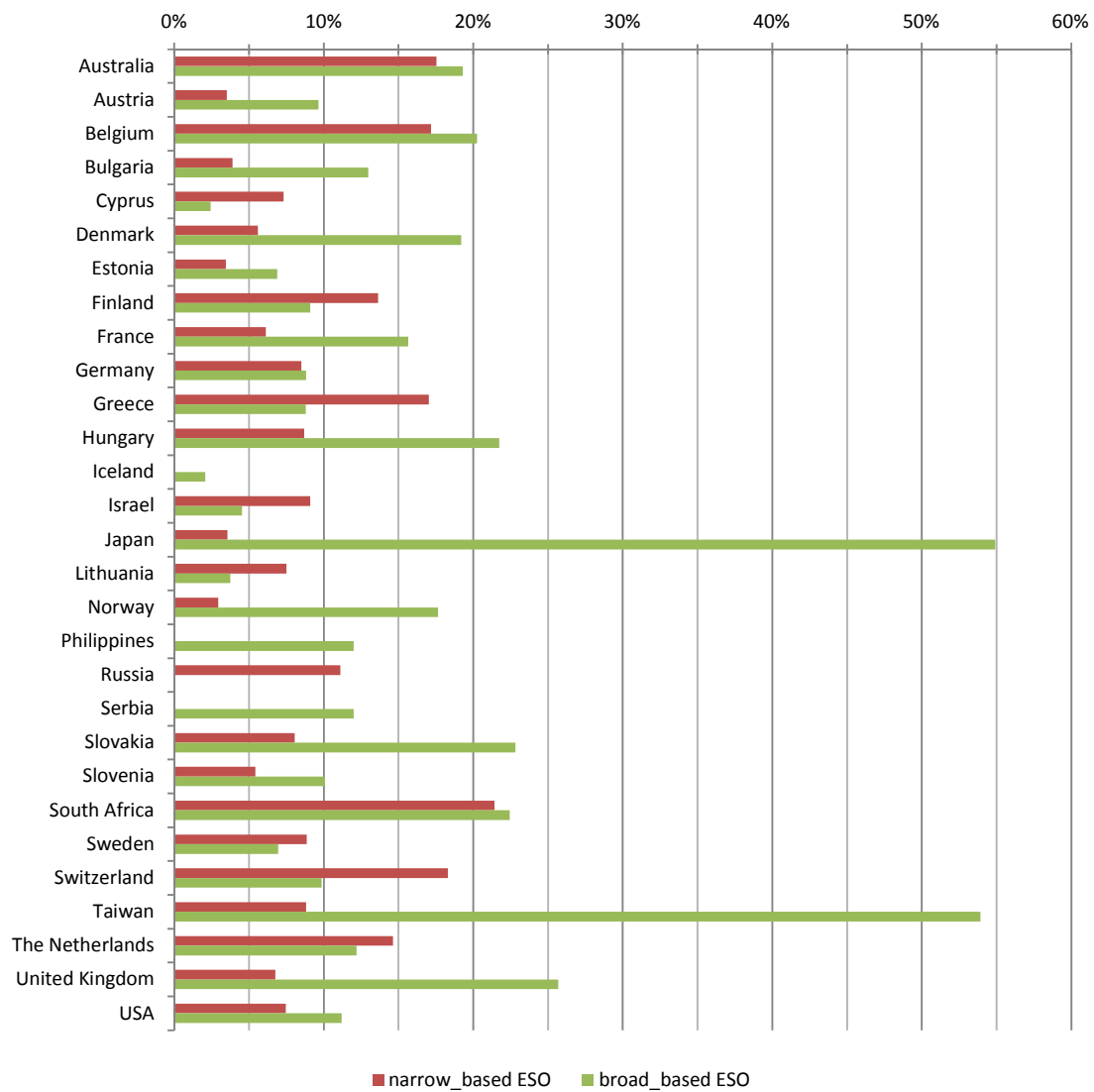


Figure 41: Incidence rates of profit sharing schemes for private LSE (100+) per country (total N = 3161), 2009

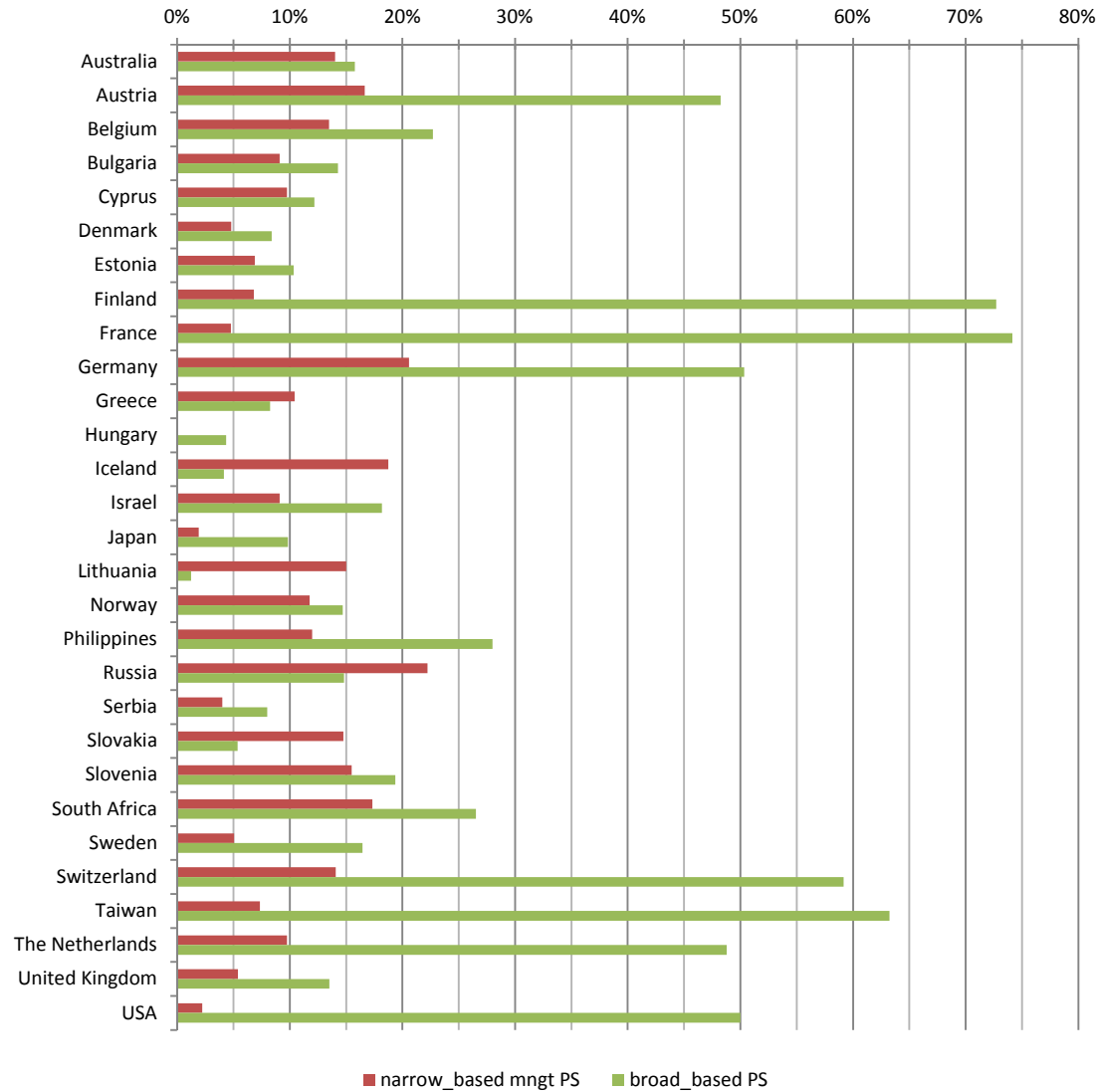
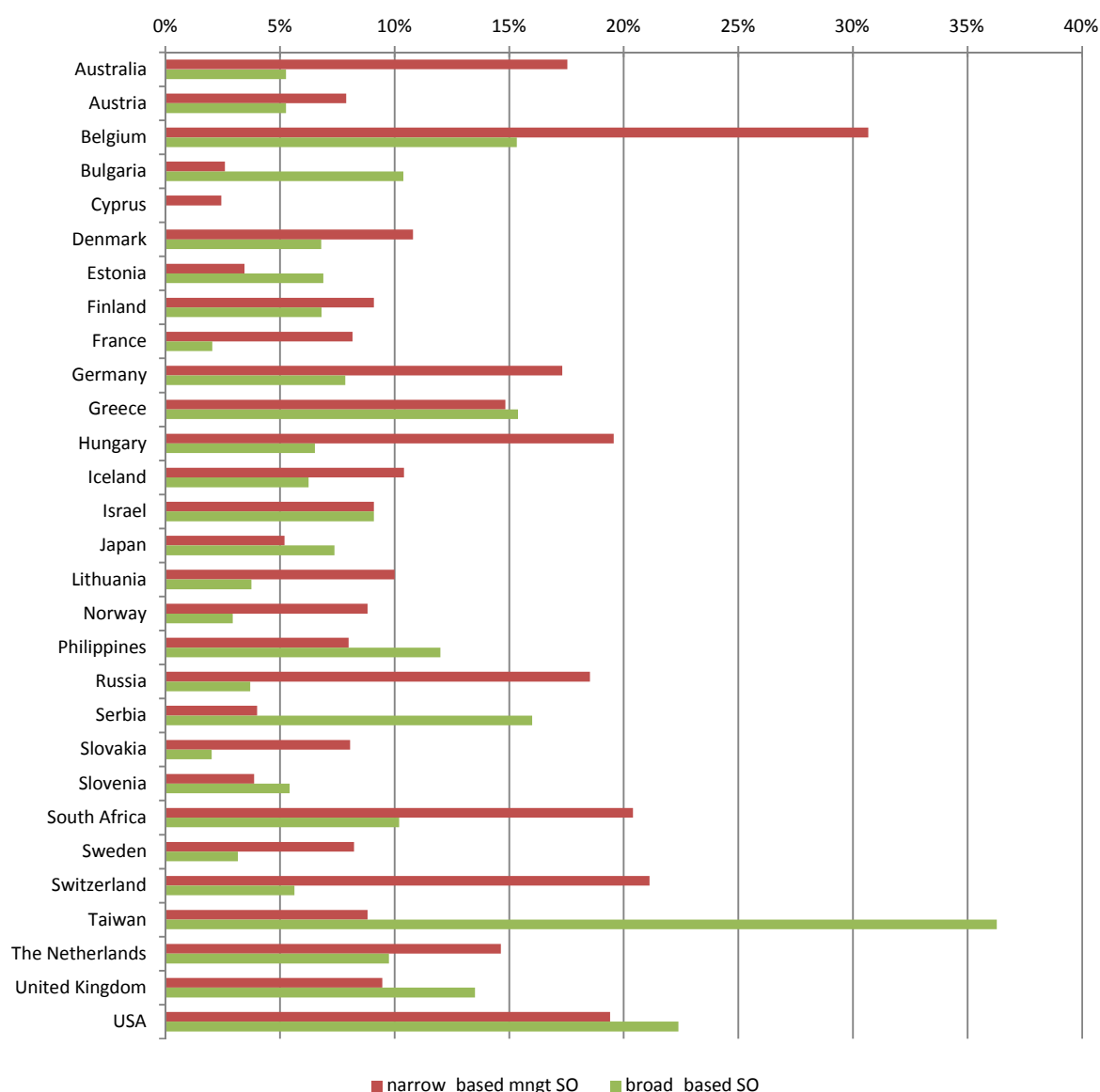


