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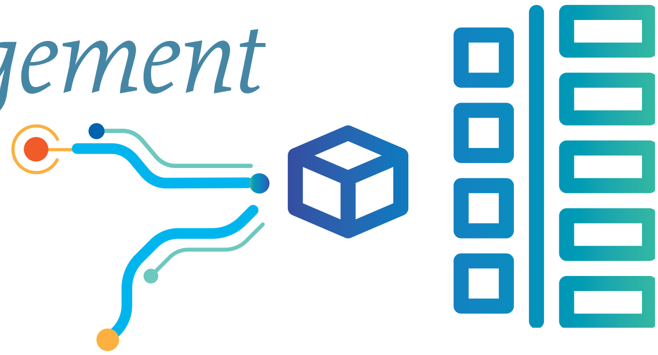
European Management Model: A Reality or a Chimera?



This essay attempts to address a simple but fundamental question for European business leaders and management scholars: is there a distinct European-based management model? More specifically, is there a single framework of management principles and practices that guides European companies? To address this open question, the article begins with a summary of the debate on this topic, which is divided into proponents and critics, and then analyzes the evolution of European policies, business schools, and academic societies over the past decades. In the final section, the author presents his view on the existence of a European management model, and invites European policymakers, companies, and schools to promote the emergence of world-class companies and organizations rooted in European culture and values.

EUROPEAN MANAGEMENT MODEL//EU POLICIES//BUSINESS SCHOOLS//EURAM//CULTURAL DIVERSITY

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About thirty years ago, the question of whether there was a European management model sparked a lively and open debate among scholars. One group argued that Europe had its own management model, separate from those of North America and Asia, but with common characteristics. Conversely, another group argued that because of the differences in formal and informal institutions among European countries, there were only national management models, making it difficult to formulate a unified European approach. Over time, this debate has gradually faded, coinciding with the escalating progress of homogenization and integration among European nations, which has significantly increased its relevance. Meanwhile, the European Union (EU) has expanded to include Eastern European countries, strengthening the integration of the single market and promoting the harmonization of national laws and regulations. Today, the EU and its single market represent over 448 million people and generate a GDP of approximately $19.35 trillion. At the same time, globalization, which once seemed unstoppable, has suffered setbacks. The disruptive impact of geopolitical risks has been highlighted by recent events such as the COVID-19 pandemic and conflicts in Ukraine and Israel.

In this evolving economic and political landscape, the question of a European governance model is more relevant today than it was three decades ago. This question concerns a wide range of stakeholders: policymakers who have the power to foster the emergence and growth of European global leaders; entrepreneurs and managers charged with successfully steering European companies onto the global stage; and business schools and universities tasked with creating innovative programs and degrees to educate and prepare a new generation of European business leaders.

This paper aims to reopen the debate on the European management model, recognizing its potential to inform strategic decisions about the future of education and management in Europe. The first part of this article summarizes the debate on the existence of a European management model, while the second part outlines the evolution of the EU, the characteristics of European business schools and universities, and the role of the European Academy of Management (EURAM). Finally, the conclusion proposes initiatives aimed at fostering the development of world-class European companies and organizations rooted in European values.

THE EUROPEAN MANAGEMENT MODEL DEBATE

Scholars began debating the possible existence of a distinct European management model about thirty years ago. This debate was fueled by both the creation of the European Single Market and by the growing number of comparative studies examining national management paradigms. The inauguration of the European Single Market on January 1, 1993, marked a significant milestone, ensuring the free movement of goods, services, capital, and people among its Member States. Its overarching goal was to promote business growth and streamline industry consolidation. In particular, the integration of local markets into a single continental entity served as a catalyst for the development of a European management model, according to scholars such as Calori, Steele, & Yoneyama (1995).

At the same time, governance scholars began to investigate the differences between the capitalist systems, or governance models, prevalent in the major industrialized countries (Zattoni, 2020). This research categorized countries based on the governance models they used: Anglo-Saxon, Rhineland, and Latin. While European countries were often grouped under different governance models (e.g., the UK under the Anglo-Saxon model; Germany, Austria, and Scandinavia under the Rhineland model; and France, Italy, and Spain under the Latin model), the ongoing process of homogenization and integration within the EU had the potential to reduce institutional differences between countries and foster the emergence of a cohesive European model.

