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Discerning a Key Characteristic of a European Style of Management

Managing the Tension between Integration Opportunities and the Constraining Diversity in Europe

In 1991, Thurley and Wirdenius claimed that international companies operating in European countries could, and should, make a strategic choice whether or not to develop a "European" approach or style of management. After the acceptance of the Treaty of Maastricht, and with the new European Union preparing to absorb applicants from the European Free Trade Association, their claim is becoming even more important. Not surprisingly, a European style of management, or "European management," is an important topic for business, business schools, and academic research. While a growing number of publications have been written on this subject, a brief review of the literature on European management reveals a clear tension between "integration opportunity" and "constraining diversity" issues as a challenging problem for managers in Europe.

This article investigates whether key characteristics of a European style of management can be discerned. To this end, a conceptual framework is developed for reconciling the observed tension and pinpointing a key common characteristic of a European style of management. No attempt is made here to show that national styles of management such as Swedish or British management (Barsoux and Lawrence, 1990) will disappear in the future. On the contrary, we maintain that national styles of management are and will remain part of Europe's diversity (Lessem and Neubauer, 1994). We aim to improve our understanding of how management relates to the European business environment as a contingency factor. In particular, we investigate ways of approaching the above-mentioned management problem in Europe. In a general sense, our research contributes to

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the challenging field of international management research (Earley and Singh, 1995) as well.

We begin with a short overview of the literature and draw attention to the tension between integration opportunities and constraining diversity for managers in Europe. We then introduce a managerial perspective in describing various relevant forms of an important contextual variable of Europe—namely, diversity. After developing a conceptual framework for reconciling this tension, we describe how this framework can focus attention on a key characteristic of a European style of management. We use a case study of Unilever Foods Europe to illustrate the proposed conceptual framework. In discussing our findings, we touch upon some implications for developing the distinctive managerial skills required by a European style of management and suggest directions for future research.

The tension between integration opportunities and the constraining diversity

The emerging field of European management is not clearly delineated in the literature. It can be described as "management in Europe," as opposed to management in North America or in Japan. Or as "the 'best practice' shared by top directors of many of Europe's biggest companies' (Bloom, Calori, and de Woot, 1994, p. 131). Another approach is proposed by Thurley and Wirdenius (1989), who address the question, "How far do current and emerging European social, cultural, economic and political aims and objectives lead to a model of management which is distinct from American and Japanese models?" They also stress that "European management should . . . be understood to refer *not* to current practice but to a *possible alternative approach*" (p. 4, emphasis in original). Lessem and Neubauer (1994) focus on the management styles of four leading European economies and reveal both the diversity and the underlying unity of management in Europe. Calori and de Woot (1994) looked for common characteristics of management across Europe on the basis of interviews held with top managers of forty large international companies with headquarters or major operations in Europe. They found four common characteristics of management that were distinctive in Europe in the sense that these characteristics differentiated management in Europe from North America and Japan. In their view, such common characteristics are the ingredients of a European management model. We will not elaborate, however, on differences between European, North American, and Japanese styles of management, as conducted in the above-cited references. Instead, we will investigate whether the ways of managing this tension in Europe can become a key common characteristic of a European approach or style of management and, therefore, a key ingredient of a European management model as well.

The large variety of publications on European management can be arranged in many ways. For example, a review can be organized according to their purpose (e.g., descriptive versus prescriptive), according to various issues (e.g., leadership, impact of the Single European Market), or according to the functions of management (e.g., marketing, human-resource management, finance, strategy). Sharing the concern of Thurley and Wirdenius (1989, p. 38) and Bartlett and Ghoshal (1993, p. 25) that the problems of managers are too often neglected in the management literature, we chose the last way of arranging the review using Fayol's framework.

