DIVERGENCES AND SIMILARITIES IN THE EVOLUTION OF THE HUMAN RESOURCES FUNCTION IN THE WESTERN PART OF THE MEDITERRANEAN SEA

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Abstract: This paper shows the main characteristics of human resources function evolution, highlighting the divergences and similarities of it in the Western part of the Mediterranean Sea. The movement from the pure administrative staff management approach to a strategic HRM, the adaptation to the latest management innovations, the differences between multinationals and the small and medium companies are also highlighted.

Keywords: human resources function, divergences and similarities, management innovations.

Introduction

The levels of development of the Human Resources function differ from one country to another. However, a certain convergence seems to be in progress within the Mediterranean space thanks to the influence of states, national groups and multinational corporations in particular. Yet, HR practices are never transposed from one country to another without any adaptation. A “contextualization” process is engaged, which facilitates the emergence of hybrid practices. The history of the countries of the Western part of the Mediterranean Sea with their political, social, cultural and economical specificities appears particularly helpful in understanding the evolution of their management policies. Despite the contextual diversity within the Mediterranean space, some general tendencies that are common to all the countries studied can be identified.

The Mediterranean space is a zone of connection. It is the intersection between nomadism and sedentarism, tradition and modernity, universalism and individualism and global and local. The Mediterranean Sea is at the junction between two opposite forces: a sometimes devalued but omnipresent tradition and a will of modernity which is not clearly defined and which is not trusted. The social link is essential in the commercial exchanges between Mediterranean countries. The work in a Mediterranean vision is not only a matter of maximizing personal profits. Human Resources must rely on these shared Mediterranean values and attitudes in order to facilitate the emergence

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of a Human Resource management (HRM) based on reasonable practices and policies which will permit to fight against the drifts of economical effectiveness.

**A Human resources function influenced by contextual specificities**

The Human Resource function has different levels depending on which country in the Western part of the Mediterranean Sea. Three groups can be identified. The first one is composed of Italy and France. These countries were the first ones to set up services specialized in human resources fields and they still develop innovative practices. Portugal, Spain and Slovenia are part of a second group. The Human Resource function is facing a very quick professionalization which is facilitated by political changes and by the opening of the economy to private investors. The Maghreb countries (Morocco, Algeria and Tunisia) complete the classification. In those countries, the Human Resource function is still administrative and not completely structured. Joining neo-institutionalist approaches, this typology underlines that the institutions and the social structure model the company’s specificities. The diffusion and the use of some practices depend at the same time on policies and on regulation conditions that constrain the economic environment of the companies (Granovetter, 1990).

**The diversity of natures and levels of the human resource function**

*The pioneers of the HR function (France and Italy)*

During the Fifties, the main goal of the HR function in France and Italy was to ensure the discipline and the compliance of contractual rules. At that time, employees were considered as passive subjects and managed in a paternalistic way. Besides, the personnel staff jobs were often occupied by retired soldiers or lawyers. The Human Resource function used American theoretical models, inspired by Taylorism and Fayol’s theories which were influenced by army organization. This period of economic growth was little concerned about the real validity of these models of planning, and favored the application of effective tools in the field of recruitment (Dufour, 2005).

With the emergence of social conflicts, the models of the Human Relations School of thinking developed and showed scientifically that employee satisfaction has an impact on organizational effectiveness. Large companies in France and Italy such as Olivetti were inspired by this research (Marchesi, Strazzeri, 2005). The Human Resource function tried to match company’s needs and human expectations, with the objective of improving performance. The concept of “high potentials” emerges. The staff manager was now called Human Resources Manager. The use of data-processing tools helped the Human Resource function. In spite of these evolutions, the management mode still remained in most cases paternalist. The beginning of the Eighties marked the initiation professionalization of the Human Resource function. Tools focused on strategic HR planning were created and Observatories that study the evolution of the company jobs were launched. The companies’ objective at that time was to maintain the qualification level of its employees by up-dating them through training, but also to preserve the best ones by proposing attractive remuneration, training and working conditions. The Nineties were marked by intense international competition which provoked in companies an increased search for competitiveness in particular via greater workforce flexibility and a research for an increased quality. Inspired by the success of Japanese companies, “Total Quality Management” was established in many large European companies. In big groups, the Human Resource
function then became a strategic partner. New tools and indicators allowed action planning and an anticipation of the changes.