This debate divided scholars, with some emphasizing the cultural affinities within European countries compared to American or Japanese counterparts. Conversely, others emphasized that the development of a unified European management model could be hindered by significant differences in formal and informal institutions.

Proponents of the European management model

Thurley and Wirdenius (1991) are pioneers in proposing the notion of a European management model, which they describe as: "recognizable patterns of managerial behavior and an approach to problem solving and decision making at all levels in organizations that establish the identity of management strategy as distinctly European, with particular emphasis on approaches to planning, implementing and evaluating change" (p. 128). They argue that this model, which is closely linked to European integration, embodies key values such as pluralism, tolerance, and a stakeholder perspective. While acknowledging potential obstacles to its emergence, they note that forces such as monetary union and EU social and political pressures could push European companies toward a common management framework.

They conclude that, despite the persistence of local practices and values, transnational companies are increasingly adopting a European model based on shared values such as promoting personal and professional development, maintaining pleasant working conditions, ensuring job security, and offering fair compensation.

Similarly, Calori and de Woot (1994) conducted interviews with top managers of Western European companies and found both significant differences and common management practices across countries. They highlighted how European companies differ from their American and Japanese counterparts in their emphasis on people's well-being, social responsibility over profit maximization, effective management of international diversity, and respect for foreign cultures. Further support for the European model comes from Calori, Steele, and Yoneyama (1995), who identify four common principles and practices. The first two are rooted in historical heritage, influenced by cultural characteristics such as Christianity, humanism, and socialism, while the last two are the result of Europe's cultural diversity. The four principles are:

i) A people-centered approach, including employee well-being, quality of work, and stakeholder satisfaction.
ii) Negotiating within the organization to build consensus and motivate people, e.g. between holding company and subsidiaries, headquarters and business units, top and middle management.
iii) Recognizing and managing international diversity through respect for foreign cultures, decentralization of decision-making, and integration of employees of different nationalities.
iv) Achieving a balance between the extremes of U.S. and Japanese management styles regarding employee relations, timing of strategic decisions, and balancing economic, social, and environmental outcomes.

While acknowledging national differences and the fact that people's primary socialization tends to occur in their country of origin, proponents of this view argue that increased cross-European interaction and experience can help reduce these differences and mitigate ethnocentrism. They believe that while management practices may vary across Europe, EU harmonization and integration will promote convergence by aligning practices to a common European framework.

Critics of the European management model

Tixier (1994) argues that there is considerable diversity in management practices across European countries. She questions the feasibility of a unified European management model based on common values such as humanism and stakeholder dialogue in the face of countervailing forces such as the pervasive influence of American management practices, although she acknowledges the potential of economic integration to promote understanding among managers of the major differences in culture and management style. Wilderom, Glunk and Inzerilli (1996), while acknowledging a common historical background underlying European management practice, also highlight the significant differences between countries. They suggest that national differences continue to shape management styles even though Europeans share basic principles. As a result, the concept of a European management model is reduced to a simplistic categorization that is primarily used by non-Europeans. Citing differences in management styles and cultural norms between countries, Perlitz and Seger (2004) also emphasize the absence of a monolithic European management model. They argue that success in Europe depends more on adapting to local contexts than on conforming to a hypothetical pan-European model. They highlight the diversity of formal institutions across European countries, including legal frameworks (e.g., civil vs. common law), board structures (e.g., one-tiered vs. two-tiered), employee representation (mandatory, recommended, or absent), financing models (market vs. bank-based), and interests pursued (outsider vs. insider-dominated). Moreover, they show that informal institutions also vary, as there is still considerable cultural diversity among European countries (e.g., Hofstede, 1991; Trompenaars & Hampden-Turner, 2000).