As one of the first European theorists, Fayol (1949) noticed that six activities can be distinguished in each organization: production, marketing, finance and accounting, human resources, information, and management. The first five activities are usually considered functional areas of management. The last, management, focuses more than the other five activities on the processes needed to direct the organization. Fayol's definition of management comprises five elements: forecasting and planning, organizing, commanding, coordinating, and controlling. On the basis of these elements, three broad areas in the management literature can be identified: organization, business environment, and strategy. Together with the five functional areas of management, these eight broad areas of the management literature have helped us to categorize publications about management within a European context and to briefly analyze them. For each of these eight broad areas, two contributions of the last five years have been selected for illustrative purposes, as shown in the first row of Table 1.

One can detect at least two recurring issues from these publications—"integration opportunity" and "constraining diversity." The former issue deals with the managerial and organizational implications of the changes for firms in their business environment due to European integration. Different authors have analyzed these implications and have suggested appropriate reactions to integration (row 2 of Table 1). Usually, they have seen it as an opportunity, often in a short-term perspective. In this connection, a prominent view about the single European market is that it will lead to greater opportunities for realizing economies of scale and new opportunities to acquire specific resources. Examples are opportunities created by the increased efficiency of the financial market, the possibility to transfer personnel across national borders, and strategic partnerships that straddle national borders.

A second recurring issue in many publications is that the main characteristic of Europe, its diversity, still prevails. Although the European integration process of the last decade has facilitated the need to work across national borders, firms are still confronted with various important and structural forms of diversity in terms of intra-European differences in preferences, habits, languages, and cultures ("Nowhere do cultures differ so much as inside Europe," writes Trompenaars [1993, p. 8]) that are inherited and seem to resist change (see row 3 of Table 1). Diversity is recognized as the constraint within which firms must exploit European integration opportunities.

Table 1
Contributions to management within a European context and examples of integration opportunities and types of diversity mentioned in the literature

	Functional disciplines					Organization		Environment		Strategy
	Marketing management	Production management	Human-resource management	Information management	Financial management	Organization theory	Organizational behavior	Macro environment	Industry environment	Strategic management
Authors	Vandermerwe (1993); Diller & Bukhari (1994)	Bolwijn & Kumpe (1991); Dunham & Morgan (1991)	Watson (1992); Hiltrop (1993)	Avison (1991); Flynn (1993)	Gray (1991); Blake & Amat (1994)	Vandermerwe (1993); Mitchel (1993)	Hofstede (1989, 1993); Trompenaars (1993)	Whitley (1992); Mahinin & Turcq (1993)	Landreth (1992); De Jong (1993)	Urban & Vendemini (1992); van den Bosch & van Prooijen (1992)

Examples of integration opportunities	Euro-networks European price policy	Increasing efficiency Access to specific resources	New sources of knowledge Employee transfer across borders of member states	Creating a European Information System	More efficient capital market Improvement of ability to transfer capital through European organization	Creating one European organization that realizes the potential scale economies	Synthesizing the advantages of cultures	Growth of European economy	Improvement of the competitive advantage of European industries in a global market Mergers & acquisitions	Euro-partnerships Developing intercultural management capabilities
Examples of types of diversity	Customer preferences, habits, and languages	Quality standards Product standards	Employees Industrial relations	Systems used Coding practices	Tax rules Accounting rules	Employees	Employee preferences, motivations, etc. Diversity of mental maps	Business systems	Business systems Local markets	National diamonds

Although the "integration opportunity" issue receives much more attention than "constraining diversity," a tension between both can be detected in all the areas of management in Table 1. For example, the opportunities that integration offers for production involve the increase of efficiency and better access to specific resources. In this view, the appeal of European integration is that economies of scale are present and unexploited in most sectors, and that large-scale rationalization is likely to occur, leaving a small number of mass producers from which standardized products will flow. Although integration of production plants is tempting and taking place within Europe, companies still have to adapt to the customary ways of doing business in each country and to local product, safety, and quality standards. Moreover, the complexity of the environment requires an increase in the flexibility of the production system (De Meyer, Nakana, Miller, and Ferdows, 1989).

