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The Nordic model of HRM from 1995–2021– a case of 'bounded change'?

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ABSTRACT

The aim of this comparative study is to investigate the degree of continuity in the distinctiveness of private-sector Nordic HRM in terms of calculative and collaborative HRM in relation to the prototypical liberal market economy – the UK – and the prototypical coordinated market economy – Germany. Our analysis employs firm-level data from the Cranet survey for the period 1995–2021. In line with institutional theory and its concept of 'bounded change' our findings indicate that, notwithstanding structural change and institutional developments, the Nordic countries continue to be characterized by a relatively low adoption of calculative HRM and a relatively high adoption of collaborative HRM. As such, they continue to constitute a cluster of countries that is distinctive in relation to both the UK and Germany.

KEYWORDS

Calculative HRM; collaborative HRM; institutional theory; bounded change; Nordic HRM

Introduction

The comparative HRM literature has argued that HRM practices of firms are institutionally embedded (Gooderham et al., 1999, 2019) and that institutional factors such as employment legislation and established norms enable or constrain the choices available to organizations regarding HRM (Farndale et al., 2017; Gooderham et al., 2006, 2019). Given that there are differing 'business systems' (Whitley, 1999) or 'varieties of capitalism' (VoC) (Hall & Soskice, 2001), this gives rise to the notion of distinctive HRM regimes. Applying institutional theory to the 1995 Cranet cross-national data set (Parry et al., 2013), Gooderham et al. (1999) observed a Nordic HRM regime that was distinct in relation to both the UK and German

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regimes, i.e. respectively archetypal liberal market (LME) and coordinated market economies (CME). Unlike the UK, the Nordic regime was relatively low in terms of 'calculative' ('hard') HRM; and unlike the German, it was relatively high regarding 'collaborative' ('soft') HRM.

The aim of our study is to investigate whether the idiosyncratic Nordic HRM regime—a set of relatively successful economies (The Economist, 2024)—remains significantly different to those of the UK or Germany in the period 1995–2021. We adopt an institutional theoretical perspective that suggests that because 'institutional change is overwhelmingly incremental' (North, 1990, p. 89), *cross-country change* in HRM will be bounded rather than discontinuous (North, 1990). Streeck and Thelen (2005, p. 9) label this bounded change perspective as 'reproduction by adaptation' meaning that institutional legacies of the past constrain institutional developments and the range for innovation in managerial practices. In terms of our study, this perspective implies that cross-country differences in HRM that were significantly different in 1995 remain so in 2021.

In the next section, we discuss our institutional theoretical perspective. Thereafter, we provide an overview of how the Nordic model has been conceived and a discussion of structural and formal institutional developments at the Nordic level. Next, we present country-level analyses of developments for each of the four largest Nordic countries and our two comparator countries, Germany and the UK. This forms the basis of our cross-country bounded-change hypothesis for the six HRM regimes.

In the empirical section, we initially examine within-country changes in the use of 'calculative' and 'collaborative' HRM practices by private sector firms in all six countries. We observe within-country changes to HRM in four of the six countries. Thereafter, using the UK as a reference country, we focus on a cross-country analysis. In the concluding section, we argue that despite notable structural changes, various incremental institutional developments and some within-country changes to HRM, the cross-country analysis indicates that changes in HRM regimes are bounded. Thus, the Nordic HRM regime remains distinctive.

Our study not only spans a period of 26 years (1995–2021), a longer period than any previous longitudinal Cranet-based studies, but it also includes end-point data collected in 2021 during the recent pandemic that in 2020 resulted in negative GDP and a substantial contraction in trade across a range of economies including the Nordic countries, the UK and Germany (OECD, 2023b). Another feature of our study is that unlike Prince et al. (2022), which simply replicates Gooderham et al. (1999)'s selection of countries, our study includes all four of the major Nordic countries, thereby contributing to a more comprehensive treatment of the Nordic model and HRM regime.

Over and above supporting institutional theory and its conception of bounded change (North, 1990), the main contribution of our study is to underscore the notion of 'contextual HRM'. Gooderham et al. (2019) argue that the concept of Strategic HRM and its universalistic assumption that managers have considerable autonomy has dominated the field of HRM. They argue that context, as conceived by institutional theory, reminds us that managers operate under varying degrees of constraint and that assumptions about managerial latitude in the context of North America may not apply to other institutional contexts. Underpinned by institutional theory, the model Gooderham et al. (2019) develop implies not just cross-country differences in HRM regimes at a single point in time, but the robustness of those contextually derived differences over time. Our specific contribution is to investigate this latter aspect to contextual HRM in relation to Nordic HRM.

Convergence of HRM and bounded change

An ongoing discussion within comparative HRM has been that of cross-country changes to HRM. As Mayrhofer et al. (2011) indicate there are two generic views on the long-term durability of idiosyncratic HRM regimes (Farndale et al., 2017; Gooderham & Brewster, 2003). One is that as learning about effective or 'best practice' HRM diffuses, managers will choose these resulting in convergence over time (Pudelko, 2005; Sparrow et al., 1994). Gooderham and Brewster (2003) trace the origins of the convergence thesis of HRM to Kerr et al. (1960) who argued that management systems represented attempts to manage technology as efficiently as possible. In the long run, firms tend to seek out and adopt the best solutions to organizing labor within their product markets, with long-term survival being dependent on their being able to implement them (Chandler, 1962, 1977; Chandler & Daems, 1980). Eventually, cross-national differences in management systems will be superseded by the logic of technology and markets, which requires the adoption of specific, and therefore universally applicable, management techniques (Hollingsworth & Boyer, 1997; Kidger, 1991). Thus, characteristic of the convergence perspectives is 'its functionalist mode of thought. The practice of management is explained exclusively by reference to its contribution to technological and economic efficiency' (Gooderham & Brewster, 2003, p. 7).

The other generic view on cross-national differences derives from institutional theory and argues that HRM is best viewed as 'contextual' (Gooderham et al., 2019) meaning that managers operate within a set of institutional constraints. Given the absence of discontinuous institutional change triggered by for example 'wars, revolutions, conquest, and natural

disasters' (North, 1990, p. 89), existing institutional constraints change only incrementally or adaptively (Hall, 2007; Hall & Gingerich, 2009; North, 1990). Thus, as divergent institutional arrangements are fundamentally robust and resilient (Hall, 2007; Hall & Soskice, 2001), this gives rise to durable nationally characteristic 'organizational rigidities' (Sydow et al., 2009, p. 689). Therefore, the contextual view of HRM suggests that cross-country differences in HRM regimes are relatively stable over time.

Although the convergence thesis has garnered some empirical support it tends to be cautious and conditional (e.g. Carr & Pudelko, 2006; Sparrow et al., 1994). Instead, there is increasing support for some notion of persistent divergence. In their examination of longitudinal studies of HRM using the Cranet data, Gooderham et al. (2019, p. 17) find, '… there is no evidence of countries becoming more alike in the way they manage people… Not only are there distinct national HRM regimes, but these regimes tend to remain in the same relation to each other.' However, it should be noted that time spans in these studies have been rather limited and therefore may not capture longer-term changes stemming, for example, from the global intensification of competition. For instance, one of the longest time spans in the studies Gooderham et al. (2019) reviewed, Mayrhofer et al. (2011), is a mere 12 years (Farndale et al., 2017). More recently, using the concepts of 'calculative' and 'collaborative' HRM, Prince et al. (2022) replicated the study by Gooderham et al. (1999) and employed Cranet data from 1995 and 2015 to examine how HRM practices have evolved without finding support for convergence. In addition, using the same Cranet data sets to study personnel selection practices, Biemann et al. (2023) found no support for convergence.

