THE CONVERGENCE OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES: REPUBLIC OF MOLDOVA AND EUROPEAN UNION

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Abstract
The influence of EU over the countries in the Eastern Partnership, the expansion of EU and the economic crisis are creating a dynamic environment which require organizations to continuously adapt. Valorising the potential of human resources and their capability of adapting to change is one of the factors that accelerate the economic development of countries, beside access to knowledge, technology and material resources. The purpose of the study is to analyse the strategic human resource practices in the organizations from the Republic of Moldova and to assess the level of convergence of practices from Republic of Moldova to the European ones by calculating the closeness of Republic of Moldova to one of the European Human Resource Management clusters (previously identified by M. Ingjatovic and I. Svetlik) considering strategic practices as strategy formalization, involvement of human resource department in developing the organizational strategy and devolution of human resource decisions to line management. In this way, Republic of Moldova was added to the map of European clusters of strategic human resource management.

Key words: *convergence; clusters; HR practices; European Union; strategy*

JEL Classification: *M12; L10*

I. INTRODUCTION

The human resources have the capacity to create competitive advantage and the economic results are dependable on using and developing the human resources. This matches the development of human capital as a policy area which has gradually risen to the top of EU agenda.

The creation of competitive advantage based on people is dependable on the capability of companies to implement a strategic approach for human resource management, to create and align a human resource strategy with the business strategy of the company. This can be done through a set of strategic human resource practices which can be analysed at organizational level, national level and European Union level.

One of the research questions addressed examines if the cooperation between EU-EaP countries led to a convergence of strategic human resource practices, this representing a premise for the development of successful businesses and future opportunities both for the companies from Republic of Moldova and European Union. A second question is linked to the EU international 'actorness', more specific 'Is there a European transformative influence over the strategic human resource management practices in Republic of Moldova?'.

The methodology includes a survey using the Cranet questionnaire and cluster analysis. The Cranet questionnaire is used in the Cranet survey, a longitudinal study analysing and comparing the human resource policies and practices in organizations from different countries in the world. Cluster analysis will be used as method, considering that is one of the complex methods in systematic research and it is useful in multidimensional analysis where significant similar cases are looked for.

The present research is relevant for the Jean Monnet Programme as it fosters the publication and dissemination of previous research, made within the EU Partner Countries. This research is a start as a preliminary research that has never been done for Moldova, member of the EaP. It is essential to understand more about the economic environment of the region and whether the practices in Republic of Moldova are coherent with those in the EU member countries.

II. THE CONTEXT FOR HRM IN MOLDOVA AND EU THROUGH THE EASTERN PARTNERSHIP

The relationship between Moldova and EU developed well in the last 5 years, with the legal framework

reflecting Moldova's more ambitious European agenda (Secrieru, 2014) being directed to gradual economic integration and political cooperation. An Association Agreement (AA) was signed between the two parties in 2014 including the Deep and Comprehensive Free Trade Area (DCFTA). Since 2008 the agreements on visa facilitation and readmission and a Mobility Partnership took effect. Moldovan citizens are able to travel without a visa to the EU starting with April 2014. All these measures made Moldova the fastest reforming country in the European neighbourhood (Bulgari, 2015). The economic relationships between Republic of Moldova and EU started with Romania, the two countries having the same language and cultural similarities. There is a large number of companies with Moldovan capital founded in Romania: 4575 companies as of August 2015 (Camera de Comert și Industrie a României, 2015) and 1547 Romanian companies in Moldova as of January 2015. The percentage of foreign investments in Moldova from EU reached 77%, although some Russian companies are entering as Netherlands or Cyprus. EU is the biggest trade partner for Republic of Moldova.

Historically Moldova is a former part of Romania and thus the European culture has echoes here, although the diversity forcefully created during many years by the Soviet Union brings together a number of minorities having divergent interests. This makes the context even more complex and the influences from EU are to be differently interpreted by the various groups of inside and outside interests. This aspect creates more dynamic in the economic, social and political environment. As a matter of fact, the EU is very diverse in itself, including a large number of nation-states having a long history of empires and wars between neighbours.