In investigating the observed tension between integration opportunities and constraining diversity in Europe, we chose a managerial perspective. The problems this tension creates for managers have to be analyzed within the context in which these problems must be solved. Furthermore, attention must be paid to the managerial action that is required within this context to solve these problems. This requires a conceptual framework in which the changing European context and the management of various forms of diversity are interdependent. Before we discuss how the acquired capabilities or skills of managing this tension could create a common characteristic of a European management approach, we shall look at different types of diversity in Europe.

Three types of diversity

We distinguish three important types of diversity in the negotiated environment, in administrative diversity, and in inherited diversity (see Table 2). These three types differ with respect to their relation with an external or internal managerial perspective regarding diversity, the time perspective involved, and, related to that, the possibility of influencing diversity by management. *Diversity in the negotiated environment* relates to diversity that is still prevalent because the process of integration of various national markets is still ongoing in Europe. Major obstacles for eliminating this type of diversity are based on differences in legislation, regulations, and governmental policies among the member states of the European Union. Substantial differences between, for example, technical regulations (standards, testing, and certification procedures) and public procurement practices still remain, but the European Commission is trying to harmonize the relevant legislations, regulations, and governmental policies. This harmonization process, in which business itself also plays an important role, will result, for example, in less variation in tax rules, subsidization practices, financial reporting requirements, quality standards, and contractual relations between employer and employee. Although various obstacles have to be overcome, such as problems in

Table 2
Three types of diversity

Types of diversity	Examples
Diversity in negotiated environment	Tax rules Subsidization practices Financial reporting requirements Quality and product standards
Administrative diversity	Internal accounting rules Information systems Manufacturing systems
Inherited diversity	Customer preferences Employee characteristics Business systems

harmonizing accounting practices (Blake and Amat, 1994), this first type of diversity should gradually decrease.

Administrative diversity is chosen to designate the second type of diversity, which can be reduced, at least in principle, by an active or, even better, proactive strategic role played by the company itself or by a combination of companies. Examples are the diversity of internal accounting rules, of information systems, and of manufacturing systems. Greater understanding of, say, coding practices in the various countries will lead to improved efficiency in management reporting and greater simplicity in the construction of systems for producing management information and statutory information across the national and cultural boundaries of Europe (Gray, 1991). Consistency in the definition of data elements and information structures, as another example, can improve the exchange of information and the realization of economies of scale.

While, from a managerial perspective, both the diversity in the negotiated environment and the administrative diversity are more or less endogenous over time, the third type of diversity is more resistant to change. *Inherited diversity* is rooted in the distinctive historical differences among the member states, regions, and ethnic groups of the European Union. Removing the formal barriers to trade will not be sufficient to overcome barriers due to, say, tastes, preferences, and habits. Moreover, most of the institutions that structure broad configurations of firm–market relations are cultural and national, rather than sectoral, as described by Whitley (1992). With respect to inherited diversity, we can distinguish three key categories: customer preferences, employee characteristics, and business systems.[1] The first two categories relate to people, the third to institutional arrangements both within and among firms and other organizations as carriers of relatively durable diversity in societies. As a result, inherited diversity has developed through cultural influences and institutionalization processes (e.g., education, legislation) in previous decades and even centuries. Consequently, this type of diversity will probably not change dramatically in the coming years.

Hence, the idea that the ongoing internationalization of firms and markets in Europe will establish a kind of distinctive pan-European business system in which there is no place for diversity can be criticized. Whitley (1994, pp. 118–119) observes:

> [The] international standardization of forms of economic organization and transfer of managerial practices vary greatly between economies with different degrees of institutional integration and state coordination, according to the relative strengths of each economy and centrality of particular sectors to them, and between business system characteristics with different degrees of interdependence with dominant institutions. Thus, the internationalization of firms and markets does not lead necessarily to the establishment of a single most efficient way of organizing economic activities, but rather has different consequences for different economies and different kinds of managerial practices depending on the nature, strength and cohesion of social institutions.

We agree with Whitley's analysis and stress that managing diversity in Europe will not be a temporary issue; on the contrary, it is likely to be a long-lasting challenge.