Brewster (1993) shifts the focus to human resource management (HRM), arguing that European companies – unlike their U.S. counterparts –, face constraints in developing their HRM practices due to external influences. He also finds heterogeneity in European HRM policies due to differences in formal and informal institutions (e.g., legislation and culture), ownership structures, and union dynamics. Similarly, Lubatkin and Floyd (1997) examine the strategic perceptions of French and German middle managers and find similarities in strategy content but divergences in strategic behavior and organizational processes. They warn that such differences may hinder international cooperation among European companies.

THE GROWING INTEGRATION OF EU COUNTRIES

Harmonization and integration measures promoted by the EU

The European Union (EU) is a remarkable example of voluntary cooperation between countries (European Commission, 2022), and its creation serves as a cornerstone for ensuring peace and prosperity among its members. Since the early 1990s, there has been considerable, if not decisive, progress in creating a European identity in the EU. Economically, the EU's integration efforts have been substantial. The adoption of a single currency, the euro, and the creation of central institutions such as the European Central Bank and the European Investment Bank have increased monetary stability and facilitated strategic financial investment. The dismantling of border controls and mobility initiatives have made it easier to study and work in other Member States. Moreover, the expansion of EU membership, which now includes 27 countries following Brexit in 2016, has contributed to the development of one of the largest single markets in the world, incentivizing companies to take advantage of economies of scale and encouraging cross-border collaboration, mergers, and acquisitions to foster global market leaders.

In terms of legal harmonization, the EU has also made significant progress in key areas such as company law, environmental regulation, labour standards, consumer protection, education, and civil rights. While significant progress has been made in reducing disparities in legislation and public policies across Member States, certain areas, such as taxation and subsidies, remain highly divergent across the EU. Recent challenges, including the global pandemic crisis and the Russian invasion of Ukraine, have underscored the need for greater cooperation among EU Member States. The adoption of initiatives such as the Next Generation Recovery Plan marks a pivotal moment in the EU's evolution, equipping it with the tools to address current and future health emergencies and protect its economy and citizens. The EU is proactively charting a course toward a greener, more digital future, encouraging Member States to embrace sustainable practices and technological advances.

At the same time, the world around the EU has changed significantly. Emerging economies are growing fast and three of them – China (2), India (5), and Brazil (9) – have achieved a stable position among the top 10 countries in terms of GDP. The growth of Asian economies is also confirmed by the Fortune Global 500 ranking by region, which shows the dominance of Asia (208 companies or 42%), followed by North America (153 or 31%), Europe (118 or 24%) and the rest of the world (21 or 4%). Moreover, the evolution of the international landscape reveals a growing instability due to increasing tensions and conflicts between some States (e.g., Russia-Ukraine, Israel-Palestine, China-Taiwan). These events indicate that the global economy and politics are in a phase of transition from U.S. leadership to polycentric leadership by the U.S., China, and India. Other major challenges, not only for the EU, are climate change and the use of artificial intelligence. To deal satisfactorily with all these emerging issues, the EU should strengthen its capacity to promote rapid and efficient coordinated action among its Member States.

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The role of European business schools

There are significant differences between European and American business schools. Contrary to popular belief, the origins of business education can be traced back to Europe, where the first business school, ESCP, was founded in Paris in 1819. These early European institutions emphasized interdisciplinary programs, in stark contrast to their American counterparts. While American schools focused primarily on economics and finance, European institutions emphasized a broader range of subjects to develop well-rounded leaders (Kaplan, 2014). From the beginning, the ESCP advocated a combination of theory and practice with an international focus to attract participants from different countries. In the years that followed, various schools across Europe, both private and state-funded, followed suit, offering programs that integrated theory with practical applications. Rooted in an interdisciplinary tradition, these programs included subjects as diverse as business, law, geography, technology, commerce, foreign languages, and the humanities (Kaplan, 2014).