In their analysis of developments to HRM in Europe between 1992 and 2004, while Mayrhofer et al. (2011, p. 64) find no evidence of any 'final convergence': differences among country means remain highly significant. Further, the variability among country averages does not change with year meaning that, 'The (majority of) HRM elements explored do not become less or more diverse' (Mayrhofer et al., 2011, p. 59). The issue is how to refer to this development. Rather than 'divergence' or 'stasis' (Gooderham & Brewster, 2003), Mayrhofer et al. (2011, p. 52) refer to these continuities of differences in HRM regimes as 'directional similarity'. We prefer the more institutional theoretically grounded notion of 'bounded change'. Rather than imputing any direction of change for cross-country HRM, bounded change means that significant differences in HRM endure. It is this concept we employ in our study of cross-country differences in HRM over time across three contexts, the four largest countries of the Nordic region, the UK, and Germany.

The Nordic model: a 'distinctive' case

The 'Nordic Model' refers to economic, political, and institutional similarities between the Nordic countries. The model offers a foundation for both efficiency and equality by combining high levels of social and employment security with a favorable climate for business and productivity (Bévort & Einarsdottir, 2021). Although differences exist between the Nordic countries, the interplay between macroeconomic governance, public welfare services, and organized working life constitute three core pillars of the Nordic model (Dølvik et al., 2015). Esping-Andersen (1990)'s classification of welfare systems serves as a significant theoretical basis for the Nordic model. The description of the model often includes a mix of conditions and outcomes. For instance, the high level of trust in the Nordic countries, which has been labelled 'the Nordic gold' (Andreasson, 2017), may be seen as both a product and a prerequisite for the Nordic model.

One common feature of the Nordic countries is the social democratic compromise between labor and capital (Bévort & Einarsdottir, 2021). After a turbulent period of conflict, class struggle and crisis in the 1930s, employers and workers reached compromises, which have served as an important foundation on which the Nordic labor and welfare models have been built (Dølvik et al., 2015). The tripartite collaboration between labor unions, employers, and the state is a core element in the organization of working life in the Nordic countries (Dølvik et al., 2015). This tripartite collaboration—encompassing collective agreements, labor law and mechanisms for dispute resolution—provides workers with the right to take an active role in various workplace arenas. This is reflected in the prevalence of collaborative HRM practices in these countries (Gooderham et al., 1999; Prince et al., 2022). The collective and solidaristic nature of unions may also explain the lower levels of calculative HRM practices in these countries. The emphasis on employee involvement and participation in the workplace is based on both democratic values and the goal of organizing work in a productive way. A key component of the Nordic model is extensive communication between employers and employees.

Identifying 'models' in comparative research builds on theoretical approaches to categorizing countries into regimes. The broad categories of liberal market economies (LME) and coordinated market economies (CME) derive from the prominent framework of 'varieties of capitalism' (VoC) (Hall & Soskice, 2001). The essence of VoC is that LMEs are characterized by market coordination, and CMEs by strategic coordination. In an empirical test of the LME/CME dichotomy using labor relations and corporate governance as the underlying dimensions, Hall and Gingerich (2009) found overall support for the clustering of advanced

economies around one or the other. Except for Austria, Germany scored highest on both dimensions. Like the other Anglo-Saxon economies, the UK scored low on both dimensions, displaying a clear liberal pattern that is markedly different to that of CME economies. Although the Nordic countries (Denmark, Finland, Norway, and Sweden) clearly fall within the CME category, they all score lower on the two VoC dimensions compared to Germany. In other words, the Nordic countries are distinctive from the 'pure' CME, Germany.

This view of the Nordic countries as a 'special case' is not unique to VoC. In addition to VoC, Table 1 provides an overview of three other influential comparative business systems approaches that observe the singularity of the Nordic countries in relation to Germany: Midttun and Witoszek (2020), Gallie (2007) and Esping-Andersen (1990). These three approaches are even more explicit than VoC in locating the Nordic countries in a distinct category in relation to Germany (and of course, the UK).

Table 1 indicates that the Nordic countries can be distinguished from Germany in three ways. First, they have the capacity to combine

Table 1. Business systems in the Nordic countries, Germany, and UK.

	Nordic countries - Denmark, Finland, Norway, Sweden	Germany	UK
Coordination mechanisms introduced by Hall and Soskice (2001) and tested in later studies (e.g. Hall & Gingerich, 2009)	Strategic coordination. The Nordic countries are categorized as CME along with Germany, although, the Nordic countries score lower on the indices of labor relations and corporate governance than Germany (Hall & Gingerich, 2009).	Strategic coordination between the different spheres of the economy. Germany provides an archetype example of a CME.	Market coordination characterized by liberal elements on labor relations and corporate governance. UK categorized as LME.
Nuancing the Nordic model building on Hall and Soskice's categories of CME and LME (Midttun & Witoszek, 2020)	Ambidexterity of the Nordic model. The capacity to combine collaborative and competitive elements and navigate between these.		
Distinguishing between employment regimes building on the power resource framework contrasting Germany and Nordic countries (Gallie, 2007)	Inclusive employment regimes. Nordic countries are distinct due to greater capacity of governments and the power of organized labor to constrain the actions of employers.	Dual employment regimes. The dualist regime differs from the inclusive regime by providing stronger rights to the core workforce on behalf of the periphery.	Liberal employment regime
Distinguishing between three main types of welfare states (Esping-Andersen, 1990)	Social democratic welfare states. Emphasis lies on equality and universal benefits.	Corporatist welfare states. Benefits are linked to status.	Liberal welfare state

collaborative employer-employee relations in some domains with liberal elements in others (Midttun & Witoszek, 2020). This interplay between competition and collaboration has been labeled the model's ambidexterity (Midttun & Witoszek, 2020). The flexicurity model in Denmark is the most prominent example of the liberal elements. However, the other Nordic countries share liberal elements, including the deregulation of markets, such as electricity markets and telecom markets.

Second, the flexible Nordic context is distinct from the more legalistic context of Germany (Gooderham et al., 2015; Lind & Knudsen, 2018). In terms of HRM, Bennett (1997) points out that German HR departments are largely restricted to ensuring that the firm is not in breach of any of the many regulations that constitute national employment law and agreements. By contrast, in the Nordic countries the firm-level legislative framework is significantly more general, meaning that HR departments have more latitude (Gooderham et al., 1999).

Third, unlike Germany, Gallie (2007, p. 100) argues that in the Nordic countries there is a significant level of employee participation in work control, which reflects the distinctive nature of these countries deriving from the 'greater capacity of (their) governments and… organized labor to constrain the actions of employers'. While employees in Germany may have representation through works councils, the level of workplace representation available in the German works council system is unlikely to match the extensive influence exercised by unions in Nordic countries. The situation that unfolds in Germany suggests a segmented workforce, in which employees particularly in medium or smaller firms have limited representation in the workplace. Reinforcing this observation, employees in Denmark and Norway are significantly more likely to report that they have influence over work organization compared to their counterparts in Germany (Gallie, 2007). That is not to say that there are no institutional differences across the Nordic countries. For example, Allern et al. (2007) indicate that the relationship between the social democratic parties and trade unions has been weakening in Denmark, whereas it remains close in Norway, and even more so in Sweden. However, in sum, we argue that the institutional similarities of the Nordic countries are such that they constitute a distinctive model that has given rise to an approach to HRM that is different to that of Germany (as well as the UK).

In sum, these distinctive features of the institutional setting of the Nordic countries have been linked to specific combinations of HRM practices. Several HRM scholars including Legge (1995), Gooderham et al. (1999), and Poutsma et al. (2006) have proposed that one can distinguish between two generic categories of HRM practices, calculative ('hard') and collaborative, ('soft'). Calculative HRM refers to those practices such as individual performance-related rewards and performance

appraisals that emphasize quantifiable, extrinsic exchanges between the firm and the employee. On the other hand, practices such as employee strategy briefings and organizational communication policies that aim at the intrinsic commitment of employees to the business and employer–employee mutuality of interest are collaborative (Gooderham et al., 2008).