Managers active in the European context are confronted with a challenging problem. From a managerial perspective, the tension we have observed between integration opportunities and constraining diversity cannot be ignored; it needs, rather, to be managed within the European context. Firms in Europe must seek to benefit from this tension and, to this end, try to develop managerial capabilities. By doing so, firms react to the decreasing negotiated and administrative diversity and build up competencies and capabilities over time to manage the remaining inherited diversity. We label this reaction with respect to the changing business environment an *externally oriented* managerial perspective, and the building up of managerial capabilities or skills an *internally oriented* managerial perspective. In the 1990s, theoretical developments in the strategy and international business field have stressed the importance of this dual approach: "Strategy . . . cannot be separated from its context, which includes not only external environmental demands but also internal organizational processes and the factors, like quality of management, culture, and history that shape those processes" (Bartlett and Ghoshal, 1991, p. 9). Hence, in analyzing the observed tension for managers in a changing European context, a combination of both externally oriented and internally oriented managerial perspectives is essential.

A conceptual framework

On the basis of these observations, we propose that a successful way of approaching the management problem induced by European integration requires that two separate but interdependent processes take place within the management function (see figure 1). First, the establishment of the integrated market has created various changes in the business environment that can be analyzed by, for example, Porter's (1990) "diamond" framework (Van den Bosch and Van Prooijen, 1992). These changes force companies to adopt an "externally oriented managerial perspective." This perspective is associated with the first process, as depicted in the left part of figure 1.

Companies are confronted with various opportunities and threats to which they have to react if they are to maintain or improve their competitive advantage. As our brief overview of the literature reveals, these reactions are largely executed within separate functional areas of management. The decreasing diversity in the negotiated environment stimulates the integration of various production plants, the creation of European work forces, and the emergence of marketing programs for the European market. Moreover, managers have to reduce internal administrative diversity to be able to exploit the various integration opportunities and optimize the internal operations of European organizations. In this respect, the above definitions of data elements, information systems, and management accounting systems have to be made coherent. Besides these reactions to the changing European business environment, however, management capabilities have to be developed over time to make a European firm really work. So, in the face of European integration, more internally oriented processes within the management function must also take place.

This "internally oriented managerial perspective," as the second process depicted in the right-hand part of figure 1, is motivated by the need to develop context-related managerial capabilities. As stated before, successful management within a European context depends upon the ability to handle the existing diversity in Europe. Hence, the internally oriented perspective does not focus on attempts to eliminate the inherited diversity. On the contrary, managers are recognizing this diversity, and with it, a possibly disproportionate growth of the complexity they face. This growing awareness demands and stimulates structural adaptations of the organization. Ashby's law of "requisite variety" (Ashby, 1956), that the internal regulatory mechanism of a system must be as diverse as the environment with which it is trying to cope, also argues that the internal capabilities have to be "upgraded" to be able to cope with increased diversity and to achieve the same organizational goals as before.

On the strategic level, the most difficult task will be to cope with the tension between these two processes. This tension stresses the need for managing both the integration and differentiation (Lawrence and Lorsch, 1969) suited to the European business environment. Organizations need integration to ensure that the system does not break down into separate elements. Integration adds value to business units and must provide benefits that offset the inherent costs of lost independence. The forces for differentiation, however, are very strong in Europe. The third type of diversity within Europe, inherited diversity, stresses the need for a flexible and market-oriented organization. Managing this type of diversity within the constraint of required integration demands specific managerial skills.

Through the interaction between the two processes, depicted as "interdependent processes" in the lower part of figure 1, a dynamic process of managerial learning emerges to cope with the new situation. In different jobs within different business and operating company contexts, managers accumulate business context knowledge and organizational knowledge similar to the two discerned perspectives in our framework. Over time, this learning process can result in dynamic managerial capabilities. In Europe, these dynamic managerial capabilities are interwoven with the specific European context to such an extent, especially with respect to inherited diversity, that we propose to consider these capabilities as a key common characteristic of a European style of management.