Figure 42: Incidence rates of stock option schemes for private LSE (100+) per country (total N = 3161), 2009



Collective bargaining and pay determination level

We distinguish between national or regional bargaining, company or site bargaining, and individual bargaining for the determination of pay. In general, nation/industry wide bargaining is still more common in most of the continental European countries with the exception of the new EU Member States of former communist countries, where, after the transition, company or site bargaining became the norm. At the same time we conclude a development of hybridisation where companies are subject to different levels of pay determination. Pay settlement for management is done more on a company and individual level than for other categories of personnel.

Table 10 presents the situation for operational and manual personnel per country. It shows that national bargaining is still the norm in Scandinavian countries, in Germany and Austria, Greece and the Netherlands. Less hybridisation is found for this category of personnel, where pay is still settled more or less on one level, but Norway shows the hybridisation development also for operational and

manual personnel where substantial pay determination consists on all levels. Table 11 presents this hybridisation through multi-level bargaining for all non-managerial categories of personnel (so-called broad based). In addition to Norway, multi-level bargaining became more or less the norm in Belgium, Austria, Germany, and Greece. Companies that mainly use company level bargaining are found in Eastern European countries (with the exception of Slovenia), Russia and Taiwan.

Table 10: Proportion of organizations covered by pay determinant level for operational/manual personnel per country

| | Bargaining | | |
|-----------------------------|-----------------------|----------------------------|---------------------------------|
| | Individual Bargaining | Company or Site Bargaining | National or Regional Bargaining |
| Austria | 17% | 36% | 63% |
| Belgium | 9% | 35% | 59% |
| Bulgaria | 42% | 66% | 21% |
| Cyprus | 17% | 27% | 69% |
| Czech Republic | 15% | 30% | 49% |
| Denmark | 30% | 28% | 60% |
| Estonia | 33% | 57% | 12% |
| Finland | 16% | 33% | 79% |
| France | 7% | 26% | 17% |
| Germany | 15% | 43% | 54% |
| Greece | 17% | 32% | 58% |
| Hungary | 40% | 57% | 22% |
| Lithuania | 27% | 59% | 5% |
| Netherlands | 18% | 29% | 55% |
| Slovakia | 21% | 50% | 20% |
| Slovenia | 8% | 37% | 71% |
| Sweden | 38% | 28% | 63% |
| United Kingdom | 14% | 46% | 31% |
| Iceland | 26% | 33% | 59% |
| Norway | 33% | 65% | 74% |
| Russia | 23% | 68% | 19% |
| Serbia | 16% | 68% | 24% |
| Switzerland | 54% | 19% | 24% |
| Israel | 9% | 20% | 13% |
| Japan | 31% | 45% | 46% |
| Philippines | 15% | 50% | 35% |
| USA | 10% | 20% | 9% |
| Australia | 14% | 26% | 30% |
| Taiwan | 13% | 50% | 4% |
| South Africa | 12% | 31% | 68% |
| Countries on average | 22% | 41% | 39% |
| RANGE: | | | |
| Max | 54% | 68% | 79% |
| top 15% | 0.33 | 0.61 | 0.63 |
| bottom 15% | 0.11 | 0.26 | 0.15 |
| Min | 7% | 19% | 4% |

Table 11: Proportion of organizations covered by pay determinant level (single or multi-level) collective broad-based bargaining per country

| | Single / Multi level Collective Broad-based Bargaining, (row totals 100%) | | | |
|-----------------------------|---|------------------------|---------------------|------------------------|
| | No Collective Bargaining | National/Regional only | Company / Site only | Multi-level Bargaining |
| Austria | 19% | 34% | 5% | 42% |
| Belgium | 6% | 29% | 18% | 47% |
| Bulgaria | 15% | 12% | 56% | 17% |
| Cyprus | 9% | 59% | 12% | 20% |
| Czech Republic | 21% | 40% | 25% | 15% |
| Denmark | 18% | 41% | 15% | 25% |
| Estonia | 16% | 6% | 63% | 14% |
| Finland | 4% | 43% | 11% | 42% |
| France | 51% | 10% | 23% | 17% |
| Germany | 14% | 27% | 19% | 40% |
| Greece | 8% | 31% | 18% | 42% |
| Hungary | 25% | 10% | 46% | 19% |
| Lithuania | 37% | 0% | 55% | 8% |
| Netherlands | 14% | 44% | 22% | 21% |
| Slovakia | 24% | 11% | 54% | 11% |
| Slovenia | 4% | 49% | 11% | 37% |
| Sweden | 18% | 39% | 9% | 34% |
| United Kingdom | 24% | 14% | 40% | 22% |
| Iceland | 22% | 38% | 17% | 23% |
| Norway | 3% | 14% | 14% | 68% |
| Russia | 10% | 6% | 71% | 13% |
| Serbia | 8% | 13% | 68% | 11% |
| Switzerland | 60% | 16% | 12% | 11% |
| Israel | 76% | 4% | 9% | 11% |
| Japan | 20% | 25% | 24% | 31% |
| Philippines | 19% | 12% | 31% | 38% |
| USA | 69% | 3% | 19% | 9% |
| Australia | 33% | 18% | 29% | 20% |
| Taiwan | 27% | 2% | 64% | 7% |
| South Africa | 8% | 38% | 18% | 36% |
| Countries on average | 23% | 22% | 31% | 24% |
| RANGE: | | | | |
| Max | 76% | 59% | 71% | 68% |
| top 15% | 0.36 | 0.41 | 0.60 | 0.40 |
| bottom 15% | 0.08 | 0.06 | 0.12 | 0.11 |
| Min | 3% | 0% | 9% | 7% |

Benefits in excess of statutory requirements

The next topic is the extra benefits that organizations tend to offer as strategic packages in order to be more competitive in the labour market. Table 12 presents an overview of the proportion of companies that use benefits per country. To interpret the findings of this table it must be noted that the survey asks for company initiatives to provide these benefits *in excess of statutory requirements*. Most social democratic and former communist welfare states have and had ample provision for childcare and leave arrangements where companies obviously do not feel the need to provide these benefits. This is shown by the relative lower levels of involvement in, for instance, Sweden and Norway, but also in Hungary, where these countries have well developed systems for childcare and leave. In other countries employer involvement became relevant through private collective agreements (e.g. Netherlands, Germany Austria), while in other more liberal economies only minimum standards are provided. Companies in the USA for instance combine lower employer involvement with only minimum statutory provisions.