Widespread in LMEs such as the US and UK where firms have significant managerial latitude (Gooderham et al., 2018), employers can implement calculative practices at their 'sole discretion' (Poutsma et al., 2006, p. 520). In contrast, in CMEs such as Germany and the Nordic countries, one may suppose that labor unions resist calculative practices 'unless it is on top of a fixed salary and involves no reduction of basic pay' (Poutsma et al., 2006, p. 520). Collaborative practices fit the LME/CME divide less neatly. They are least likely to feature in contexts such as Germany, where, because of the system of formalized co-determination and detailed labor regulation, 'HRM may have limited room for maneuver' (Poutsma et al., 2006, p. 522). In contrast, collaborative practices are significantly more likely to feature in the Nordic context where the relationship between employers and labor unions is less rigid, thus enabling relatively high levels of cooperation around novel work practices. The above received empirical support from Gooderham et al. (1999). Using the 1995 Cranet cross-national data set, they compared the use of calculative and collaborative HRM in private sector firms in Norway and Denmark with the UK and Germany (as well as Spain and France). They observed that the two Nordic countries had a highly distinctive HRM regime not only compared to the highly 'calculative' UK regime, but also in relation to the highly 'non-collaborative' German regime.

Structural change, institutional developments and HRM

In the next section we detail structural and institutional developments for each of the four main Nordic countries, the UK and Germany since 1995. In general, we observe a substantial move in terms of occupational structure from manufacturing to services. As Berglund et al. (2020, p. 22) argue, this is a particularly significant change for the Nordics given that 'the organizations of skilled manual workers and their employer counterparts in manufacturing have been key actors in the Nordic systems of industrial relations …and have served as power-brokers in collective bargaining and labor politics.'

Given this, one might expect to find a departure from the Nordic model of HRM. For example, labor unions generally resist calculative HRM practices (Osterman, 2011), so that as their influence is weakened with falling membership one would expect an increase in their level of adoption. However, we argue that once institutional configurations have

been established, they generate organizational rigidities (Sydow et al., 2009) so that firms in particular national settings continue to employ the same 'systemic 'logic' of economic action' (Jackson & Deeg, 2019, p. 4). That does not preclude a degree of within-country change, but in terms of a cross-country comparative analysis one would expect bounded change in national approaches to HRM. Not only have these achieved 'legitimacy' underpinned by 'taken-for-granted assumptions' and normative support (DiMaggio & Powell, 1983; Scott, 2008), but also because developing alternative approaches involves uncertainty (Zucker, 1987). In other words, we argue that while there have been notable structural changes and some institutional developments in the Nordic countries in the period 1995–2021, we do not assume substantial cross-country divergence from the HRM regime of 1995.

Country-level developments: 1995–2021

Denmark

Business system. Denmark, characterized by an advanced welfare state and a long-standing tradition of tripartite cooperation in labor market, industrial, and welfare policies, is an archetype representative of the Nordic model. Even with the introduction of changes to its labor market model in 1995 that have been labeled 'flexicurity', this remains the case. While some have seen flexicurity as a labor market model favoring employer interests (Gooderham et al., 2015), particularly compared to other Nordic countries (Bévort & Einarsdottir, 2021), Lind and Knudsen (2018) argue that this view understates the legacy of the class compromise established in 1899. Thus, flexicurity is a reform to Denmark's tripartite system that maintains the delicate balance between partners by combining employer flexibility with worker security and encompassing three key policy objectives: income/employment security, flexibility, and the expansion of the workforce through retraining (Bekker & Mailand, 2019; Burchardt, 2019). Another feature is the decentralized system of negotiations, where central regulations of the labor market are determined (e.g. minimum wage). All of these elements are aligned with the collaborative social contract characteristic of the Nordic model.

Overall, the Danish flexicurity reform has proven resilient, remaining unscathed by union demands for job-security legislation or unacceptable reductions in income security or retraining opportunities (Bredgaard & Madsen, 2018).

Structural change and institutional developments. Between 1995 and 2021, Denmark's economy underwent significant structural transformations. In the 1980s, the service sector employed approximately 60% of the workforce,

whereas this figure had increased to around 80% by 2020. Conversely, manufacturing jobs, which represented approximately 25% of total employment in 1980, had dwindled to about 13% by 2020 (Statistics Denmark, 2023). Despite declining private sector union membership, from about 70% in 1995 to just under 60% in 2021 (estimates based on OECD, 2023a and Due & Madsen, 2011), there have been only negligible changes to collective bargaining coverage. In 1997, this was 75% (Due & Madsen, 2011) and 73% in 2018 (DA et al., 2021). Therefore, since 1995 most large private-sector organizations have continued to have collective bargaining coverage involving comprehensive agreements with unions (estimated at 86%, DA, FH and Ministry of Employment, 2021).

Implications for HRM. Denmark's industrial relations continue to exhibit distinctive corporatist features that favor collaborative forms of HRM at the firm-level (Lind & Knudsen, 2018). The 'Agreement of Collaboration' from 1947 mandates all firms with more than 35 employees to have a 'collaborative council' (FH, 2024). An enduring resistance to calculative HRM along with an ongoing inclination to the use of collaborative HRM remains a characteristic of the Danish labor market.

Finland

Business system. The Nordic business system model in the sense of tripartite cooperation and national collective agreements remains very much intact. However, over the past two decades there have been a number of developments within this framework that have led to a somewhat more fragmented, decentralized social model. One driver of these developments has been the need to improve the competitiveness of large export-reliant organizations: this has led to the introduction of several sectoral-, union- and company-level agreements (Jonker-Hoffrén, 2019). One of the most notable of these is the so-called 'Competitiveness Pact' of 2016. The aim has been to promote increased employee flexibility (Sippola et al., 2024). This departure has been described as a shift towards 'centralized decentralization' whereby employer-employee agreements are made at the sectoral- or company-level (Jonker-Hoffrén et al., 2021).

Structural change and institutional developments. Structural change in Finland resembles that of the other Nordic countries with a substantial decline in manufacturing employment from its peak of 40% of total employment in the 1980s to 13% in 2017 (Berglund et al., 2020). However, institutional developments have been rather less dramatic.

Union density in Finland has traditionally been high (Bergholm, 2012; Bockerman & Uusitalo, 2006) and in recent years it is approximately 60%

nationally (Ahtiainen, 2019). The unionization rate in the private sector can be broken down into the industrial sector where it lies at 63.4%, and the private services sector where it is much lower at 41.6%. The Finnish union membership rate peaked at almost 80% in 1990–1993 when Finland underwent its most severe economic recession since the 1930s (Ahtiainen, 2019). The collective agreements cover 65.2% in the private sector, and have been stable (Ahtiainen, 2019). While companies attempted to move from a classical, paternalistic employer model of high job security towards a more flexible approach (Andersen & Hällstén, 2016; Vanhala, 1995), the high level of unionization partly explains why changes to the Finnish institutional environment for labor relations have been relatively minor.

Implications for HRM. High union density and Finnish employment law, underscored by comparatively high occurrences of strike action, have ensured that employee participation and collaborative HRM practices have formed the core foundations in Finland (Vanhala, 1995). However, continuous attempts to design more business-friendly labor market arrangements and improve the price competitiveness of Finnish exports have stimulated a 'Finnish model' of sectoral bargaining (Bergholm & Sippola, 2022) where local-level collective agreements have been promoted in favor of national-level agreements. Although this might have had the potential to pave the way for more performance-oriented, calculative HRM practices (Sippola et al., 2024), Kauhanen et al. (2024) find that in practice individual-level performance-related pay remains a marginal portion of Finnish salaries.