EU managed to create a unique market for goods, services, capital and labour to take advantage of the diversity and the existence of various resources, including human resources. To manage well the diversity there were a large number of attempts to delineate cultural and institutional clusters. In practice, cultural and societal influences intertwine. Culture does not develop solely on the basis of social institutions, but receives influences over time in the history, geographic location and language. Culturalism followers also see social institutions as cultural artefacts that reflect changes among values. Institutionalism followers include culture among institutional elements that explain differences between countries. Individual behaviour and social structures are created on the basis of reciprocity, meaning that institutions need legitimacy and individual opinions to what is legitimate is supported by institutional context. With this connection, the two approaches are analysing the influence of the same factors from different positions (Brewster, 2007) over practices of human resource management (HRM).

The diversity of the nation-states and national business systems provides a theoretical basis for comparing HRM. Such elements of national institutional in different countries have an effect on various aspects of HRM performance, distribution of roles between specialists and line management relations and employee communications, analysis of HRM development in various countries, internalization and externalization, strategic integration and allocation of responsibilities HRM to line managers. Starting with these, authors have developed comparative studies in the field of HRM. There are common issues that can be universalistic addressed such as the need of organizations to attract, reward and develop people. Other issues are common to region and others remain distinct for different countries or sector level. The analysis can be extended to differences between parts of the same organization or to the unique aspects of each manager and employee relationship (Brewster, 2007).

European research paradigm is a contextual one and seeks a common understanding of what is unique in a certain context and seeks explanations for this. Thus, explanations provided by research matter more than identifying the links with performance. The multitude of approaches that employees, unions and managers take orient the analysis on the influence of these factors on internal and external factors that may help explain the differences. The methodology used is an inductive one and theories are extracted from the accumulation of data collected. The research is based on identifying and understanding what is happening. Research analyses the approaches of managers to human resources to assess the consequences they have for individuals, for long-term existence of the organization, for the community and the country where the organization operates.

III. CONVERGENCE OF HRM PRACTICES FROM A EUROPEAN MODEL TO CLUSTERS OF COUNTRY MODELS

Brewster and Hegewisch (1994) justify the existence of a European HRM model starting with the differences from the American model. A European model was proposed by C. Brewster (Brewster, 1995) and received critics for not considering the cultural diversity in Europe. The research conducted by the authors of Cranet network (Alas, Kaarelson, & Niglas, 2008) showed substantial differences at national level in using HRM. Using a unique model of European HRM is not considering the differences between countries, the European Union being a mixture of countries created on different social, cultural, religious and ethnic fundaments, and hence the need to address them in multiple European models of HRM. HRM practice cannot be separated from the institutional context and there for the analysis must be carried out within a framework broad enough to include the influence of factors such as culture, legislation, role of the state and unions. The same framework should be replicated at organizational level.

Gooderham and Nordhaug (2011) propose a framework in which the practices of HRM are the result of interaction between the institutional environment of national culture, national legislation, state involvement and employees' representation in unions on the one side and business strategy and human resources strategy in organization on the other. Also, the link between business strategy and human resources strategy is affected by institutional factors. In the institutional contexts of extreme coordinated market economies institutional factors have a strong influence on the human resources strategy and the link with business strategy is less important. In contexts of extreme liberal market economies, the contextual factors have a weak influence and HR strategy is directed by the business strategy. In other words, HR strategy is aligned with the greatest influences, either within the organization or outside it.

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

Trying to prove that there is an orientation towards a European HRM model, efforts have been made to demonstrate the convergence of HRM practices. The study of Morley, Brewster, Gunnigle, and Mayrhofer (1996) using the Cranet data facilitated the identification of convergence trends in 14 European countries. Thus, was checked if there is a convergence of labor relations towards a model of HRM without unions. The results showed that although certain aspects were seen converging, there are distinct patterns at national level.