Table 12: Proportion of companies with schemes in excess of statutory requirements per country

| | Workplace childcare | Childcare Allowances | Career Break schemes | Maternity Leave | Paternity Leave | Parental Leave | Pension schemes | Educational/training break | private health care |
|-----------------------------|---------------------|----------------------|----------------------|-----------------|-----------------|----------------|-----------------|----------------------------|---------------------|
| Austria | 12% | 8% | 23% | 68% | 60% | 74% | 56% | 84% | 35% |
| Belgium | 10% | 8% | 41% | 51% | 48% | 50% | 81% | 44% | 67% |
| Bulgaria | 2% | 22% | 5% | 50% | 17% | 22% | 21% | 48% | 21% |
| Cyprus | 0% | 1% | 12% | 56% | 21% | 35% | 52% | 57% | 70% |
| Czech Republic | 0% | 0% | 11% | 17% | 0% | 15% | 51% | 55% | 9% |
| Denmark | 3% | 2% | 58% | 66% | 64% | 56% | 75% | 48% | 63% |
| Estonia | 2% | 6% | 37% | 31% | 35% | 31% | 4% | 53% | 29% |
| Finland | 8% | 2% | 26% | 40% | 33% | 45% | 31% | 44% | 46% |
| France | 3% | 16% | 13% | 51% | 45% | 45% | 27% | 39% | 75% |
| Germany | 17% | 20% | 23% | 76% | 72% | 62% | 92% | 90% | 43% |
| Greece | 7% | 58% | 10% | 62% | 39% | 64% | 41% | 65% | 79% |
| Hungary | 4% | 14% | 14% | 21% | 31% | 25% | 50% | 68% | 31% |
| Lithuania | 3% | 8% | 3% | 30% | 30% | 13% | 11% | 24% | 26% |
| Netherlands | 8% | 19% | 12% | 65% | 32% | 78% | 58% | 50% | 42% |
| Slovakia | 3% | 20% | 9% | 28% | 25% | 31% | 41% | 27% | 31% |
| Slovenia | 1% | 2% | 1% | 72% | 74% | 69% | 51% | 54% | 11% |
| Sweden | 1% | 0% | 2% | 41% | 41% | 19% | 46% | 33% | 31% |
| United Kingdom | 11% | 27% | 26% | 50% | 49% | 36% | 72% | 28% | 52% |
| Iceland | 2% | 1% | 14% | 23% | 19% | 24% | 13% | 44% | 26% |
| Norway | 8% | 5% | 10% | 25% | 30% | 23% | 68% | 67% | 25% |
| Russia | 3% | 16% | 29% | 81% | 42% | 68% | 16% | 71% | 77% |
| Serbia | 0% | 0% | 50% | 66% | 50% | 61% | 39% | 61% | 5% |
| Switzerland | 13% | 21% | 11% | 81% | 41% | 32% | 77% | 80% | 42% |
| Israel | 3% | 5% | 8% | 21% | 11% | 27% | 24% | 17% | 21% |
| Japan | 48% | 19% | 56% | 90% | 97% | 84% | 74% | 16% | 89% |
| Philippines | 4% | 4% | 15% | 58% | 54% | 46% | 54% | 38% | 81% |
| USA | 7% | 5% | 4% | 25% | 22% | 23% | 17% | 14% | 13% |
| Australia | 2% | 2% | 18% | 59% | 54% | 52% | 49% | 38% | 14% |
| Taiwan | 10% | 7% | 89% | 90% | 87% | 70% | 62% | 71% | 32% |
| South Africa | 4% | 3% | 6% | 90% | 69% | 61% | 84% | 75% | 74% |
| Countries on average | 7% | 11% | 23% | 53% | 42% | 45% | 47% | 50% | 41% |

RANGE:

| | Workplace childcare | Childcare Allowances | Career Break schemes | Maternity Leave | Paternity Leave | Parental Leave | Pension schemes | Educational/trai ning break | private health care |
|------------|------------------------|-------------------------|-------------------------|-----------------|-----------------|----------------|--------------------|--------------------------------|------------------------|
| Max | 48% | 58% | 89% | 90% | 97% | 84% | 92% | 90% | 89% |
| top 15% | 0.11 | 0.20 | 0.47 | 0.78 | 0.62 | 0.69 | 0.73 | 0.70 | 0.74 |
| bottom 15% | 0.01 | 0.01 | 0.06 | 0.25 | 0.21 | 0.23 | 0.18 | 0.28 | 0.16 |
| Min | 0% | 0% | 1% | 17% | 0% | 13% | 4% | 14% | 5% |

In most countries, a substantial proportion of companies offer all kind of leave arrangements and pension schemes. High levels are found in Japan, Taiwan, Germany and Switzerland. Low levels are found in the USA and the Czech Republic. Workplace childcare and childcare allowances are offered less. Training is offered in quite substantial proportion of companies in most countries (ranges between 40-90%). Lower proportions are found in the offering of career breaks. More diversity is found in the proportions of companies offering private health care.

Conclusion

There is still some diversity in the use of performance related pay and financial participation. Also the diffusion of these schemes is still limited; in most countries only a minority of organizations use these schemes. Financial participation schemes appear to be stimulated by country specific legislation and tax concessions. Nation, regional or industry wide bargaining is still the main form of pay settlement in many countries although in some countries company level agreements are the norm, and multi-level bargaining became the norm in other countries. There is also large diversity in offering benefits in excess of statutory requirements. Most probably this is also related to the extent of statutory provisions and the willingness for private parties including companies to deliver these benefits.

7. Employee Relations and Communication

Ilona Buciuniene and Ruta Kazlauskaitė

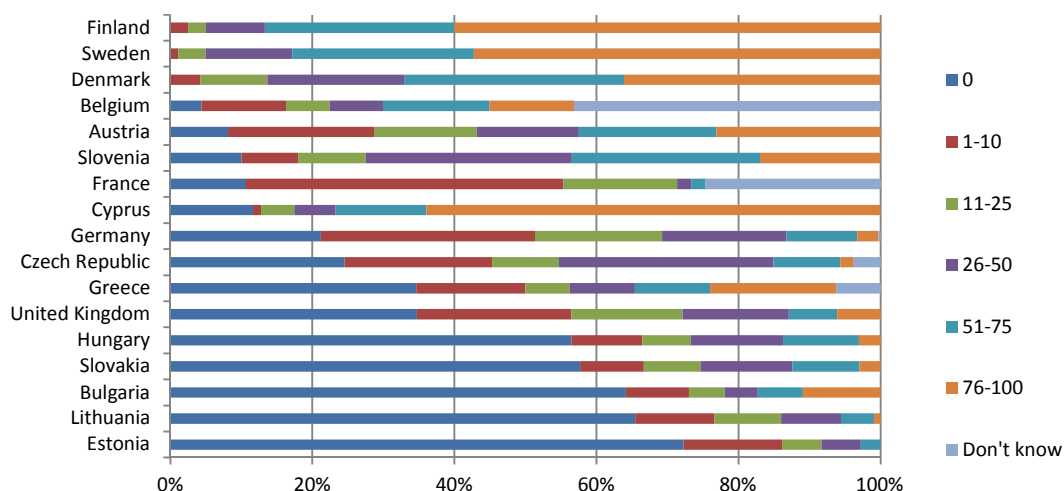
In this section of the Cranet 2008/2010 survey report, we look at issues related to employee relations and internal corporate communication. In the first part of the section we report on the trade union situation across Europe and other countries of the world that participated in the survey. Specifically, we present the situation regarding the trade union density and the influence of trade unions in organizations. In the second part of the section current practices in internal corporate communications are discussed.

Specifically, we look into the most prevalent forms of top-down communication, the extent to which employees are informed about major issues in the organization (e.g. strategy, financial performance, etc.), and methods that are used for bottom-up communication.

Trade union membership

Regarding the levels of unionization, the 2008/2010 data show a similar pattern to previous Cranet surveys (see Figures 43 a, b, c). Scandinavian countries (Finland, Sweden, Denmark, Norway and Iceland) and Cyprus have the highest unionization levels among European countries, while East European countries have the largest proportions of organizations with no trade union membership. To be more specific, the majority of organizations in Estonia, Lithuania, Bulgaria, Slovakia and Hungary (56-73 %) have no union membership at all. In this regard, Slovenia and Serbia (both part of former Yugoslavia) present an exception. Union density in those countries is similar to that of West European countries (Germany, Austria, France, and Belgium).

Figure 43a: Proportion of total number of employees who are members of a trade union (Europe EU)
%of organizations



As indicated in Figures 43 (b, c) Non-EU European and Non-European countries and communities also present a mixed picture and can be respectively divided into three groups. Norway and Iceland like other Scandinavian countries are highly unionized, while South Africa, Japan and Israel have substantial, but lower proportions (25-44 %) of organizations with a high percentage of union members, which resembles the situation in West Europe. In the remaining countries that participated in the survey non-unionization is a widespread phenomenon.

Figure 43b: Proportion of total number of employees who are members of a trade union (Europe Non-EU)
 %of organizations