Norway

Business system. The business system in Norway embodies several core characteristics of the Nordic model. The tripartite collaboration between employers, unions, and the state remains at the heart of Norwegian working life. This was evident during the Covid-19 crisis when these actors collaborated in putting forward measures in this extraordinary situation, not least the radical expansion of employee furlough programs. Collective agreements, employment legislation, and collective bargaining constitute central components of the institutional setting in Norway (Dølvik et al., 2015). Collective bargaining continues to be centralized, and the wage increase standard set by the export sector serves as the reference point for other sectors (*Frontfagsmodellen*) (NOU, 2021).

Structural change and institutional developments. Following a decline in union membership during the late 1990s, the overall union density has largely stabilized, hovering around 50% (Nergaard, 2022). Fluctuations in

union membership are primarily associated with long-term structural shifts within the private sector. Over the decade from 2007 to 2017, the manufacturing sector saw a 11.2% drop in its workforce, paralleled by a comparable rise in the service sector's employee base (SSB, 2022). With a union density standing at 38% in the private sector, a particularly noticeable decline has been observed within the largest union confederation, LO, which primarily comprises members from manufacturing (Nergaard, 2022). However, in 2021, collective bargaining still covered 50% of private-sector employees (Nergaard, 2022), which shows that collective bargaining remains a core feature also in the private sector in Norway.

Tensions regarding the use of temporary employment contracts were addressed by the Working Environment Act (2005), stating that the main principle is permanent (open-ended) employment contracts. More recently, legal restrictions on when establishments may use staffing agencies have been further tightened (NOU., 2021). In essence, the key characteristics of the Norwegian institutional context have remained consistent over time.

Implications for HRM. Norwegian working life is characterized by extensive communication between employers and employees. Employee participation is regulated in employment law and collective agreements (Gooderham et al., 2015). These include communication about business strategies and policies, which constitute examples of collaborative HRM practices. Although calculative HRM practices are not regulated in the Working Environment Act of 2005, the act states that performance-based pay should not in any way exacerbate physical or psychological stress among employees. Further, given their individualistic nature, labor unions generally oppose calculative HRM practices.

Sweden

Business system. Sweden's business system, characterized by a moderately regulated labor market, stable institutions, and cooperative relations, shares the core tripartite characteristics of the Nordic model. In the private sector, labor union membership has fallen from over 70% in 1995 to 63% in 2019 (Etui, 2022). About 90% of the overall workforce is subject to collective agreements and this figure has been very stable. There is a broad political consensus that the state should refrain from active intervention in labor market agreements, except in extraordinary circumstances such as the pandemic when employee furlough programs were speedily introduced.

Structural change and institutional developments. The proportion of manufacturing employment in Sweden has declined sharply from around 40% in the 1980s to 11% in 2017 (Berglund et al., 2020). However, in terms

of institutional developments in Sweden, while there have been adjustments, there has also been a significant degree of stability. Two significant events just prior to 1995 were the severest recession since the late 1930s and the 1994 induction of Sweden into the European Union. The latter precipitated a wave of deregulation in the late 1990s that swept across several sectors, including transport, energy, telecommunications, and postal services. In reaction to this, as well as the decentralization of wage and benefits negotiations that had occurred in the 1980s, the state intervened in 1997 to curb wage increases, implementing a more coordinated system known as the 'Industriavtalet' (The Industrial Agreement). It was determined that the export sector would be the benchmark for wage increases across all other sectors.

Beyond this development and the general scaling back of the state's role, the formal institutional and legal context for Swedish working life has remained largely intact and continue to comprise three key components (Lovén, 2009). The Codetermination Act of 1976 (Medbestämmandelagen, MBL) regulates employee consultation and participation in working life and constitutes the main law for the system of collective regulations. The Employment Protection Act of 1982 (Lag om Anställningsskydd) protects employees from being given notice or dismissed without objective reasons, such as shortage of work, and the Work Environment Act regulates the work environment.

The institutional stability of the Swedish labor market is exemplified in a comparison of EU member states for the period 2008–2017 by Sanz de Miguel et al. (2020) who found that Sweden was one of the countries that had undergone virtually no change to its employment law. Moreover, they ranked Sweden as the country with the strongest industrial democracy within the EU.

Implications for HRM. Barring micro-sized companies, the widespread adoption of collective agreements provide labor unions with a stable platform to operate, despite declining union membership. The Codetermination Act gives labor unions, as collective agents for their members, the right to elect their representatives, receive information and be consulted about management decisions. Collectively, these institutional characteristics cultivate a climate conducive to collaborative HRM practices and unconducive to individualistic calculative HRM practices.

Germany

Business system. Hall and Soskice (2001, p. 8) view Germany as the prototypical CME; a business system in which firms 'depend more heavily on non-market relationships to coordinate their endeavors with other actors.'

In regard to the mid-1990s, Gooderham et al. (1999) observed that Germany had strong labor legislation that resulted in formal, standardized, industry-wide agreements. Co-determination is still a prominent feature of the German business system (Weiss, 2013), and Germany has, by and large, maintained high levels of labor regulation (Krebs et al., 2021). Keller and Kirsch (2016) observe that while Germany in the mid-1990s was the prototypical CME, twenty years on there are reasons to doubt that this is still the case, particularly in the private service sector. While it would be a considerable overstatement to claim there has been a convergence towards the LME model, the main constituent parts of the German model of employment relations have undergone incremental developments.

Structural change and institutional developments. In terms of the employment structure in Germany, there has been substantial change in the proportion of employment in manufacturing from 40% in the 1980s, to 34.39% in 1998 and then to 26.87% in 2022 (Trading Economics, 2024). This structural change has been reflected in two noteworthy institutional developments. First, there has been a decline in the proportion of employees covered by employer associations that are responsible for collective bargaining from 75-80% of all employees (Visser & Van Ruysseveldt, 1996) to about 60%. Second, as the proportion of male, full-time workers in the manufacturing sector declined, labor union density fell from about 35% in the early 1990s to just over 15% in 2012. In the same period, overall labor union membership halved from 45%. Additionally, although works councils are mandatory in all establishments with five or more employees, their formation depends on employee initiative, and Ellguth and Kohaut (2013) observed increasing employer resistance to their formation. Thus, while in 1996 just over 50% of the private sector workforce were covered by works councils, by 2022 this had declined to just under 40% (Kohaut & Schnabel, 2024).

Implications for HRM. For the mid-1990s, Gooderham et al. (1999) observed that the German co-determination framework restricted the adoption by firms of calculative HRM. In addition, because of the overriding need to maintain 'positive relations with works councils' (p. 512) HR departments had a 'narrow, operative focus' (p. 513) that precluded the development of collaborative HRM. Although structural change and institutional developments have clearly since occurred, co-determination and collective bargaining remain relatively significant features of German working life. This leads us to suppose a substantial degree of continuity in terms of both calculative and collaborative HRM.

The UK

Business system. Hall and Soskice (2001) characterize the institutional setting of the UK as that of an LME, i.e. a shareholder economy rather than a

stakeholder economy. Similarly, Gooderham et al. (1999) viewed the UK as being shaped by a high level of managerial latitude. They ascribed at least some of this latitude to the legal limitations to industrial action introduced by the Thatcher government in the 1980s. By 1995, this had resulted in a sharp decline in industrial action and a halving of private-sector labor union membership to 22% (National Statistics, 2022; The Economist, 2019). Furthermore, there was a significant decline in the share of employees whose wages are set by collective bargaining: from about 45% in 1980 to around 25% in the mid-1990s (Machin, 2000; Statista, 2024).