Focus on dynamic managerial capabilities

As highlighted in our conceptual framework (see the right part of figure 1), the internally oriented managerial perspective stimulates the development of new managerial capabilities. This perspective can be related to a trend in management development and human-resource management, highlighting a skill-based approach (Lawler and Ledford, 1992, pp. 388–389). Such a connection between managerial capabilities in our framework and new developments in the human-resource management field can provide clues for further research, as discussed later.

The first aspect of capabilities we emphasize is the dynamic one. The managerial capabilities resulting from a dynamic process of managerial learning to cope with the observed tension are definitely not static. Because of ongoing developments in the European business environment, partly influenced by developments in other major regional trade blocs, the required capabilities change as well. Hence, our framework emphasizes *dynamic* managerial capabilities. The second aspect of capabilities is related to this dynamic process as well and in particular to learning. This learning process can be analyzed from the perspective of an evolutionary theory of the capabilities and behavior of firms (Nelson and Winter, 1982) and is related to the emerging interest in knowledge creation as a sustainable competitive advantage of firms (Nonaka and Takeuchi, 1995).

The knowledge created by being active in Europe can be thought of as residing in organizational routines—that is, in the regular and predictable behavior patterns of firms (Nelson and Winter, 1982). Managing diversity in Europe challenges innovations in these organizational routines. Because of the complexity of such behavioral patterns, knowledge embedded in organizational routines cannot be fully captured in a codified form because it has a tacit dimension that often cannot be readily articulated or imitated. We propose that these organizational routines, and the managerial capabilities to call upon the organization to perform and coordinate them, represent a *key characteristic* of a "European style of management."

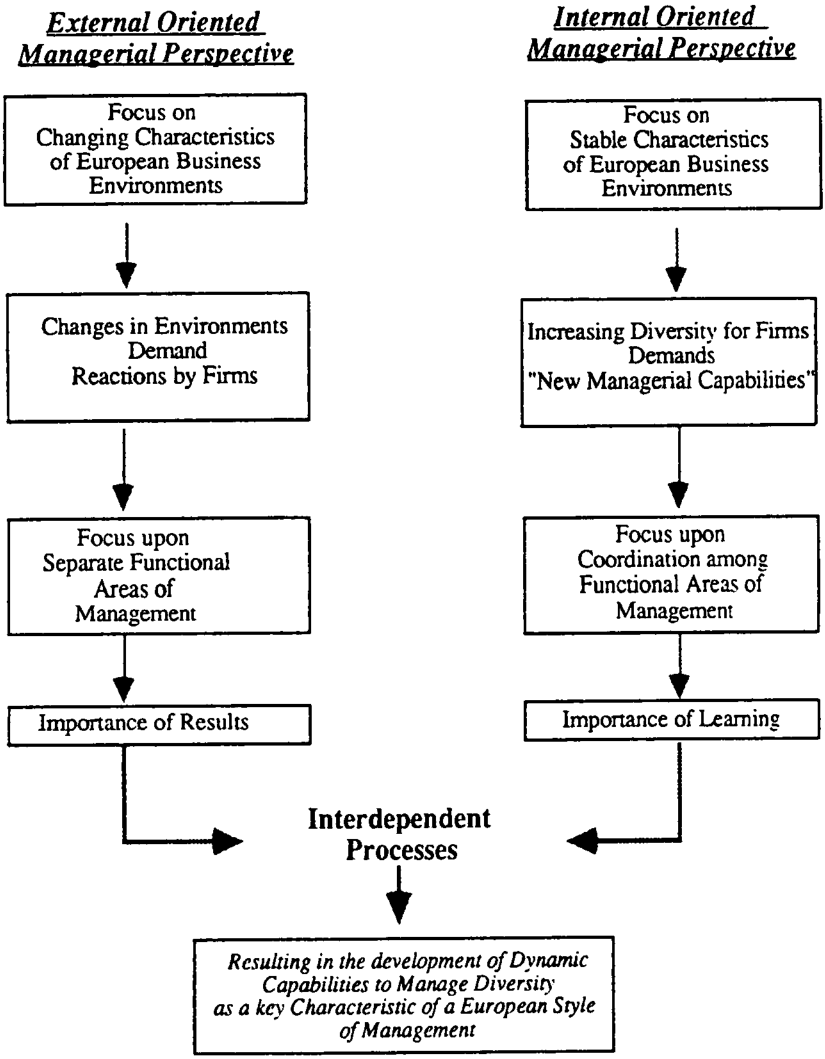

Figure 1 A Conceptual Framework for Reconciling the Tension between the Integration Opportunities and the Constraining Diversity for Managers in Europe