*The follower countries (Spain, Portugal and Slovenia)*

In Portugal, the arrival of foreign investments in the Sixties initiated the industrialization process. The same movement was observed in Spain. Multinational corporations which implemented at that time brought new management techniques and staff management. These new methods create the need for “managers”. It is in this context that in 1963 the ESADE in Barcelona and in 1965 the ICADE in Madrid were created. The staff manager then acquired a greater importance within the company and improved its position in the flow chart of the company. The staff function remained administrative at that time in most of the companies and dealt mainly with the respect of authority and legislation. At that time, staff management was characterized by job security and career evolution linked to oldness. The productivity incentives were still non-existent at the time and only multinationals and big Spanish and Portuguese groups had a real Human Resources function. (Marques, 2005).

In the middle of the Seventies, the political transitions in Spain and in Portugal marked the evolution of the HR function. In 1974, the “eyelets Revolution” in Portugal provoked the nationalization of the main sectors of the economy and trade unions became essential interlocutors in Portuguese organizations. In Spain, after Franco’s death in 1975, many trade unions appeared. These political and socio-economic changes favored negotiation and the resolution of collective conflicts. During this period, multinationals accelerated the diffusion of wage policies related to the worker performance. They also generalized the selection processes by using scientific evaluation techniques. The management personnel department was still mainly managed by production experts, principally engineers or economists. In Slovenia, the new 1974 constitution and the new 1976 labor legislation provoked many changes. The right to work was not guaranteed by the constitution anymore, wages and social benefits were no longer imposed by the State and firms could now go bankrupt. The end of the right to work was an opportunity for firms to reduce the cost of a very expensive and too numerous workforce, which helped firms to increase their competitiveness.

Spain and Portugal joined the European Union in the middle of the Eighties. The opening of the economy and the privatization of the companies accelerated. The management model evolved towards a management by objectives and HRM then favored meritocracy. During the Nineties, employees were no longer considered as a cost but as a resource. The Human Resources departments were then in charge of the development of potentials available within the company and also had to develop the workforce motivation and flexibility. During this period, the Spanish and Portuguese Human Resources Directors started to be included in the decision-making by participating in the Board of directors and by taking part in the strategy of the company (Cagigas and al, 2005). Slovenian independence provoked a huge loss of ex-Yugoslavian markets for Slovenian firms which forced them to restructure in order to find new outlets. After a difficult period of reorganization and cost reduction, firms started to invest in their employee’s competencies by the professionalization of selection, training and career development. The privatization of the Slovenian economy was made little by little. Indeed, the State was still present in many key sectors and most of privatized Slovenian firms are owned by employees or by local investors and
its main foreign investors come from neighboring countries (Germany, Austria and Italy) (Kohont, 2006)

Delayed countries in a professionalization process

During the colonial period, the North African countries (Morocco, Algeria and Tunisia), faced a discrimination in terms of labor legislation. Indeed, North African employees were hired under a special law the “overseas labor law” (Mana, 2005), so employers could hire and fire without a manageable and numerous workforce for daily activities without compunction. The French trade unions put a strong pressure on colonial authorities for the recognition of a certain number of rights to Moroccan and Algerian workers. Despite this pressure, French employers seldom applied all the legal rights (Baayoub, Zouanat 2005). After the independence of the North African countries (Tunisia and Morocco 1956 and Algeria 1962), efforts were primarily devoted to the rebuilding of the state and of its basic institutions. During this first post-colonial period, the objective in the Maghreb countries was to ensure the vital public services (electricity, railways, water, etc.) to stimulate the national economic growth (creation of job, distribution of the wages…) and to preserve as well as possible the colonial administrative structure endangered by the massive departure of French civil servants. In Algeria, the March 1963 law declared the self-management of the factories : “the factory to the workers”. High unemployment led to people leaving to go to the former colonizer who, during the period of economic growth called the “30 glorious years”, lacked workforce (Meziane, 2005).