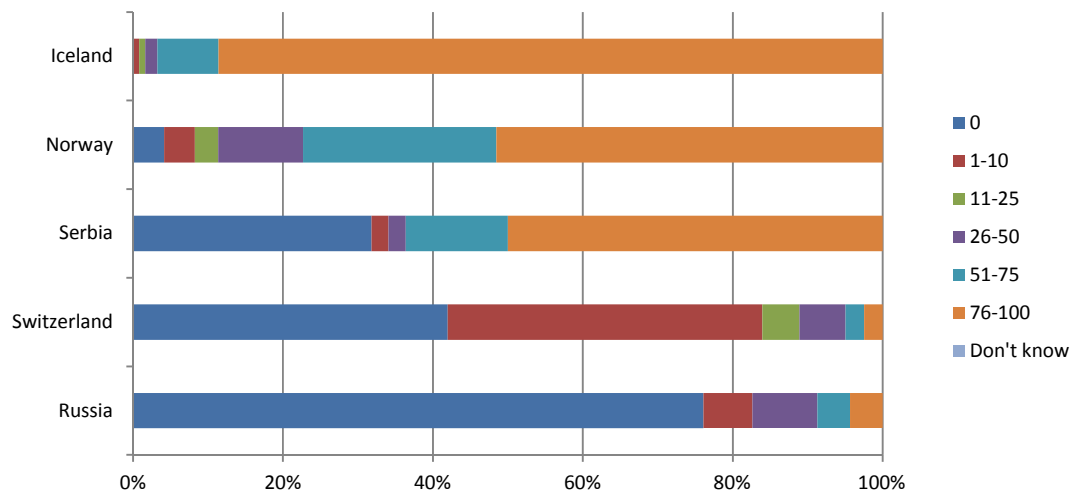
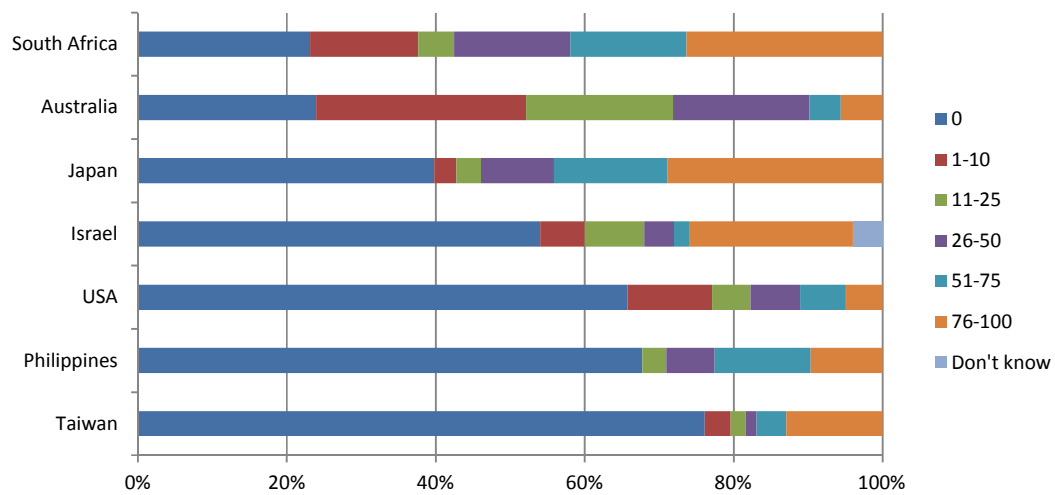


Figure 43c: Proportion of total number of employees who are members of a trade union (Non-Europe)
 %of organizations

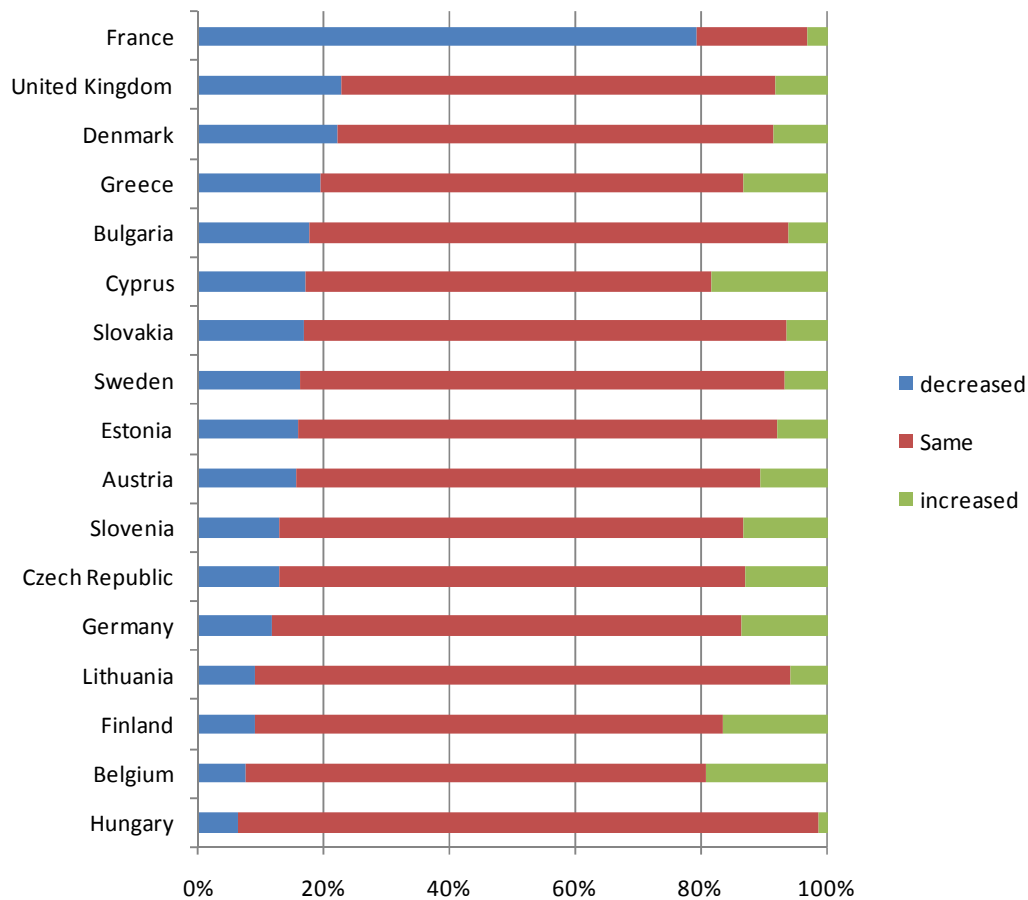


Accordingly, trade unions exert the lowest impact on organizations in East European countries; while in most West European countries trade unions affect organizations at least to some or even to a great extent (Figure 44).



In recent years the union movement has suffered some loss in influence in Europe (Scheuer, 2011). Cranet findings report similar trends. As indicated in Figure 45, in the past three years union influence has decreased slightly in the majority of the EU countries. The average proportion of organizations that have reported an increase in the union influence stands at 10%, while in 71% of organizations unions have retained the same level of influence; in 19% union influence has decreased. France (79%), the UK (23%) and Denmark (22%) have experienced the heaviest drop in the union influence. It is only in Belgium, Finland, Germany and Cyprus that more organizations have reported an increase rather than a decrease in union influence.

Figure 45: Change in the trade union influence in the last 3 years (Europe EU)
% of organizations



In regard to Non-EU European countries, the union influence is remarkably low in Switzerland and Russia. In particular this is the case of Russia, where more than three quarters of organizations experience no trade union influence at all. However, as indicated in Figure 46, the influence of trade unions has increased slightly in all Non-EU European respondent countries, with the exception of Iceland.

Figure 46: Extent to which trade unions influence organizations (Europe Non-EU)
% of organizations

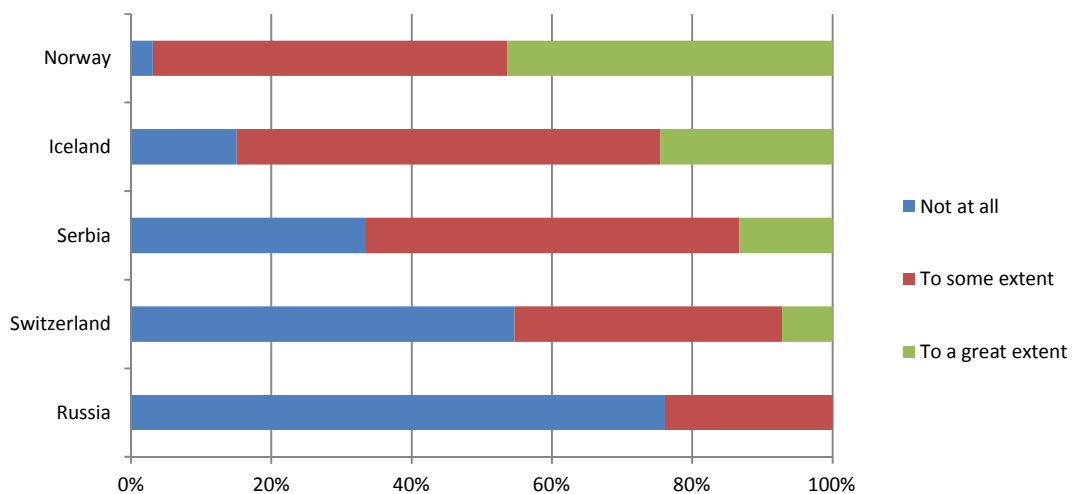
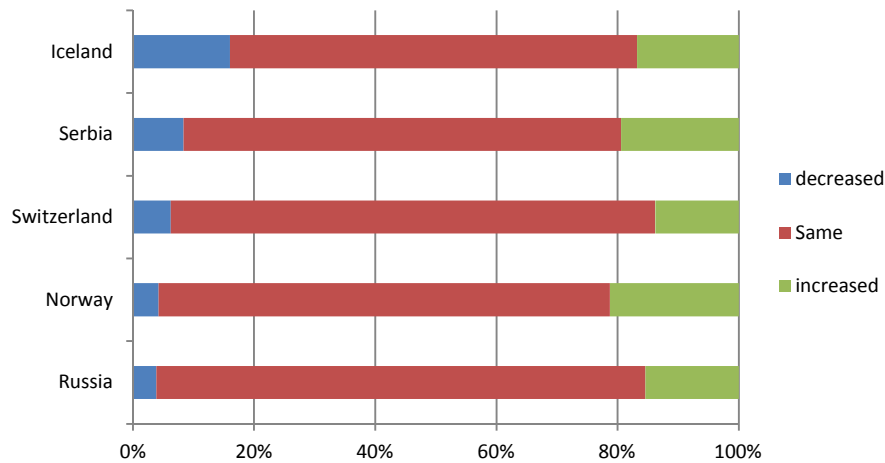


Figure 47: Change in the trade union influence during the last 3 years (Europe Non-EU)
% of organizations



Most Non-European countries present a profile that is very similar to East European and Non-EU European countries (except for Norway and Iceland). The majority of their organizations face either no or low trade union influence. Furthermore, with the exception of Israel and the USA, all the surveyed Non-European countries have reported a declining trade union influence in the past three years (Figure 48).