As an illustration of our conceptual framework and, in particular, the interaction between the two processes depicted in figure 1, we look at Unilever Foods Europe.[2] We chose the case-study approach because of its focus on understanding the dynamics within single settings (Yin, 1994), enabling us to address the question of how firms and managers deal with the observed tension. Furthermore, the case study's unique strength relative to other research strategies such as experimentation and surveys is its ability to encompass a variety of evidence such as documents, questionnaires, interviews, and observations (Eisenhardt, 1989). The data in our case study are drawn from interviews with executives, internal company documents, public data, and Unilever's annual accounts (1992–94).

Case study: Unilever Foods Europe

Responding to new competitive conditions in its business environment, the Unilever corporation has evolved into one of the foremost transnational companies (Maljers, 1992). With more than 1,000 brands in the brand-name consumer goods business (foods, detergents, and personal products), a turnover of US$45 billion in 1994, 304,000 employees working in one of the 80 countries where Unilever has operating companies, and two European parent companies in the Netherlands and the UK operating as nearly as practicable as a single entity, Unilever makes, so to speak, a living out of diversity.

Unilever has always been a rather decentralized company (Bartlett and Ghoshal, 1989) and has not sought extensively to obtain the benefits of very large-scale production. A former cochairman of Unilever stated: "Unilever consists of hundreds of individual operating companies—each with their own identity" (Maljers, 1990, p. 64). Unilever has been strongly market-driven and has differentiated itself from its competitors by its marketing skills and its local adaptations (*Business Week*, 1994). Substantial country-to-country differences in consumer tastes, preferences, and practices, as well as market structures, distribution channels, and local regulations have motivated top management to allow extensive operating independence of Unilever's subsidiaries (Maljers, 1992). Moreover, rising trade barriers have, until recently, always reinforced the need for managerial autonomy at the subsidiary level.

Over half of Unilever's turnover originates in foods. In the early 1990s, however, decreasing growth in the European food market intensified competition with such companies as Nestlé, Philip Morris, and Sara Lee, while the creation of a unified European economic market forced Unilever's European food companies to reevaluate their strategies. Competitive advantage could no longer be won by national responsiveness and differentiation alone. Increased integration among the national companies became more and more necessary to exploit potential advantages such as economies of scale, operational flexibility, and accelerated learning by knowledge exchange.[3] By lowering trade barriers and reducing diversity in the negotiated environment, the Europe 1992 program forced Unilever to look behind market differences and evaluate whether more integration could be created without sacrificing the advantages of diversity (Edelman, 1994).

One particular element of Unilever Foods Europe's business activities—namely, its sourcing activities—seemed to provide major integration opportunities. Sourcing, as defined by Unilever, is all business operations from selecting suppliers through buying, storing, and handling components, manufacturing finished products, and handling and dispatching finished goods to customers. With some 46 companies, 130 factories, 250 warehouses, and total revenues exceeding US$23 billion, sourcing in Unilever Foods Europe may be called rather complex. In early 1990, the Foods Executive Sourcing Group (FESG) was established to coordinate the harmonization of these activities in Europe. The FESG had to initiate and assist the internalization of the supply chains at the levels of the foods executive, product group, and operating company to ensure that Unilever would gain from European integration. Product differences had to be harmonized with the diversity in consumer demands; international logistical chains had to be developed for each product category if significant synergistic advantages could be realized, and, if economies of scale existed, a joint facility for purchasing, production, and distribution had to be planned.