After independence, private companies in North African countries generally benefited from situations of quasi monopoly or from other favorable conditions that prevented them from market evolutions and competition. The Human Resources policy in these companies was generally much codified and largely inspired by the HR policy in the public sector. The way of managing the workforce is very similar to the one that prevailed during the colonial period: high turn over, maintenance of the workforce in a situation of precarity, etc. In Algeria, the Seventies are marked by the state’s desire to build the economy, focused on the development of heavy industry. This period is characterized by massive investments and the creation of large powerful national companies. During this period, the HR function, driven by the state, was in charge of professional aspects (recruitment, pay, promotion, participation) but also social aspects (housing, transport, medicine, holidays, etc…).

At the end of the Eighties, the HR function had a certain number of management tools and methods in order to modernize HR and to increase the qualitative level of management (Meziane, 2005). Algeria went through an economic crisis with the fall of the oil income, the development of unemployment and the slowing down of investments. This caused the social explosion of October 1988 which led to the questioning of the political system (Dali, 1996). The Algerian State then decided to give a larger autonomy and freedom to companies and the law of “General Status of the Worker” inspired by communist ideology was then abolished. According to new social laws voted in 1990, the state will no longer intervened directly in the economical decision process and simply determined the limits the firms had to respect. In Tunisia, Zghal (2003), underlined that the industrial sector was essentially made up of small and medium companies whose priority is primarily financial. HRM was of little importance and was very rarely strategic as revealed on the survey carried out by the multi-field team of research in management (ERGE) of Sfax University in 1994/1995. The survey
also underlined the existence of paradoxes between a consciousness of the importance of HRM and a very administrative management in everyday life (Ben Ferjani and alii 2001). In fact, corrective management, which corresponded to a permanent search of opportunity without true strategy, dominated. According to Zghal (2000), Tunisian companies evolved in a “blur” culture characterized by the absence of precise rules, the absence of their application and the request of a paternalist model based on relations of equality and dignity.

Baayoub and Zouanat (2005) distinguish five types of Mediterranean firms according to their link to international economy companies: multinationals or big local groups, firms opening, firms between the status quo and modernization, firms which were closed in approach and public firms and administration. In the firms which were closed, the leaders refused to take up the challenge of international opening and change. The employees were kept in a situation of strong dependence. Trade-union representation was not accepted. In multinationals and big groups, the formalization of the practices was done gradually. It was accompanied by the instrumentation of the HR function. In the majority of these companies, evolution oscillated between development and status quo. The leaders trying to control the evolution of the function by maintaining the economical and social balance. As regards public firms and administration, the authorities exerted economical and legal pressures on the public companies in terms of HRM. The competition which was less exacerbated in these sectors attenuates the importance of HRM within these companies and can explain the importance of the trade unions in those firms.

Igalens (1999) distinguishes four phases in the evolution of the HR function. The first phase corresponds to the basic of the HR premises. The principal concern related to the control of production and the individual is a variable of adjustment. The second step related to the extension of the HR function. The third phase is a stabilization phase. It is characterized by a diffusion of tools. The last phase represents the emergence of HRM. All the countries of the Western basin of the Mediterranean Sea have experienced or experiencing comparable evolutions. France, Italy, Slovenia, Spain and Portugal are positioned in the last phase of the grid proposed by Igalens. The North African countries are currently in a phase of stabilization and instrumentation of the HR function.

An engaged convergence

The intervention of the state in the improvement of the HR function, the internationalization of the companies and the development of training in the field of human resources constitute in various proportions according to different countries, the three major vectors of evolution of the HR function in the Western basin of the Mediterranean Sea. In Morocco, from 1993 to 2004, 65 companies were privatized and 24 belong henceforth to foreign capital. In Tunisia, companies that face international competition have had an accelerated process of change on HR practices (Chebbi, 2005). In Spain and Portugal, the privatization of many companies and the EU adhesion has considerably accelerated the flow of exchanges. These two joint movements have thus constrained the HR function in the space of twenty years to modernize considerably. In Algeria, the privatization of the economy has been done gradually and the modernization of the HR function was initiated first of all by the state and the national groups. For Tunisia, the process of evolution of the HR function occurred under the impulse of the state. Prolonging the law of 1972, the implementation of a program of
leveling encouraged companies to improve their management process and their quality process for products and services. Mahjoub (2005) and Ennaceur (2004) underline the essential role of human resources in the global development program of the Tunisian companies. The Tunisian State adopted a strategy based on four pillars: the prevention of conflicts by the institutionalization of tripartite periodic negotiations between workers and employers' trade unions, employment flexibility, development of human resources within companies and institution of the participation of employees in the decision-making process within the company.