Figure 48: Extent to which trade unions influence organization (Non-Europe)
% of organizations

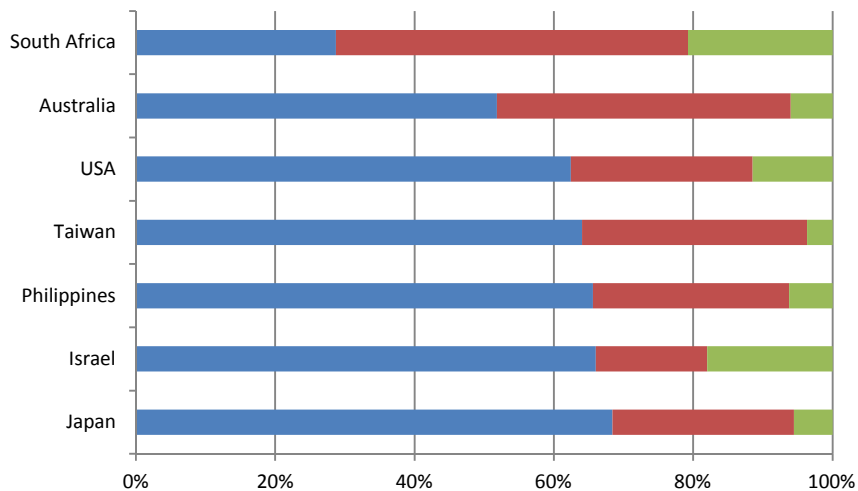
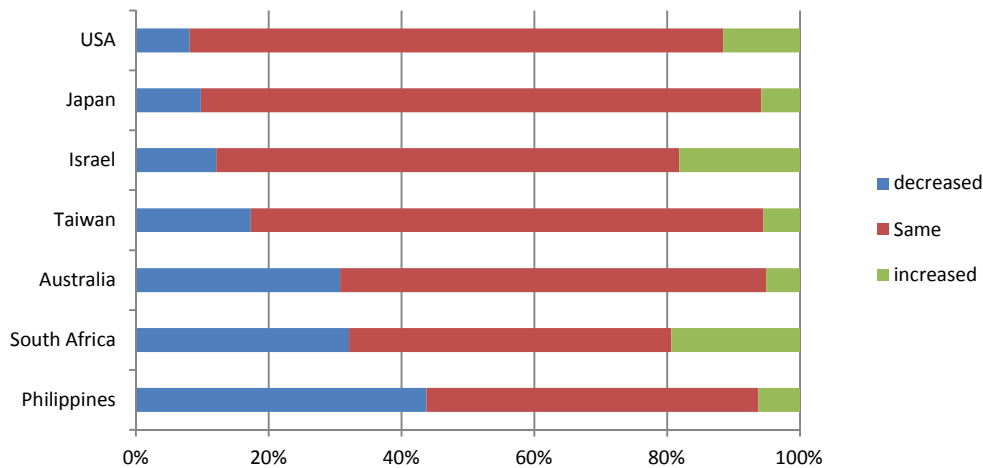


Figure 49: Change in the trade union influence in the past 3 years (Non-Europe)
% of organizations

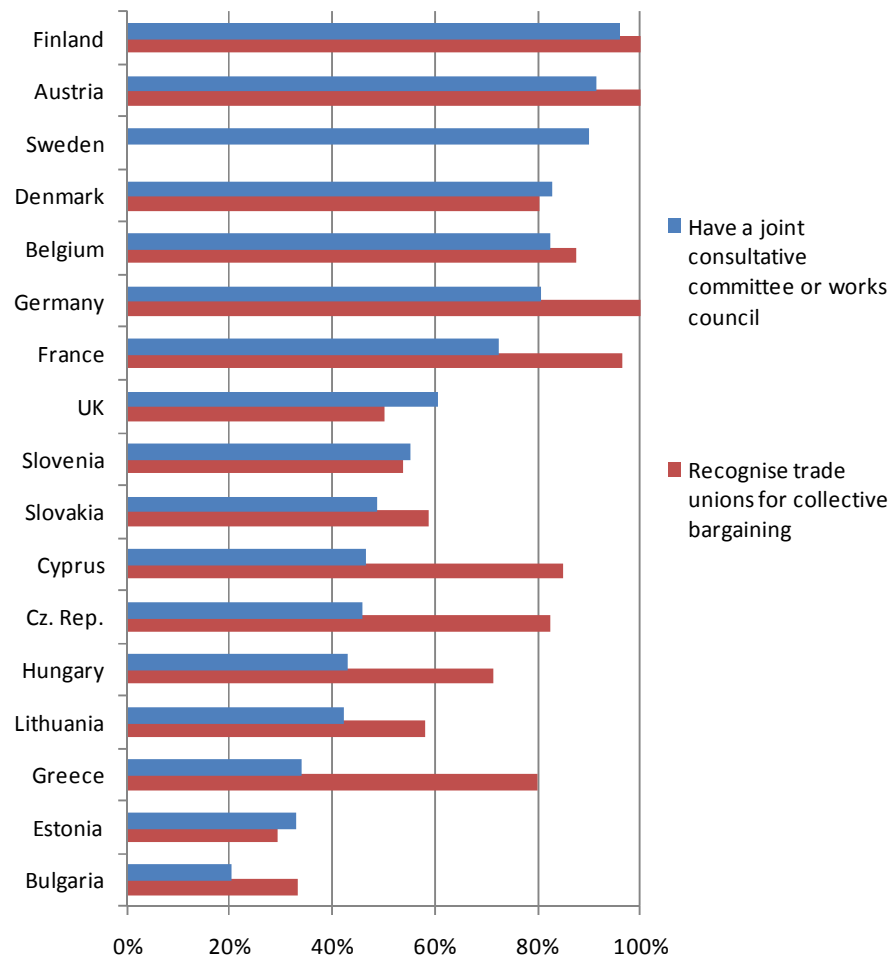


The decline of the trade union influence goes along with some membership losses, especially in the EU countries (Carley, 2009). This is due to such reasons as decline of traditionally highly unionised industries (mining, heavy manufacturing etc.), economic recession, increased mobility in the labour market, the spread of performance-based remuneration systems (Kew and Stredwick, 2010; Torrington et al, 2008) as well as union failure to adapt to changes in the labour market (e.g. internationalisation, flexible work) (Brewster et al, 2007). In general, however, despite a slight decline, the levels of trade union membership have remained stable in most organizations worldwide.

Collective bargaining and works councils

Organizations were also asked if they recognize trade unions for the purpose of collective bargaining and if they have a joint consultative committee or works council. In parallel with the preceding survey results, over 80% of organizations recognize collective bargaining and at least 60% have a works council in Scandinavia, Cyprus and majority of West European countries (Figures 50 a, b, c).

Figure 50a: Recognition of trade unions for collective bargaining and presence of works councils (Europe EU)
 % of organizations



In some European countries, the recognition of trade unions for collective bargaining is required by law, partially depending on the size of the firm (Venn, 2009). Thus, despite the varying rates of trade union membership, the coverage of collective bargaining is much wider, at least in Europe.

In relation to consultative committees, the majority of large European companies are regulated by the European Works Councils (EWC) Directive (a pan-European legislation that regulates collective relationships between multinational firms and employees and requires EWCs to be established in multinational organizations with at least 1000 employees, having 100 or more employees in each of two member states). It is estimated that over 1000 multinationals are affected by the EWC directive (Dowling et al, 2008).

Figure 50b: Recognition of trade unions for collective bargaining and presence of works councils (Europe Non-EU)
% of organizations

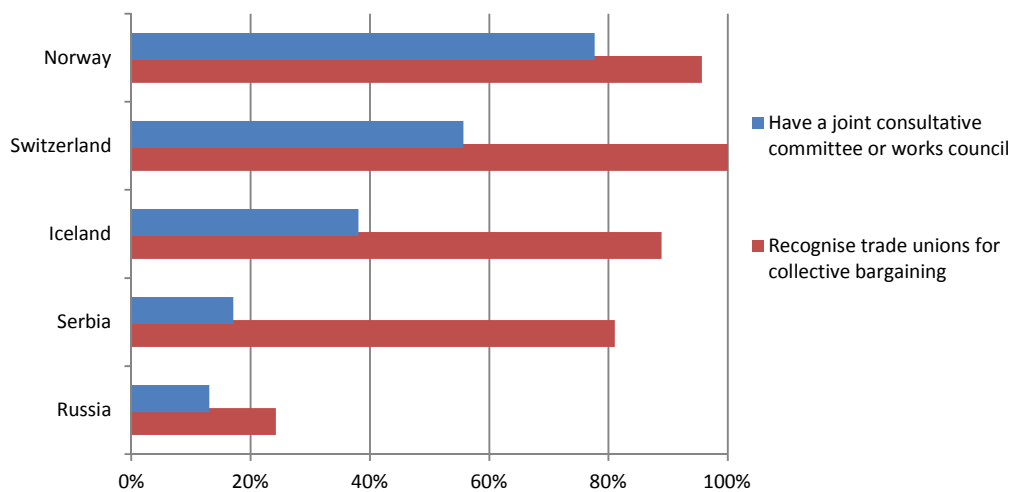
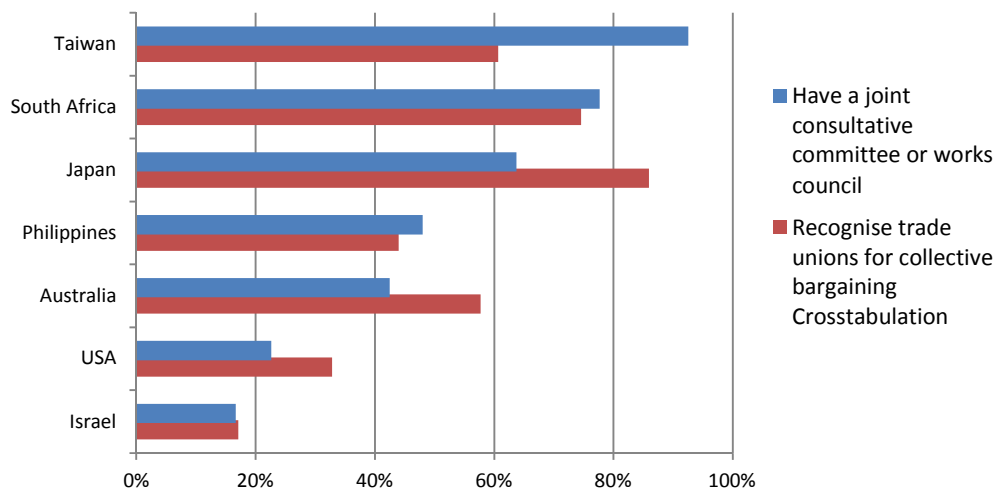