Although post-1997 'New Labor' modified aspects of employment legislation, including the introduction of a minimum wage in 1999, and EU social partner agreements that included maximum hours of work were enacted (The Economist, 2019), Brown (2011) concluded that there was only a limited reversal to the Thatcher legislation during 1997-2010. More recently, since the return of the Conservatives to government in 2015, the Trade Union Act 2016 introduced new restrictions on labor unions as to how and when they could take industrial action including the requirement that strike action requires at least a 50% turnout of eligible union members with a majority voting in favor (IER, 2024).

In 2016, the UK voted to leave the EU and completed the Brexit process on 31 December 2020. However, the principle that EU law had supremacy over UK employment law did not end until 31 December 2023 (CIPD, 2023); i.e. beyond our period of study.

Structural change and institutional developments. Cominetti et al. (2022) observe that since 1995 the long-term trend towards significant shifts in the sectoral composition of the UK private-sector labor market has continued. One palpable feature is the continued long-term fall in the proportion of jobs in manufacturing. In 1970 there were nearly 8 million jobs in manufacturing, 29% of total employment; by 2021 that had fallen to 2.5 million jobs, 8% of the total. Parallel with this has been the rise of several service sectors, including business services, hospitality, and administrative services. Occupational change has accompanied this structural transformation with the main trend being occupational 'upgrading', meaning jobs growth has been highest in higher-paying occupations. These types of shifts are significant for explaining changes to labor union membership (Harris & Moffat, 2023), which for the private sector continued to fall from 20% in 1995 to under 13% in 2021 (National Statistics, 2022). In the same period, private sector collective bargaining continued to fall and was down to 13% in 2020 (Statista, 2024).

Implications for HRM. Gooderham et al. (1999) argued and found support for firm-level managerial latitude in the private sector being associated with the adoption of calculative HRM. Gooderham et al. (2018) point to how

widespread one of its components, individualized pay-for-performance, is in the LME, the US, as opposed to CMEs. Fading labor unions and a lack of pro-labor legislation suggests the continued relatively high use of calculative HRM in the UK in 2021. Gooderham et al. (1999) also found support for firm-level managerial latitude, meaning that HR departments had leeway to experiment with and implement collaborative HRM practices. Given the continued relative lack of institutional constraint on HR departments, this remains the case for 2021.

Bounded-change hypothesis

The country-level analyses indicate structural change and incremental institutional developments. Given our bounded-change theorization that suggests that constrained institutional developments will restrict innovation in managerial practices, we hypothesize that cross-country differences in HRM that were (statistically) significantly different in 1995 remain so in 2021. Thus, our broad bounded-change hypothesis is:

H1: Calculative HRM will be *less* widespread and collaborative HRM *more* widespread in the four Nordic countries compared to the UK in 1995 and in 2021.

H2: Collaborative HRM will be *more* widespread in the four Nordic countries compared to Germany in 1995 and 2021.

Methods

Data and analytical approach

Our data derives from a cross-country, firm-level survey of HRM conducted by the Cranfield Network on International Human Resource Management (Cranet). Cranet employs a common questionnaire that has been administered cross-sectionally at roughly five-yearly intervals since 1990 and, most recently, in 2021. The survey is distributed to work organizations with more than 100 employees and covers a wide range of HRM policies and practices. Issues relating to the methodology and comparability have been addressed by several Cranet researchers, including Brewster et al. (1994, 1996) and Parry et al. (2013, 2021).

While Cranet's reliance on single informants, in this case, the most senior person responsible for HR in each firm, may be problematic, Gooderham et al. (2018, p. 1500) argue that the items employed in the study are, for the most part, objective, and easily observed HRM practices, thus 'senior HR managers are well placed to give accurate testimony.' Furthermore, Parry et al. (2021) emphasize the challenges faced in large-scale, multi-time point, and cross-national studies and point out that relevance may be more important than rigor in this type of research

since some shortcomings typically pointed out simply reflect the realities of this type of research.

Our analytical approach is to adopt the procedure Gooderham et al. (1999) employed in their cross-country comparative analysis of the 1995 Cranet data set and to extend this to the 2021 data set. We therefore excluded public sector organizations and firms with fewer than 100 employees. Further, because they tend to be influenced by the HRM practices used in the home/parent country of the multinational enterprise (MNE) giving rise to non-indigenous hybrid practices, like Gooderham et al. (1999) we excluded foreign-owned subsidiaries.

In the 1995 data set, we had usable data of 1,754 work organizations across our six countries; in the 2021 data set, we had usable data of 981 work organizations across our six countries.

Measures

Calculative and collaborative HRM

In operationalizing calculative and collaborative HRM, our approach has been to adopt the items employed by Gooderham et al. (1999). To enhance comparability, for 1995 we dropped items that were not used in Cranet 2021 and, when necessary, adjusted the scaling employed by Gooderham et al. (1999) so that the 1995 and 2021 operationalizations were aligned. The most obvious adjustment resulting from this was that the number of items in the calculative measure was reduced from 10 to 6, and the collaborative measure was reduced from 6 to 4 items.

The dependent variables measure the firm's use of calculative and collaborative practices in 1995 and 2021. As these two scales are formative rather than reflective the issue of Cronbach's alpha is arguably less critical (Jarvis et al., 2003). Nevertheless, we report their Cronbach's alphas for both 1995 and 2021 because this serves to illustrate the challenge involved in making comparisons over time in the context of an evolving survey instrument.

As mentioned, the 2021 Cranet data set reduces the number of calculative items from 10 in 1995 to 6 dichotomous items indicating the firm's extent of use of: i) merit/performance pay in each of three employee categories (managers, professionals, and clerical or manual); ii) formal performance appraisal systems (managers & professionals and clerical & manual); and iii) formal monitoring of the effectiveness of training. For our six-country sample, Cronbach's alpha was 0.77 for the 1995 data set. For the 2021 data set Cronbach's alpha is 0.68.

As noted, the original *collaborative* scale based on the 1995 Cranet survey consisted of 6 dichotomous items. These spanned the firm's use of: i) a written mission statement; ii) a policy of two-way communication of major business issues using team briefings; and iii) formal briefings about

the firm's business strategy for four employee categories (managers, professionals, clerical and manual). In terms of the 1995 Cranet data set and for the six countries we employ in our study, Cronbach's alpha is .72. However, the 2021 data set collapses the four-employee categories into two (managers/professionals and clerical/manual) resulting in 4 items: (1) written mission statement; (2) a policy of two-way communication; (3) formal briefings for managers/professionals; and (4) formal briefings for clerical/manual. To ensure comparability between the 1995 and 2021 data sets, we adopt this reduced number of items. For the 1995 Cranet data set, the result is a fall in Cronbach's alpha from 0.72 to under .50. For the 2021 data set Cronbach's alpha is also under .50. We include the precise measures in Tables 2 and 3.

Industry

In terms of coding the main industry sector of the firm, we distinguish between the following six dummy-coded categories: manufacturing (reference), construction, transportation, professional services, personal services, and other industries. This is in line with the studies by Gooderham et al. (1999) and Prince et al. (2022).

Firm size

In common with other comparative HRM studies (e.g. Gooderham et al., 2018; Prince et al., 2022), we use Log Size for number of employees.

Country location

We dummy-coded the country location of firms.

To investigate the validity of using a modified set of calculative and collaborative HRM items, using the same countries employed by Gooderham et al. (1999), we ran an analysis of the 1995 data set. Our analysis produced very similar results to those of Gooderham et al. (1999).

Table 2 and Table 3 present descriptive statistics and correlations for 1995 and 2021 on all variables across the six countries. As Tables 2 and 3 indicate, the correlation between calculative and collaborative for 1995 is r = 0.10 and for 2021 r = 0.09, showing that these two HRM elements are quite independent. Thus, we analyze calculative and collaborative HRM practices separately. Further, the correlations between constructs are moderate and in all instances below r <. 50. Therefore, multi-collinearity is not a problem.

Analyses

Our analysis consists of two sections, a brief within-country analysis and an extensive cross-country analysis using multivariate analyses.