To be able to accomplish these objectives and exploit the existing integration opportunities, Unilever's management acknowledged that this new sourcing strategy was inhibited by the administrative diversity among the companies. For example, to support sourcing studies and to support logistics reconfiguration projects, distribution data were required. Although distribution data were available from the operating companies, their information systems varied too much to link and aggregate this information. Consequently, an information strategy had to be developed by FESG to manage these new requirements. Besides formulating compulsory policies on the preferred information systems and connecting the databases to establish interoperability, common data definitions and information structures are required for comparison and aggregation of management information. Consensus was necessary among Unilever's food companies, and hence the administrative diversity throughout the corporation needed to be reduced.

Besides observing decreased diversity in the negotiated environment in Europe and the need to decrease the administrative diversity internally, Unilever Foods' executive management recognized that the sourcing strategy implied a major change of its management processes. Many decades of autonomy had given Unilever's European operating companies a level of independence that was hard to change. Within the Unilever corporation, an informal type of worldwide cooperation existed among self-sufficient units (Maljers, 1992). By implementing the FESG and assigning it the task of formalizing some of these relations and breaking down some of the national companies' autonomy, Unilever challenged its "administrative heritage" (Bartlett and Ghoshal, 1989). Hence, Unilever's management had to learn to deal with this new situation and to develop capabilities to coordinate their activities with the other (often foreign) operating companies, while maintaining their knowledge of the inherited diversity in the various local markets (e.g., customer preferences, business customs).

To assist the organization in this learning process, the FESG started a communication and training program at all relevant levels and functions in the company. Moreover, by creating the appropriate context and by developing management for their additional tasks, Unilever hoped that its managers would learn how to cope with these new circumstances. A dynamic process to build unity on diversity took place within Unilever to cope with the changing situation in Europe (Edelman, 1994).

Discussion

The case study illustrates the managerial problems of the tension between integration opportunities and constraining diversity in Europe, and the approaches to these problems. The decreasing diversity in negotiated environments increases Unilever Foods Europe's integration opportunities. However, the exploitation of these opportunities is hindered by the administrative diversity in Unilever's European operating companies. Integration could have had a negative impact on the competitive advantages of the operating companies if it destroyed their knowledge of the inherited diversity in their local markets. The case study reveals how these problems are or could be tackled by deliberately changing management processes aimed at acquiring managerial skills for coping with this tension. The findings corroborate the conceptual framework. In the course of time, the externally oriented managerial perspective, followed by the internally oriented perspective, can be discerned. This is also the case with the present and ongoing interaction between the two processes, in which dynamic managerial capabilities are being developed. Examples are organizing and managing Europe-wide coordination activities and intracorporate knowledge sharing.

In stressing the importance of both external and internal perspectives, the interaction between the two processes involved, and the managerial capabilities, our framework can be used to support and to contradict Calori and de Woot's (1994) contribution to the same topic of European management. They based their "European management model" on insights from Europe's business leaders, and their model captures the "best practices" shared by top directors and managers of Europe's biggest companies.

Their model consists of four basic characteristics of a European style of management: (1) an orientation toward people, (2) internal negotiation, (3) managing international diversity, and (4) managing between extremes. The first characteristic is mainly based on the "social market economy" system in Europe and can be related to our "inherited diversity" concept and, especially, to the European business systems (see note 1 for a description). The second characteristic deals primarily with the nature of the social dialogue within firms across Europe and can also be related to our inherited diversity. Their third characteristic is more or less related to our first two types of diversity, that is, to diversity in the negotiated environments and to administrative diversity. Their fourth characteristic positions the European style of management "in between" the North American and Japanese models.[4] Our framework differs from theirs, however, in that it pays more attention to the various forms of diversity from a managerial perspective, to the combination of externally and internally managerial perspectives, to the necessity of learning, and to the development of dynamic managerial capabilities. Moreover, our framework is an attempt to reconcile, at least conceptually, the tension between integration opportunities and the constraining diversity in Europe revealed by the literature.