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

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

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

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

The analysis of HRM in Moldova is expected to show similarities of approach and practices with one or more clusters drawn by the previous studies, and a closeness of the Moldovan practices to the European ones.

Identifying a system of analysis and comparison of SHRM to position Moldova in a cluster of practices and the replication of research to achieve data compatibility is difficult, considering the large number of studies analysing different countries using different methods. In literature, there are many studies concluding the existence of clusters of countries on policy approaches and practices of human resource management at European level. Among the firsts, it is the analysis performed by (Ignjatovic & Svetlik, 2003) who used 52 indicators for 24 countries in 1999/2000 CRANET research and delimited four distinct clusters.

A concern for grouping the SHRM clusters countries have I. Nikandrou, E. and N. Papalexandris Apospori who conducted a study using Cranet data 1995 and 1999 to structure two clusters for 18 European

countries: 11 countries in North-Western Europe cluster and 7 countries in South-Eastern cluster. The study conducted by (Apospori et al., 2008) used a comparative approach based on longitudinal data Cranet 1999/2000 for 21 countries to analyse the impact of strategic HRM practices on organizational performance and identifies two clusters across Europe, one for North and one for South.

Another study focused on analysing the human resource practices that would improve organizational performance is using the data from the European Working Conditions 2005 (European Working Conditions Survey 2005). This study seeks to identify whether there is a common approach to all 31 European countries in terms of high performance (Ferreira, 2012). The results show that there is no single system of practices but rather 3 clusters formed geographically, South-west, South-Eastern and Northern Europe, the nearest paradigm of high performance being cluster north. Considering the theory of business systems from R. Whitley as the basis for delimitating clusters, Stavrou, Brewster, and Charalambous (2010) identify three geographic regions in relation to strategic HRM practices for the 14 countries considered: Northwest, Anglo-Irish and Central-Southern.

The cluster structure of HRM practices varies from study to study considering the diversity of practices analysed and the number of countries.

IV. THE PLACE OF REPUBLIC OF MOLDOVA ON THE EUROPEAN HRM CLUSTER MAP

Human resource management in Moldova was poorly analysed in general papers addressing the labour market and competitiveness (Brezuleanu, Brezuleanu, Brezuleanu, Dinu, & Stoian, 2015) (Garbuz & Bercu, 2015). In terms of HRM practices, convergence and comparisons with the strategic management of human resources in the EU, analyses are scarce and refer mainly to multinationals (Kerekes, Plesoianu, Farkas, & Poór, 2011) being limited mostly to the EU region.

Much more attention was given to Central and Eastern Europe in terms of research because it includes the former communist states, the so-called transition economies. Unfortunately, Moldova was left outside of those studies also.

To analyse the similarities and the closeness to a cluster of practices the replication of studies from the Western Europe represented an easy way to achieve this need. Considering the large number of studies on European HRM using the data collected through the Cranet longitudinal research and the purpose of the present research, a short version of the Cranet questionnaire was sent to organizations from various domains in Moldova, having in mind a convenience sample. The questionnaire was filled by 132 organizations.

Considering the purpose of the paper, a cluster structure had to be selected to meet the conditions of comparing and analysing similarities. Given the multitude of cluster analyses that combines the practices of strategic HRM with other variables, the limited possibility of comparison provided by data collected and the objective of identifying the proximity of Moldova to a cluster of practices, the structure of clusters defined by Ignjatovic and Svetlik (2003) based on CRANET dataset 1999/2000.