Table 2. Descriptive statistics and correlations of variables of 1995.

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Firm size (log)	6.42	1.29	–														
2. Manufacturing	0.42	0.49	−0.02	–													
3. Construction	0.05	0.23	−0.04	−0.20**	–												
4. Transport	0.08	0.27	0.08**	−0.25**	−0.07**	–											
5. Professional services	0.14	0.35	0.05*	−0.34**	−0.10**	−0.12**	–										
6. Personal services	0.12	0.32	0.08**	−0.31**	−0.09**	−0.11**	−0.15**	–									
7. Other Industries	0.19	0.40	−0.12**	−0.41**	−0.12**	−0.15**	−0.20**	−0.18**	–								
8. Norway	0.12	0.33	−0.18**	−0.03	0.01	−0.01	−0.05*	0.01	0.08**	–							
9. Sweden	0.11	0.31	0.03	0.05*	0.03	0.03	−0.06*	−0.05*	−0.01	−0.13**	–						
10. Denmark	0.23	0.42	−0.26**	−0.07**	0.03	0.08**	−0.05*	0.01	0.05	−0.20**	−0.19**	–					
11. Finland	0.08	0.27	−0.02	0.06**	−0.03	0.00	−0.02	−0.03	−0.02	−0.11**	−0.10**	−0.16**	–				
12. UK	0.29	0.45	0.24**	−0.09**	0.01	0.00	0.08**	0.08**	−0.04	−0.24**	−0.22**	−0.35**	−0.19**	–			
13. Germany	0.17	0.38	0.15**	0.12**	−0.06*	−0.12**	0.07**	−0.06*	−0.05*	−0.17**	−0.16**	−0.25**	−0.14**	−0.29**	–		
14. Calculative	2.72	1.95	0.36**	0.00	−0.02	−0.01	0.17**	−0.03	−0.11**	−0.23**	0.01	−0.33**	0.02	0.46**	−0.01	(0.77)	
15. Collaborative	3.10	0.94	−0.04	−0.01	−0.05*	0.04	0.00	−0.07**	0.06*	0.16**	0.17**	0.10**	0.08**	−0.13**	−0.29**	0.10**	(0.46)

Note. $N = 1754$.
*$p < 0.05$.
**$p < 0.01$. Cronbach alpha coefficients are reported in the diagonal in parenthesis.

Table 3. Descriptive statistics and correlations of variables of 2021.

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Firm size (log)	6.67	1.66	–														
2. Manufacturing	0.35	0.48	0.10**	–													
3. Construction	0.07	0.26	−0.05	−0.21**	–												
4. Transport	0.07	0.25	0.02	−0.20**	−0.08*	–											
5. Professional services	0.12	0.32	−0.07*	−0.27**	−0.10**	−0.10**	–										
6. Personal services	0.10	0.30	0.05	−0.25**	−0.10**	−0.09**	−0.12**	–									
7. Other Industries	0.29	0.45	−0.06*	−0.47**	−0.18**	−0.17**	−0.23**	−0.22**	–								
8. Norway	0.09	0.28	−0.09**	−0.05	0.16**	0.00	−0.02	−0.02	−0.01	–							
9. Sweden	0.23	0.42	−0.12**	−0.14**	0.01	0.07*	−0.02	0.02	0.10**	−0.17**	–						
10. Denmark	0.14	0.35	−0.16**	−0.10**	0.05	0.01	0.09**	−0.01	0.02	−0.13**	−0.23**	–					
11. Finland	0.09	0.29	−0.14**	−0.05	0.01	0.02	−0.04	−0.04	0.09**	−0.10**	−0.17**	−0.13**	–				
12. UK	0.18	0.39	0.06	0.04	−0.03	−0.04	0.09**	0.06	−0.10**	−0.15**	−0.26**	−0.20**	−0.15**	–			
13. Germany	0.27	0.44	0.33**	0.24**	−0.13**	−0.04	−0.09**	−0.02	−0.08*	−0.19**	−0.33**	−0.25**	−0.19**	−0.29**	–		
14. Calculative	2.78	1.84	0.20**	0.12**	−0.07*	−0.07*	0.04	−0.05	−0.04	−0.13**	0.01	−0.21**	−0.07*	0.25**	0.08*	(0.68)	
15. Collaborative	2.95	1.04	−0.10**	−0.14**	0.03	0.02	0.07*	−0.03	0.10**	0.10**	0.25**	0.23**	0.10**	−0.13**	−0.43**	0.09**	(0.45)

Note. $N = 981$.
*$p < 0.05$.
**$p < 0.01$. Cronbach alpha coefficients are reported in the diagonal in parenthesis.

Within-country change

Table 4 presents the mean values on calculative and collaborative HRM practices in 1995 and 2021 by country, as well as the within-country changes in this period. These numbers represent means without controlling for the firm size and industry. Table 4 shows that there are some within-country changes over this period. For calculative HRM practices, there is an increase in Norway and Germany, and a decrease in the UK and Denmark. For collaborative HRM practices, we see a decrease in Norway, UK, and Germany, whereas there is an increase in Denmark. In Sweden and Finland there is stability over time.

As well as indicating within-country changes, Table 4 provides an indication that in terms of cross-country changes, the HRM regimes remain distinctive in relation to one another, suggesting bounded change rather than convergence. Table 4 shows that firms in the UK score higher on calculative HRM practices than all the other five countries and that firms in the Nordic countries score higher on collaborative HRM practices than the UK and Germany over this period.

Cross-country change

To investigate cross-country comparative change, in line with Gooderham et al. (1999) we used the UK as the reference country, we employed hierarchical linear regression to analyze (1) log of firm size, (2) industry, and (3) country location as potential predictor regarding firm adoption of calculative and collaborative HRM in 1995 and in 2021. Results for the hierarchical linear regression of calculative and collaborative HRM (dependent variables) in 1995 are presented in Table 5.

First, we present the results relating to calculative HRM. Model 1 includes the control variables and model 2 adds the country-level variables. In Table 5, model 2 shows that Norway ($b = -2.18$, SE = 0.14, $p < 0.001$), Sweden ($b = -1.19$, SE = 0.14, $p < 0.001$), Denmark ($b = -2.19$, SE = 0.11, $p < 0.001$), Finland ($b = -1.06$, SE = 0.15, $p < 0.001$), and

Table 4. Within-country means for the calculative and collaborative HRM practices by country in 1995 and 2021.

	Calculative HRM			Collaborative HRM		
Country	M_{1995}	M_{2021}	$\Delta_{2021-1995}$ Mean	M_{1995}	M_{2021}	$\Delta_{2021-1995}$ Mean
Norway	1.52	2.01	0.50*	3.50	3.29	−0.21*
Sweden	2.77	2.80	0.03	3.54	3.43	−0.12
Denmark	1.52	1.82	0.30*	3.27	3.53	0.26**
Finland	2.86	2.36	−0.50	3.35	3.28	−0.07
UK	4.11	3.73	−0.38**	2.91	2.67	−0.25**
Germany	2.70	3.01	0.31*	2.49	2.20	−0.29**

Note. $N_{1995} = 1754$; $N_{2021} = 981$. *$p < 0.05$. **$p < 0.01$. The mean values are reported for calculative and collaborative HRM practices by country in 1995 and 2021. In addition, we compared the mean difference (Δ) between 1995 and 2021 using a two-sided t-test to compare within-country changes in the use of calculative and collaborative HRM practices.

Table 5. Cross-country analysis of the use of calculative and collaborative HRM practices in 1995 (UK as reference country).