In Morocco, the authorities engaged a process of “social recasting” via a new industrial legislation to encourage companies to reconsider their HR practices and also encourage trade unions to adopt a more participative and less conflictual attitude. Moreover, from the middle of the eighties, a device was implemented by the state to encourage companies to provide training for their personnel with possibilities of financing these costs in order push the Moroccan companies to reconsider their HR practices (Baayoub, Zouanat, 2005). According to the majority of the research done during the nineties, HRM in North Africa, still appeared basic and unsuited to the requirements of competition which requires an efficient workforce. Generally, it comes close to the conception of Taylor (1957) about scientific management with a clear separation between conception decided and conceived by top managers and what is done by employees, an authoritative management style and weak internal communication. However, the firms most risk from the international competition started to benchmark their competitors, especially European firms, to identify and adapt their best practices in order to stay competitive. Within the constraints of the environment these firms adapt their HR policies to develop HR strategic policies. Moreover the countries of the Western basin of the Mediterranean Sea facing a renewal of the managers’ graduated from universities or business schools, sometimes foreign universities and business schools, who have all learned management principles. These two phenomena create a convergence of HR practices between European companies and their North African counterparts (Frimousse, 2006).

Indeed, despite the different pace of evolution of the HR function, three phases common to all the countries of the western part of the Mediterranean Sea can be identified:

- a normative and disciplinary conception of staff management linked to a paternalist management style (Step 1)
- a better understanding of the human factor with a transition from staff management to HR function (Step 2)
- a professionalization of the HR function with the implementation of the latest management innovations (Step 3)

The second step of the professionalization process began in France and Italy at the beginning of the Seventies and was launched in Spain, Portugal and Slovenia at the end of the Seventies. On the other hand, the professionalization of the HR function was done during the Eighties in all the countries of the North side of the Mediterranean Sea at the same time. The North African countries, passed without transition at the beginning of the nineties from a normative and disciplinary staff function (step 1) to a modern HR function (step 3).
The HR function in the Mediterranean: stakes and challenges

In all of the countries of the Western basin of the Mediterranean Sea, employers want the HR function to concentrate on driving change and not on administrative questions. HR policies are becoming more and more individualized and also gaining in transparency. 360 degree evaluation is developing even if this tool is mainly used in multinational groups. So the evaluation system is becoming more objective and less biased, and the policy of linking remuneration to performance evaluation is becoming individualized thanks to the contribution of communication and information technologies. The HR function is henceforth understood as a tool with the objective of value creation. Training, selection and many administrative tasks, (especially payroll system) are being externalized in order to focus on more high-value HR activities but also in order to reduce the cost of the HR activities. Diversity management henceforth constitutes one of the major challenges of current organizations. Professionals observe, in European countries, a relaxing of the bond between the employees and their company. Employees are less implicated in their work and give more and more importance to ethics in their workplace but also to the balance between their private life and their professional life (Dufour, 2005). The employee always seeks a compromise and the employer must take into account his needs in order to encourage loyalty (Cagigas and al, 2005). HR professionals must also reinforce the quality of internal communication in order to add value to the contributions of the HR function which remains little or badly perceived.

Towards a cultural pluriversalism

Human Resources Management should not be satisfied with the instrumental dimension and must provide meaning; in other words provide the human element when there is none (Yanat, 2005). Mediterranean thought and cultures can permit to identify possibilities for humanizing management. Indeed, the Mediterranean is a culture of transition able to ensure the passage from closed cultural identities to diversity and from interculturality to intercreativity. This must make it possible to overcome and get through the great oppositions and the persistence of the polarization between two imaginaries. In the Mediterranean space, and various religions, cultures, but the various demographical, economical and political situations reinforce the interest of diversity management within the companies. The Mediterranean can be considered as a natural line which separates two sides and two different worlds (from an economical, demographical and religious point of view in particular) and at the same time unifies each one of them (from a cultural point of view). Indeed geographers like Reclus, Sion and Siegfried and historians like Braudel and Pirenne present the Mediterranean Sea as a coherent space whose neighboring people share a common heritage around an internal sea. In this context, diversity management can be used through hybridization in order to reconcile convergence and contingency and to give sense to two distinct universes. Shayegan (2001) encourages us to confront the different cultures in order to benefit from the mixture and the crossing. Hybridization corresponds to a mixing of the differences. This way of thinking “between the two” makes it possible to avoid brutal reactions caused by the explosion of modernity. Plurality makes it possible to legitimate all the cultures by giving sense to another culture starting from its own culture. It authorizes a dialogue between the cultures without the negation of the other.
The Mediterranean Sea: a hidden source of inspiration for HRM?