Starting with the average values of the clusters based on Cranet data from 1999/2000 by M. Ignjatovic and I. Svetlik there were calculated the Euclidean distances between the average values of Moldova and cluster average values for a set of variables related to strategic practices: formalization of organizational mission, organizational strategy and human resource strategy, involvement of the human resources department in organizational strategy development and devolution of human resource decisions to line management. These variables are meant to measure the importance given to human resources strategy and the HR function and line management role in HRM. The clustering of Ignjatovic and Svetlik used 52 indexes and Ward hierarchical clustering method. The two authors have used factor analysis to group the number of influencing factors and they delimited 4 clusters, each of them with a specific approach for HRM:
1. Nordic Cluster: Denmark, Finland, Norway and Sweden;
2. Western Cluster: United Kingdom, Switzerland, Belgium, the Netherlands and France;
3. Central-Southern Cluster: Germany, Austria, Spain, Czech Republic, Slovenia, Italy and Portugal;
4. Peripheral Cluster: Bulgaria, Estonia, Greece, Cyprus, Ireland, Northern Ireland and Turkey.
Geographically the clusters are uniform, except the Peripheral Cluster which is the least homogeneous.

The results of calculated Euclidian distances (Table 1) show that strategic practices of HRM in Moldova are closer to the Peripheral Cluster (51.4) and the next nearest is Central-Southern Cluster (52.4). The distances to the Nordic and Western clusters are higher, the Nordic Cluster being the most distant.

Considering the geographical position, Moldova is part of the eastern line of the Peripheral Cluster, which would be called Eastern Cluster if Ireland and Northern Ireland wouldn't be included. The Peripheral Cluster includes organizations which deal with a dynamic environment and have selective responses to changes in the environment. HRM is achieved primarily by line managers who are assisted by human resource specialists.

When it comes to formalizing the organization's mission and strategy the level for Moldova is very high, 85% of organizations having a written organizational mission and 77% a written organizational strategy. This is not the case further for the human resource strategy where only 17% of organizations have it formalised.

Relating this value with the low value (25%) for involvement of the HR department in strategy development results that the role of the HR department is still minimal (Table 1). Comparing those values with the averages of clusters it can be noted that they are the lowest. The values for devolvement of pay and benefits decisions and recruiting and selection decisions to line managers reflect that the line managers are dealing with this kind of issues and this confirms once more the positioning of HR department on a low level of contribution. It looks like the practices of centralised economy with decisions made at the top of the hierarchy and HR having an administrative role are still used in organizations.

Table 1. Moldova's proximity to strategic HRM clusters in EU

Variable name	Republic of Moldova	Romania	Central-Southern Cluster average	Nordic Cluster average	Peripheral Cluster average	Western Cluster average
Written organizational mission	85	70	77.67	89.00	60.75	73.67
Written organizational strategy	77	62	73.33	88.00	56.50	73.33
Written HR strategy	17	53	45.67	73.00	41.25	54.33
Involvement of HR department in strategy development	25	45	48.33	59.33	44.50	50.33
Devolution of pay and benefits decisions	84	68	55.00	49.67	65.75	36.00
Devolution of recruitment and selection decisions	62	46	54.00	73.67	58.50	44.00
Devolution of training and development decisions	38	45	54.67	58.00	55.00	39.33
Devolution of industrial relations decisions	54	45	43.00	33.33	50.75	27.00
Devolution of workforce expansion/ reduction decisions	62	63	58.33	69.67	67.00	55.00
Euclidian distance (R. Moldova)			52.4	81.6	51.4	74.7
Euclidian distance (Romania)			24.6	55.6	23.7	40.3

The position of Moldova on the cluster map is to be influenced by a large number of variables. The closeness to the Peripheral Cluster is relative if the values for variables are to be considered individually. The regional influences are to be further analysed together with the evolution of HRM in the area.

V. CONCLUSION

Identifying the similarities between the HRM approaches is still challenging when doing the analysis at European level. The regional level and country level of analysis provides more insights about the practices of HR and their effects on organizational performance. The convergence to a unique European model is still developing and it will take a great amount of time. The results of the study show that practices of HRM in Moldova are resembling with the ones in the Eastern area of Europe and the closeness to the Peripheral cluster confirms this aspect. It is expected that the influences from EU will bring the HRM practices in Moldova to a higher level of similarity with the ones in the Peripheral cluster as the role of HR department will increase. To get to this there is a need for a change in the role of HR, from an administrative one to a strategic one, and this can be achieved with a higher involvement of HR professionals.

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