	Calculative HRM		Collaborative HRM	
	Model 1 b (se)	Model 2 b (se)	Model 1 b (se)	Model 2 b (se)
Constant	2.73**(0.07)	3.97**(0.09)	3.09**(0.04)	2.91**(0.05)
Control variables				
Firm size (log)	0.54**(0.03)	0.32**(0.03)	−0.03(0.02)	0.06**(0.02)
Industry (Manufacturing as reference)				
Construction	−0.05(0.20)	−0.09(0.18)	−0.19(0.10)	−0.28**(0.10)
Transportation	−0.28(0.17)	−0.14(0.15)	0.15(0.09)	−0.04(0.08)
Professional services	0.71**(0.13)	0.55**(0.12)	0.02(0.07)	0.09(0.07)
Personal services	−0.29*(0.14)	−0.36**(0.13)	−0.16*(0.07)	−0.20**(0.07)
Other industries	−0.26*(0.12)	−0.22*(0.11)	0.12(0.06)	0.06(0.06)
Countries (UK as reference)				
Norway		−2.18**(0.14)		0.65**(0.07)
Sweden		−1.19**(0.14)		0.65**(0.07)
Denmark		−2.19**(0.11)		0.43**(0.06)
Finland		−1.06**(0.15)		0.46**(0.08)
Germany		−1.44**(0.12)		−0.44**(0.06)
Adjusted R^2	0.154	0.331	0.008	0.154
ΔR^2	0.157	0.178	0.012	0.148
F	54.260**	79.820**	3.473**	30.103**
ΔF	54.260**	93.293**	3.473**	61.339**

Note. Unstandardized regression coefficients are shown (Standard error). Firm size is mean centered.
$N = 1754$.
*$p < 0.05$. **$p < 0.01$.

Germany ($b = -1.44$, SE = 0.12, $p < 0.001$) exhibit lesser use of calculative HRM compared to the UK. Furthermore, firm size is positively related to calculative HRM, and there are some significant differences between industries. Firms in professional services ($b = 0.55$, SE = 0.12, $p < 0.01$, model 2) exhibit the greatest use of calculative HRM.

Second, Table 5 presents the results for collaborative HRM for 1995. Model 1 includes the control variables and model 2 adds the country-level variables. Model 2 shows that Norway ($b = 0.65$, SE = 0.07, $p < 0.001$), Sweden ($b = 0.65$, SE = 0.07, $p < 0.001$), Denmark ($b = 0.43$, SE = 0.06, $p < 0.001$), and Finland ($b = 0.46$, SE = 0.08, $p < 0.001$) exhibit a greater use of collaborative HRM compared to the UK, while Germany ($b = -0.44$, SE = 0.06, $p < 0.001$) reports a lesser use of collaborative HRM compared to the UK. Furthermore, model 2 shows that firm size is positively related to collaborative HRM, whereas firms in construction and personal services use less collaborative HRM compared to firms in manufacturing (reference category).

Table 6 presents the results for calculative and collaborative HRM practices in 2021.

First, we present the results for calculative HRM. Model 1 includes the control variables and model 2 adds the country-level variables. Model 2 shows that Norway ($b = -1.54$, SE = 0.23, $p < 0.001$), Sweden ($b = -0.77$, SE = 0.18, $p < 0.001$), Denmark ($b = -1.73$, SE = 0.20, $p < 0.001$), Finland

Table 6. Cross-country analysis of the use of calculative and collaborative HRM practices in 2021 (UK as reference country).

	Calculative HRM		Collaborative HRM	
	Model 1 b (se)	Model 2 b (se)	Model 1 b (se)	Model 2 b (se)
Constant	3.03**(0.10)	3.86**(0.15)	2.77**(0.06)	2.65**(0.08)
Control variables				
Firm size (log)	0.22**(0.04)	.16**(0.04)	−0.05*(0.02)	0.07**(0.02)
Industry (Manufacturing as reference)				
Construction	−0.60**(0.23)	−0.36(0.23)	0.27*(0.13)	−0.16(0.12)
Transportation	−0.76**(0.24)	−0.64**(0.23)	0.27(0.14)	−0.07(0.12)
Professional services	0.00(0.20)	0.02(0.19)	0.35**(0.11)	0.12(0.10)
Personal services	−0.55**(0.20)	−0.57**(0.20)	0.09(0.12)	−0.10(0.10)
Other industries	−0.34*(0.14)	−0.23(0.14)	0.33**(0.08)	0.06(0.07)
Countries (UK as reference)				
Norway		−1.54**(0.23)		0.70**(0.12)
Sweden		−0.77**(0.18)		0.80**(0.09)
Denmark		−1.73**(0.20)		0.92**(0.10)
Finland		−1.17**(0.23)		0.68**(0.12)
Germany		−0.86**(0.17)		−0.51**(0.09)
Adjusted R^2	0.054	0.133	0.025	0.266
ΔR^2	0.060	0.083	0.031	0.244
F	10.275**	14.616**	5.174**	33.330**
ΔF	10.275**	18.704**	5.174**	65.075**

Note. Unstandardized regression coefficients are shown (Standard error). Firm size is mean centered.
$N = 981$.
*$p < 0.05$. **$p < 0.01$.

($b = -1.17$, SE = 0.23, $p < 0.001$), and Germany ($b = -0.86$, SE = 0.17, $p < 0.001$) exhibit lesser use of calculative HRM compared to the UK, which is in line with our findings for 1995 (presented in Table 5).

Second, Table 6 presents the results for the use of collaborative HRM practices for 2021. Model 2 shows that Norway ($b = 0.70$, SE = 0.12, $p < 0.001$), Sweden ($b = 0.80$, SE = 0.09, $p < 0.001$), Denmark ($b = 0.92$, SE = 0.10, $p < 0.001$), and Finland ($b = 0.68$, SE = 0.12, $p < 0.001$) exhibit the greater use of collaborative HRM compared to the UK, while Germany ($b = -0.51$, SE = 0.09, $p < 0.001$) has a lower use of collaborative HRM compared to the UK. Furthermore, firm size is positively related to collaborative HRM, whereas there are no significant differences between industries (model 2).

Overall, the results for 2021 (Table 6) show the same pattern of significant cross-country differences as for 1995 (Table 5). The UK (reference country) continues to use calculative HRM practices to a greater extent, and collaborative HRM practices to a lesser extent than the Nordic countries. Equally, it remains substantially different to Germany. Thus, in support of our bounded-change hypothesis, (H1) calculative HRM practices continue to be *less* widespread and collaborative HRM practices *more* widespread in the four Nordic countries compared to the UK, and (H2) collaborative HRM practices continue to be *more* widespread in the four Nordic countries compared to Germany.

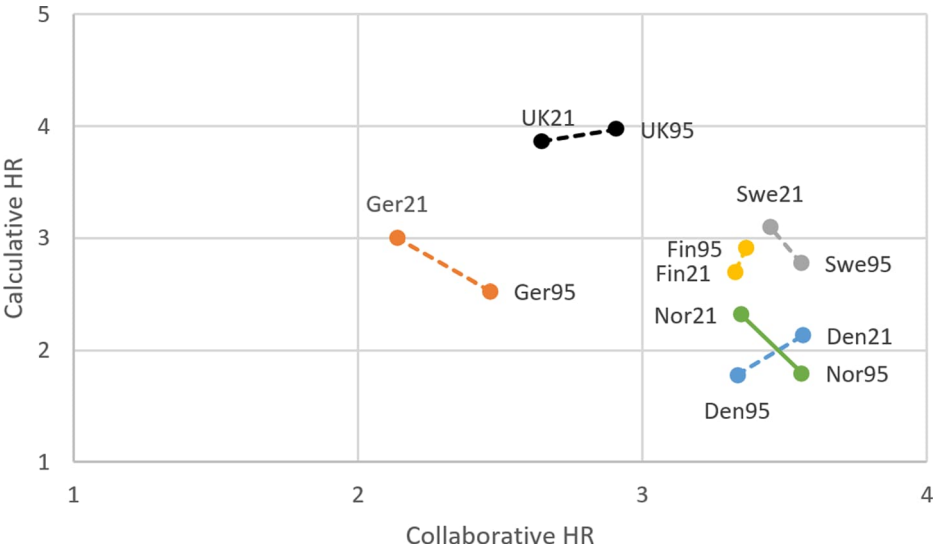

Figure 1. Calculative and collaborative HRM by country.
Note. 1995 and 2021 regression predicted means of Calculative and collaborative HRM by country controlling for firm size and industry. The country codes (UK = United Kingdom, Ger = Germany, Swe = Sweden, Fin = Finland, Den = Denmark, Nor = Norway) and years (95 = 1995, 21 = 2021).