Figure 50c: Recognition of trade unions for collective bargaining and presence of works councils (Non-Europe)
% of organizations



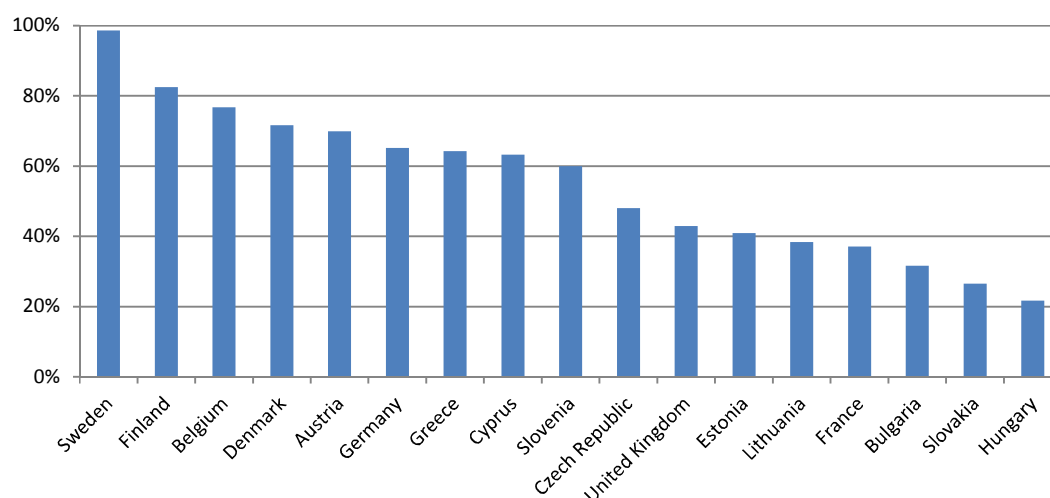
Recent research by Scheuer (2011) showed that trade union involvement in collective bargaining triples the likelihood of union membership, as through collective agreements trade unions can better assist individual members and have an increased possibility to participate in local bargaining over pay, working time, etc. Thus collective bargaining plays a critical role in future trade union membership situation and influence.

Membership in employers' associations

In regard to the membership in employers' associations, a similar pattern to that of the situation of the union density can be observed (Figures 51 a, b, c). In particular, 72–99% of organizations in Scandinavian countries (including Iceland and Norway) are members of employers' associations, while in East European countries (except for Slovenia) this membership is not very common. Besides, the UK and France have below average proportions of organizations that are members of

employers' associations. In general, the average number of organizations in the EU which are members of an employers association fell from 67% in 2003-5 to 55% in 2008-10.

Figure 51a: Organizations reporting to be members of an employers' association (EU countries)
% of organizations



In regards to non-EU European countries, membership frequencies above 50% can be seen only in Norway, Iceland and Switzerland, which makes them similar to the majority of North and West European EU countries. In the remaining countries under this survey, the membership in employers' associations is generally high (above 50%); with the exception of the USA and Israel where the membership is below the 30% mark (Figure 51c).

Figure 51b: Organizations reporting to be members of an employers' association (Europe non-EU)
% of organizations

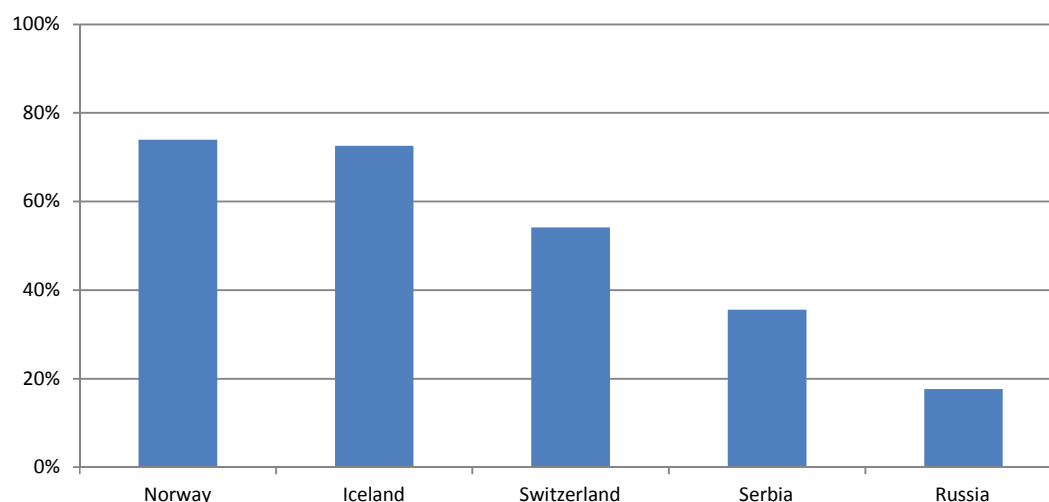
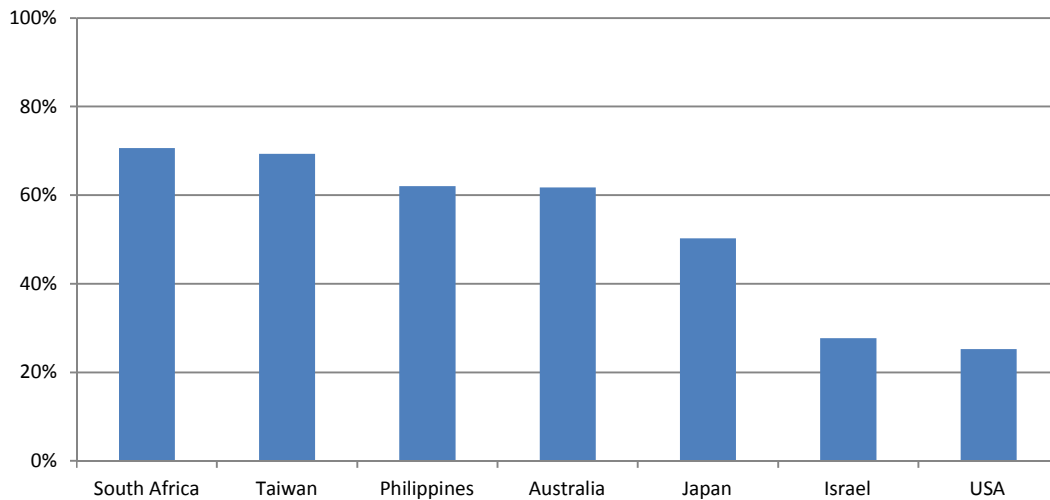
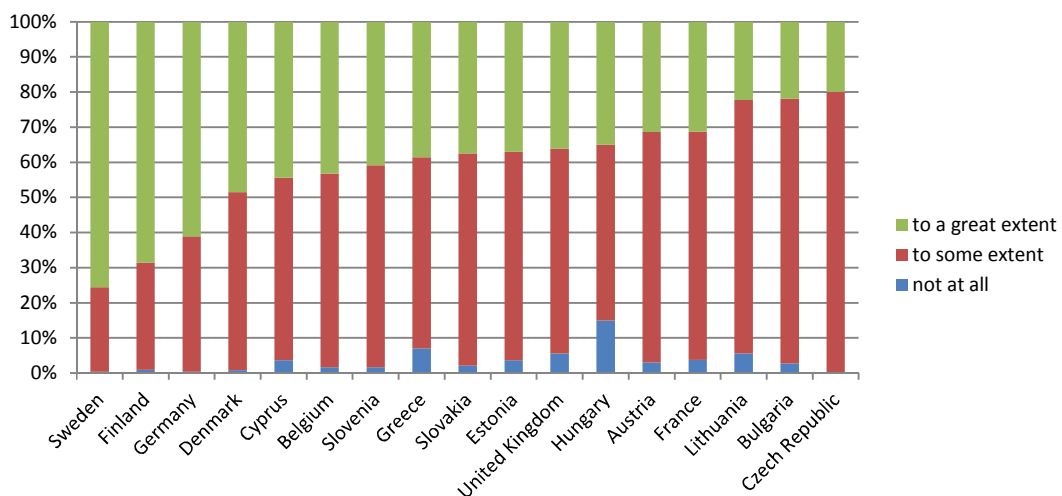