Implications

As we reflect on our conclusion regarding a key characteristic of a European style of management, we are tempted to investigate the possible implications for management education and development. However, in view of the lack of a clear theoretical framework regarding European human-resource management (Forster and Whipp, 1995, p. 440), we limit ourselves here to three remarks related to our framework. First, management education can contribute to developing the externally oriented managerial perspective depicted in the left part of figure 1, including the contextual aspects of functional skills. Furthermore, management education can stimulate an awareness and understanding of the managerial aspects of various forms of diversity in Europe by, say, a transnational education. Traditionally, however, management education is not particularly strong in teaching cross-functional approaches, as shown in the right side of our framework, and therefore needs further improvement.

Second, management development can contribute to learning cross-functional approaches by, for example, job rotation in different European countries. In particular, having early experience of operating in another country seems to be important (Goffee and Jones, 1995), as is considering European careers as "chains of experience" for accumulating managerial knowledge (Peltonen, 1993). Third, and most important, is top management's focus on the need to develop dynamic managerial capabilities over time throughout the company, to deal with integration opportunities and remaining diversity in Europe. Management education and development in general and accumulated oractical experience in particular will contribute to this key characteristic of a European style of management.

Future research

At least three possible directions for future research can be suggested. First, the central research question investigated here opens up a range of complementary questions: How are national styles of management in Europe related to a European style of management? Can a similar European style of management be observed across industries? To what extent can firm-specific advantages be embodied in, for example, technology, scale, or brand names reduce the importance of context-related managerial skills? Will the "globalization" of industries diminish the differences in management styles both at the national and regional trade-bloc levels?

Second, regarding distinctive managerial capabilities, the following key issues should be addressed: What types of distinctive managerial capabilities are most important? How are these capabilities related to managerial roles and tasks and to organizational capabilities? How can these capabilities contribute to the competitive advantages of firms in Europe, and do they contribute to competitive advantage in the other regional trade blocs as well? Referring to the above-mentioned implications for management education and development, how can business schools and European human-resource management contribute to developing these distinctive managerial capabilities?

Third, regarding the types of case studies needed, longitudinal case studies are important to understand the learning processes resulting in dynamic managerial capabilities of firms in Europe dealing with the observed tension. Case studies relating these capabilities to dependent variables at different levels of analysis (e.g., individual, operating company, corporate, national, and industry levels) seem to be important as well. Such case studies will probably suggest that there is no such a thing as "the one best approach" to acquiring these capabilities. The suggested type of case studies can contribute to "cross-level" frameworks (Klein, Dansereau, and Hall, 1994). These case studies can improve our understanding of the role of the various contingency factors and provide input for the recent efforts to develop a contingency model of human-resource management at the international level (Teagarden et al., 1995, p. 1267). Case studies dealing with questions such as: "Why is managing in the United States so difficult for European firms?" (Rosenzweig, 1994) or "Is there a U.S. company management style in Europe?" (Turcq, 1994) are important as well, to determine whether the key characteristic proposed here is really distinctive and whether it contributes to theory building regarding key characteristics of a European style of management.

Notes

1. Whitley (1992) defines business systems as particular arrangements of hierarchy–market relations that become institutionalized and relatively successful in particular contexts. They consist of three components: (1) the nature of dominant economic agents controlling economic activities and resources; (2) the structure of market organization; and (3) the authoritative coordination and control systems within firms. For a different approach with a focus on underlying philosophical, economic, and social aspects of the European "businessphere," see Lessem and Neubauer (1994).

2. For an application of the framework to Hewlett-Packard European Customer Support Centre, see Boone and Van den Bosch (1995).

3. In early 1995, the management structure on the corporate level was also changed to improve the integration of the food businesses. Instead of one director each for South Europe and North Europe, Unilever Foods has integrated these two functions into one director who is responsible for Europe as a whole. Moreover, instead of regional responsibility, more emphasis has been placed on responsibilities for specific product categories.

4. "In between" refers to the relationship between the individual and the firm, the time frame (short term versus long term), and the balance between individualism and a sense of collectivism in the workplace (Calori and de Woot, 1994, p. 44).

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