To get a better sense of the size of the country differences in Table 5 and Table 6, we have estimated predicted means for calculative and collaborative HRM practices after controlling for firm size and industry. The predicted means are presented in Table A1 (Appendix) and illustrated graphically in Figure 1. For instance, Figure 1 shows that on calculative practices, firms in Denmark score 2.1, compared to the UK score on 3.9 (2021). Although there is variation between the Nordic countries, Figure 1 shows that as in 1995 the Nordic countries in 2021 cluster together indicating that the Nordic HRM regimes remain distinct from both the UK and Germany. The differences between the Nordic countries and the UK are evident in the application of both calculative and collaborative HRM practices. The difference between Germany and the Nordic countries lies in differences in use of collaborative HRM practices and not in calculative HRM practices. In sum, the results show that changes to cross-country differences in HRM practices remain bounded.

Discussion and conclusions

The aim of our study was to investigate whether the idiosyncratic Nordic HRM regime remains significantly different to those of the UK or Germany in the period 1995–2021. Our starting point was Gooderham et al.'s (1999) observation of how singular Nordic countries were in terms of calculative and collaborative HRM in 1995, both in relation to the archetypal CME, Germany and the equally archetypal LME, the UK.

Building on 'VoC' (e.g. Hall & Gingerich, 2009; Hall & Soskice, 2001) and institutional theory (North, 1990), we adopt an institutional theoretical perspective which suggests that because institutional change is incremental (North, 1990), cross-country change in HRM will be bounded. We find support for our hypothesis (H1 and H2) meaning that despite structural change and institutional developments the cross-country differences that we observe for 1995 remain significant in 2021. Thus, the four Nordic regimes remain distinctive in 2021.

The study makes empirical, theoretical, and practical contributions. Empirically our per-country overview of structural change and institutional developments indicates that the main institutional underpinnings of the Nordic countries, Germany and the UK remain 'resilient'. There remains in the Nordic context a tradition of employer-labor union dialogue that is far from being narrowly legalistic let alone confrontational that permits experimentation and the use of the collaborative type of HRM. Further, the tripartite collaboration, collective agreements, and moderate to high union density continue to characterize the institutional setting of the Nordic countries despite globalization, changes in labor market composition, and an increase in labor migration. Given that the core of the institutional systems of these countries remains intact, we observe a continuity in their use of collaborative HRM and a similar continuity in their limited use of calculative HRM. In other words, the calculative and collaborative HRM practices at firm-level reflect the institutional stability we see in these countries. In line with our bounded-change hypothesis, despite some within-country changes, our cross-country analysis indicates no more than bounded change for the six HRM regimes. Consequently, in terms of the use of calculative and collaborative HRM, the Nordics continue to form a cluster—a cluster that remains significantly different to that of both Germany and the UK. Thus, despite structural change and institutional developments over a 26-year period, our analyses support the notion of bounded change of HRM.

The study makes a theoretical contribution by showing the importance of 'contextual HRM' (Gooderham et al., 2019). Our findings over a 26-year period do not support the notion that national HRM regimes are converging. National context remains a substantial influence or constraint on the adoption and retention of HRM practices. Thus, in line with contextual HRM, national HRM regimes should be viewed as distinct and robust. To the extent change occurs, it occurs within boundaries that are recognizably national. Our study emphasizes the importance of recognizing nuances of the VoC approach beyond the archetype of CME and LMEs. Between 1995–2021, while we observe structural change and a decline in private-sector union membership in all four Nordic countries, their institutional arrangements remained

durable. If that continues to be the case, firms will generally continue to reproduce the same mix of HRM practices that give rise to the distinctive Nordic HRM regime.

However, we are wary of making predictions about future developments to the Nordic HRM regime. VoC has been criticized for being too 'static' (Deeg & Jackson, 2007; Schmidt, 2002) and North's view of institutional change as overly 'gradualist' (Fiori, 2002). Thelen (2009, p. 475–476) is particularly critical of the notion that 'significant institutional change can only occur as a result of major exogenous shock that upends old arrangements and somehow clears the way for new (institutional configurations)' and questions the notion of the persistence of institutional reproduction. Thelen argues that (significant institutional change) 'can unfold incrementally but with transformative effects.' In the case of the Nordic regimes, one could speculate that ongoing structural change coupled with a continuation of union decline might conceivably lead to incremental changes that transform Nordic institutions and Nordic HRM.

Our study has at least two practical implications. A first practical implication of contextual HRM concerns MNEs entering the Nordic countries (or Germany) where employment legislation and labor unions constitute rather more specific constraints on subsidiary HR managers than in the UK. There is therefore a need to develop subsidiary approaches to HRM that are institutionally appropriate to the local context. This involves learning. Thereafter, there is a need to develop cross-unit common understandings that can cope with the diversity of contextual approaches to HRM and the differences in 'mind-sets' they engender. As Tomassen and Benito (2009: 300) argue, MNE managers need to address these mindset differences (and the distrust they can engender) by investing in 'bonding activities'. However, they underscore the expense of such investments. On the other hand, one of the potential strengths of MNEs lies in their diversity and their ability to integrate knowledge across their units (Kogut & Zander, 1993), so it may be the case that once bonding has taken place, having different approaches to HRM is a source of valuable learning.

The second concerns business school education in the field of HRM. Our findings underscore that HRM teaching material needs to avoid universalistic assumptions. Taking context into account is critical for an understanding of predominant national HRM practices. Thus, HRM texts need to incorporate institutional theoretical concepts such as bounded change and the notion of continuing divergence. There may even be an argument for Nordic and German business schools to avoid using textbooks deriving from LME settings except for the purpose of contrast. Indeed, one HR professor at a Scandinavian business school recently published a Scandinavian language textbook in response to the lack of fit between US/UK HRM texts and Nordic HRM (Olsen, 2024).

A limitation to our study is that we have focused on a relatively small number of countries and future research should examine other country constellations. Another limitation has been the changes made to various items by the Cranet survey instrument over the years. However, within the context of these limitations our study does provide significant support for institutional theory and its notions of bounded change.

Overall, our study shows the importance of contextualizing HRM and accepting the notion that HR managers operate under various and varying degrees of institutional constraints. It is these constraints that give rise to characteristic HRM regimes such as the distinctive Nordic regime. As such our study suggests that managerial latitude is more restricted than its conception in the core models of strategic HRM as they evolved in the 1980s in the US (Brewster, 1995).

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Data availability statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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Appendix A

Table A1. Predicted means for the calculative and collaborative HRM practices from 1995 to 2021 by country.

	Calculative HRM		Collaborative HRM	
Country	1995	2021	1995	2021
Norway	1.79	2.32	3.56	3.35
Sweden	2.78	3.09	3.56	3.45
Denmark	1.78	2.14	3.33	3.56
Finland	2.91	2.70	3.37	3.33
UK	3.97	3.86	2.91	2.65
Germany	2.53	3.00	2.46	2.14

Note. N_{1995} = 1754; N_{2021} = 981. All means are regression predicted ($\hat{Y}$) using the 1995 and 2021 calculative and collaborative HRM scale for each country, controlling for firm size and industry.