Figure 51c: Organizations reporting to be members of an employers' association (Non-Europe)
 % of organizations



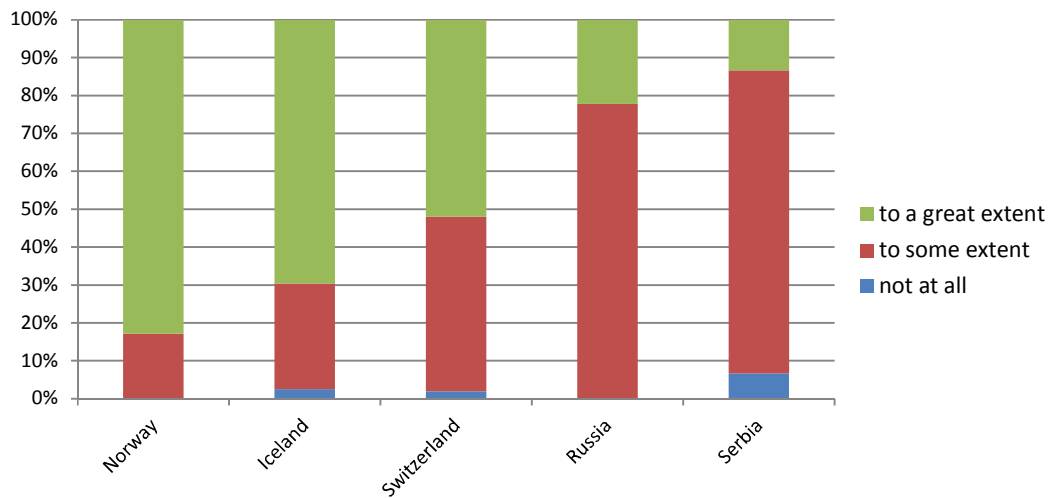
Respondents were also asked to what extent they were satisfied with the services provided by employers' associations. Only 41% of EU organizations that are members of employers' association report such services to meet their needs to a great or very great extent. A substantial proportion (59%) of association members in the EU are not satisfied (not at all or only to some extent) with the association services (Figure 52a).

Figure 52a: Extent to which services provided by the employers' association meet an organization's needs (Europe EU)
 % of organizations



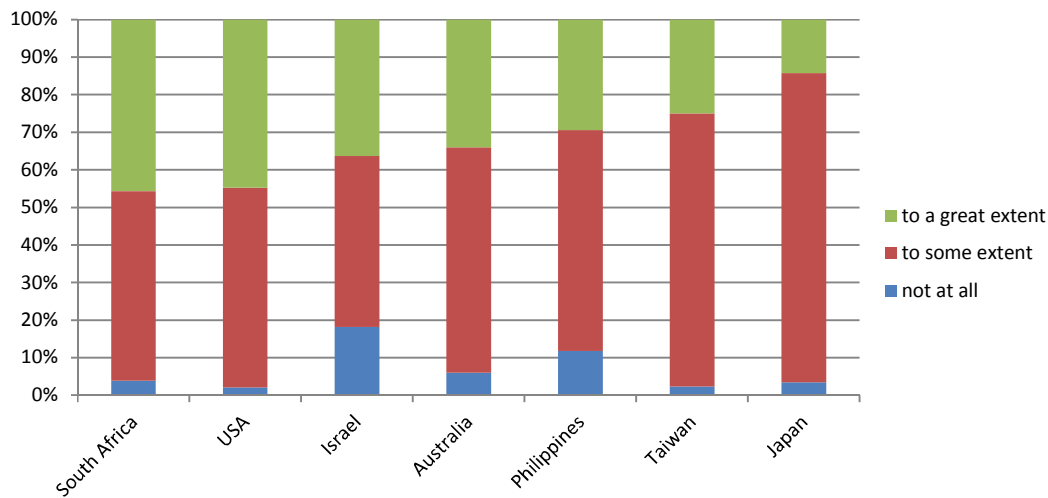
As indicated in Figures 52a and b, employers' associations seem to be most appreciated by organizations in Scandinavia (Sweden, Finland, Denmark, Iceland and Norway) as well as in Germany and Switzerland with over 50% of organizations being satisfied with the services provided to a great or even very great extent.

Figure 52b: Extent to which services provided by the employers' association meet an organization's needs (Europe Non-EU)
 % of organizations



In other respondent countries, the majority of respondents indicated that their membership needs were met only to a small/some extent (Figure 52c).

Figure 52c: Extent to which services provided by the employer's association meet an organization's needs (Non-Europe)
 % of organizations

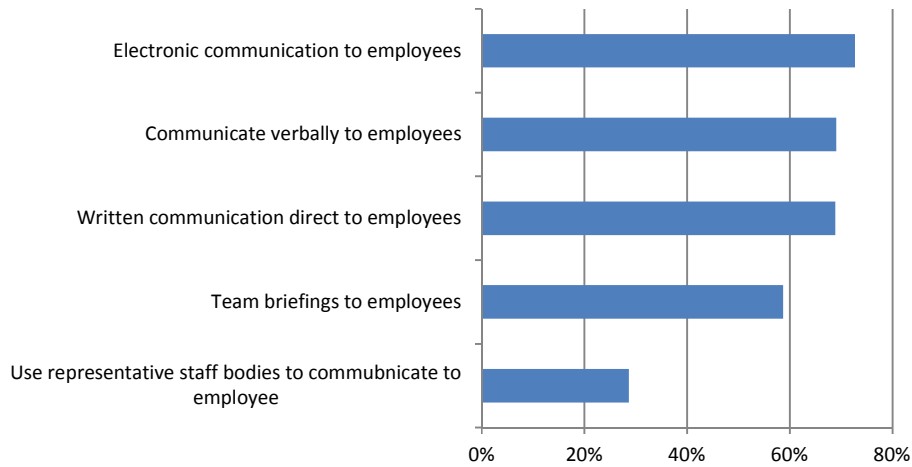


Corporate communication

Top-down communication

Survey findings show that direct communication methods are most prevalent in organizations, among which verbal and written forms of communication remain the most popular methods used by organizations to communicate major issues to their employees. Nevertheless, the growing importance of internet and intranet in employee communication can be seen with more than 70% of organizations using electronic communication to communicate major issues to a great or very great extent (Figure 53). Communication through representative bodies is by far the least used method of internal communication.

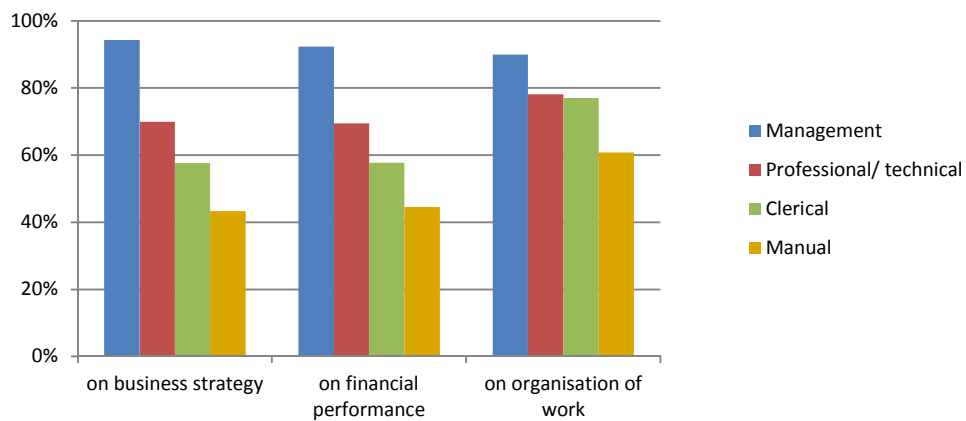
Figure 53: Extent to which organizations use the following methods to communicate major issues to employees (to a great/very great extent)
% of organizations



Formal briefings on strategy, performance and work organization

Concerning the incidence of formal briefings on business strategy, financial performance and work organization, significant differences can be seen among employee categories (Figure 54). Whilst the majority of managers are informed about all the above issues, other categories of employees are briefed about business strategy and financial performance at a much lower level.

Figure 54: Employee categories which are formally briefed about the following issues
% of organizations



In relation to business strategy communication, a downward fall in the proportion of organizations that also brief their professional, clerical and manual staff is observed (Figure 55), though some variance across countries exists.