The management practices in the Mediterranean Sea are characterized by a traditional management founded on intuition (and not on strategic planning) on a basic organization based on an oral culture in which the formalization of methods and tools is missing. This description is an antithesis of the management reference model. However, Mediterranean companies can constitute a “hidden source” inspiring a model of management placing the human being at the centre of the organization processes of production systems and exchanges (Orsoni and Pérez, 2006). The management of an organization can be defined as the articulation between the economic model to which it refers and the mode of governorship to which it is referring to. According to Pérez (2006), an economic model corresponds to the ways and means by which an organization gets its material, financial and human resources and uses them to carry on its activities. The mode of governorship returns to the methods and processes by which the organization defines its direction system and its control mode. Management is the result of two forces that can be materialized under two positions: “the engineer” and “the social actor”. The first position applies to firms with a rational and sequential approach such as “forecasts/achievements/controls”. In the second posture, the approach is more relational. It includes linking the actors within the company and their external context.

Mediterranean companies try to reconcile those two forces by not only focusing on the transaction from an economic point of view. Indeed, especially in North African firms economic and social relations are interlinked and they are often accompanied by a form of fatalism. Marchesnay and alii (2006) link this behavior to a theosophical vision of the life which is confirmed to the holy texts. These countries share Arabo-Muslim elements with high tolerance for ambiguity and uncertainty which is linked to a strong belief in destiny (“Maktoub” ; it is written). The social link is omnipresent in North African firms. Informal networks based often on regional affinities dominate the company. Employees have a strong emotional link with their superiors. Traditional economy characterized, according to the expression borrowed from Braudel (1980), by relationships based on “eye in the eye and hand in the hand”, is preferred. Relationships are more human and less mechanical and work aims initially at satisfying the elementary needs of a group and not providing riches for a few. A Mediterranean way of managing people cares, first of all, in a direct or indirect way, about maintaining cohesion between social and societal stakes. Companies do not necessarily adopt HR practices the best appropriate to economical requirements, but those which seem best accepted socially. Mediterranean management styles are therefore more emotional and less objectified.

General conclusion

Since the Nineties, a certain convergence of HR practices in various Mediterranean countries has been in progress. Certain homogeneity in the tools used on the two sides of the Mediterranean Sea is observable. All the Mediterranean countries seem to adapt with more or less speed to the latest management innovations. However, whichever country is concerned, there is a very important difference between the multinationals and the small and medium companies concerning HRM. In Morocco, the HR function in multinationals is like in big firms in Europe or in America. On the other hand, the gap is very important between the small Moroccan firm and the Moroccan multinationals. A similar thing is noticed in all the other countries. Only half of French
small and medium firms have a HR department and in Italy, only companies with more than 300 employees have a real HR function.

A movement of professionalization of the function is also in progress in all the Mediterranean countries with increasingly specialized HR professionals. The Mediterranean HR Director has increasing power in all the countries and increasingly managers sit on the Management committees. All the Mediterranean countries have evolved or evolve from a purely administrative staff management approach to a strategic HRM. With globalization, the HR function must take into account various dimensions: shareholders, stakeholders, information and communication technologies, employees’ diversity and social responsibility without forgetting the objective of economical profitability. The same expectations and the same constraints are present in all the Mediterranean countries accelerating the convergence of the visions, the practices and the tools. Management practices of Mediterranean are faced with many factors of contingency which makes contextualization quasi-inevitable. In certain configurations, a process of hybridization engages and facilitates the emergence of new practices which are innovative and appropriate to cultural, historical, geographical and demographical Mediterranean identities (Frimousse, 2006). The Mediterranean Sea is not only a sea which laps at the shores of Alexandria, Tangiers, Barcelona and Marseilles. It is also a way of thinking the world that could help Mediterranean occidental countries to recover their essence by finding the East (Frimousse and Peretti, 2006).

References