Figure 55: Employee briefing on business strategy (1995-2008)

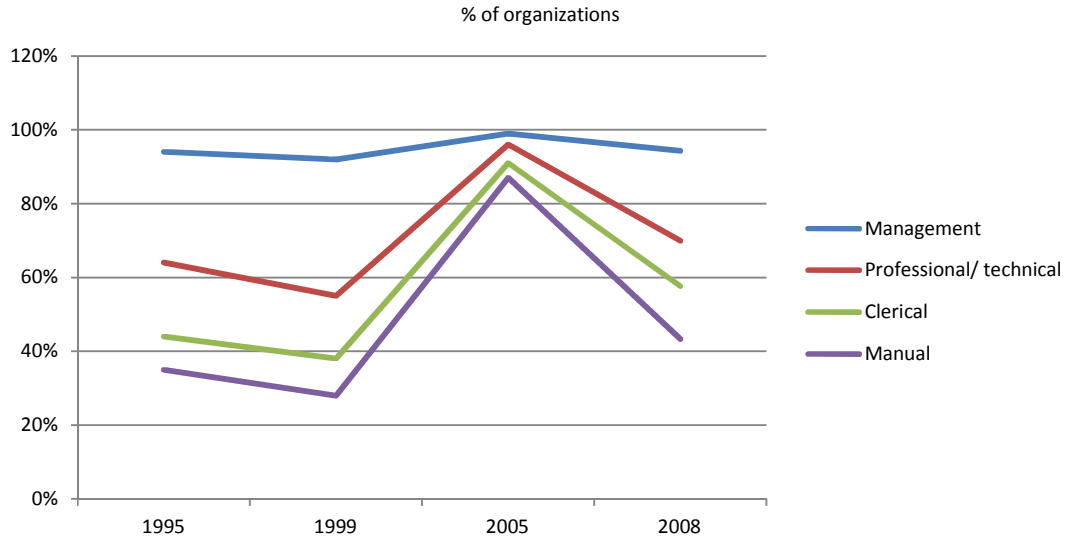


Figure 56a: Percentage of companies which formally brief their manual workers on business strategy (Europe EU)

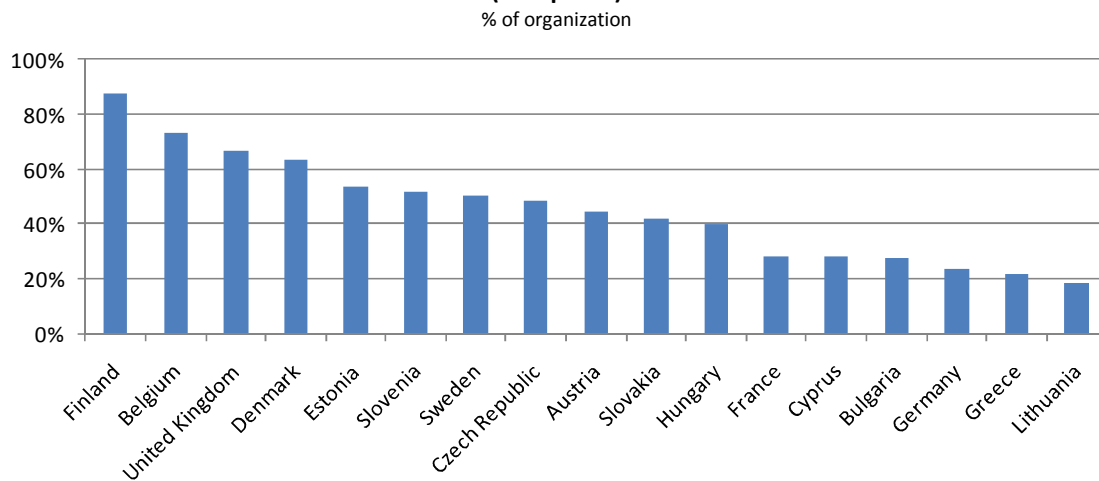
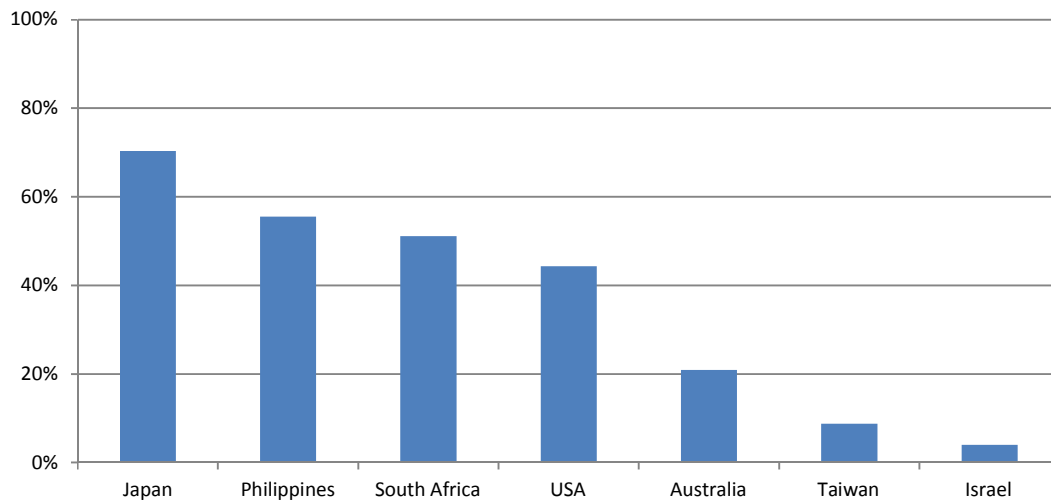


Figure 56b: Percentage of companies which formally brief their manual workers on business strategy (Europe Non-EU)



Figure 56c: Percentage of companies which formally brief their manual workers on business strategy (Non-Europe)
% of organizations

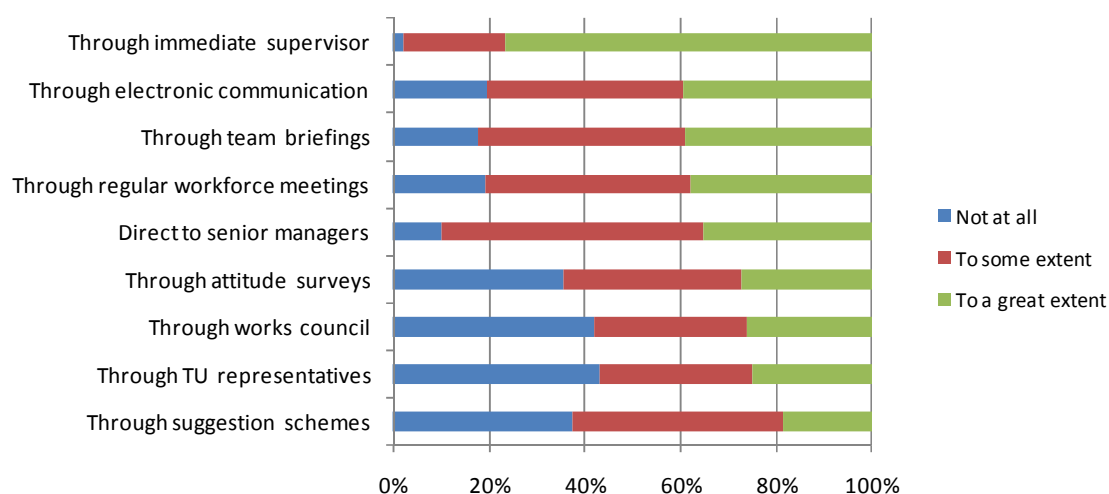


Increasing levels of direct communication and a decline in trade union influence may reflect a trend of employee communication shift from the representative to individual forms and becoming more personal (Brewster et al, 2007). The main cause for the shift from representative to individual forms of communication may be seen in the changing workplace itself: increased workforce diversity, heterogeneous contract relationships, network-based organizational structures and complexity of the work makes it difficult to establish a representative body for the majority of the workforce. Moreover, reduced workplace size, different management styles and increased mobility in the labour market have remarkably reduced the benefits of and the need for a union membership (Torrington et al, 2008).

Bottom-up communication

Direct communication with the immediate supervisor is the most popular way used for employees to communicate their views to management in most organizations. As seen in Figure 57, electronic communication and direct verbal communication (workforce or team meetings, direct senior managers) also present common bottom-up communication methods. Other communication methods are used to a much lesser extent by majority of respondent organizations.

Figure 57: Extent to which the following methods are used by employees to communicate their views to management
 % of organizations



Conclusions

Speaking about methods of corporate internal communication, survey findings show that verbal communication is the most widely used form in both top-down and bottom-up communication. Electronic communication is the second most favoured form of communication, especially in top-down communication to employees. This has significant implications for strategic HRM, as the use of electronic communication enhances direct communication to employees, which in turn contributes to the integration of the HRM function into strategy formulation (Croucher et al, 2006).

With regard to trade unions, survey findings show some significant differences among countries. The current survey confirms the picture that was revealed by previous surveys, where Scandinavian organizations show the highest unionization levels. In West European and Japanese organizations the influence of trade unions is also strong though to a much lesser extent, whilst the absence of trade union membership and diminishing influence of unions remain typical to majority of organizations in Eastern Europe, the UK, the USA and Russia. Overall a general decline in membership density is observed.

To understand union membership decline in Western Europe, we suggest an examination of aspects of individual membership servicing (Scheuer, 2011). While a considerably lower trade union membership in Eastern Europe in comparison to the West can be explained by the historical context of the region, it can be presumed that trade unions in East European countries still do not perform the traditional functions of unions that are characteristic to the capitalist society, i.e. where unions play the role of “insurance agencies” and protect individual members against the employer and the role of “collective actors” and deal with politicians and governments, public administration, employers’ associations, etc. (Scheuer, 2011). Whereas under Communism trade unions were concerned with the administration of employee welfare, social event organising, overseeing of construction and provision of catering services (Morrison and Croucher, 2010; Woolfson and Beck, 2004), overall in the Soviet times trade unions represented the goals of the communist party rather than employee interests.

With regard to organizations’ membership in employers’ associations and respective satisfaction levels, a pronounced Scandinavian cluster can be observed again, where membership prevalence and levels of satisfaction with provided services are overwhelmingly high. Among other countries

under this survey, membership levels are also generally high; however, employers' associations are not able to meet their members' needs. This may account for a significant drop in the average proportion of members in such associations in the past years.

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