After World War II, initiatives such as the Ford Foundation promoted the Americanization of business education by introducing American principles into European institutions. This hybridization resulted in a mixture of traditional European values and updated practices. In addition, Japanese business practices became an influential reference for both European and American companies. Recent global trends such as research-based education, accreditation systems, and global rankings have further shaped business school programs. Despite the trend toward homogenization, differences between American and European business schools remain. European institutions often offer more interdisciplinary programs, incorporating subjects such as sociology, psychology, and communications. They also tend to emphasize topics such as cross-cultural management and societal issues (Calori & de Woot, 1994). The comprehensive curricula aim to cultivate systemic thinking, equip students with skills to address complex challenges, integrate diverse perspectives, and manage conflicting economic, social, and environmental responsibilities.

European academic societies: the role of EURAM

In Europe, management scholars are united through both national and continental associations. Notable bodies such as EGOS (European Group for Organizational Studies) and EURAM (European Academy of Management) play a central role in shaping management education and research. For the purposes of this discussion, I will focus on EURAM, which I currently chair.

Founded in 2001, EURAM's mission is to advance management research and education throughout Europe. As an international community, EURAM welcomes scholars from European countries and beyond, and is committed to inclusivity and diversity. Over the years, the community has grown considerably and now has more than 2,000 members. As EURAM approaches its 25th anniversary, it is at a mature stage with a promising future. Past President Huse (2010) articulated EURAM's founding mission to bridge European research traditions hampered by national barriers such as language, educational patterns, and academic careers. Central to this vision is the promotion of engaged indigenous research across national and cultural boundaries (Van de Ven, 2010). This approach allows scholars to apply localized management theories and methods, enables the study of organizations in their unique contexts, and fosters an appreciation of diversity across countries. Importantly, this strategy mitigates the risk of adopting theories and methods that may not be in line with local realities. EURAM's overall goal is to promote the development and dissemination of new academic and managerial knowledge with the aim of positively influencing business research and practice in European countries.

While the EURAM website outlines the wide range of activities that the Society undertakes for the benefit of its members, I will focus on the distinctive way in which EURAM aims to achieve three main objectives: developing an inclusive community of engaged scholars, promoting high quality and relevant research, and facilitating dialogue with practitioners. First, EURAM prides itself on being an open, inclusive, international and intercultural learned society. These characteristics are intrinsic to a scientific society whose members come from several different countries. Concrete examples of these values are specific initiatives for PhD students (Doctoral Consortium and Buddy Scheme) and early career researchers (Early Career Colloquium), the organization of an online pre-conference session to introduce the Society to first-time participants, the provision of scholarships for disadvantaged students participating in the Doctoral Consortium, and the design of a policy to ensure diversity and inclusion in all major committees and governance bodies. In addition, EURAM's governance is pluralistic and inclusive, based on two dimensions: the Strategic Interest Groups – which coordinate all activities around a specific topic (e.g., business for society, entrepreneurship, corporate governance) – and the major countries (i.e., those with more than 10 members) – which express their voice in the Country Representative Council.

Second, EURAM supports researchers in developing high quality and impactful research. A significant number of mid-career and senior scholars volunteer their time to share their experience and knowledge with junior participants in the Doctoral Consortium or the Early Career Colloquium. A number of scholars also give generously of their time and skills to develop the European Management Review, the Society's journal, and to make our annual conference an opportunity for developmental commentary and lively discussion. Nevertheless, in order to support the ambitious research projects of young scholars, EURAM organized a webinar on "Applying for Starting Grants from the European Research Council" in 2023. In summary, EURAM provides a rich and open platform where scholars from all countries and research traditions can present and discuss their research in a friendly and evolving environment.

Finally, EURAM aims to engage in a dialogue with practitioners, based on the conviction that engaged indigenous research can contribute to improving management practices. This is an ambitious and challenging goal, as academic research and business practice have moved in parallel or divergent directions in recent decades (Pearce and Huang 2012). To bridge this gap, EURAM organizes LABS, i.e., workshop sessions where the research frontier is critically discussed by academics and practitioners to advance their knowledge. LABS aim at cross-fertilizing the ideas of academics and practitioners on management practices to have a positive impact on business and society. However, in order to create a link between academics and practitioners, EURAM is experimenting with new formats. For example, it is organizing stand-alone events focused on a relevant topic, where participants can exchange their views and develop a deeper understanding of the phenomenon. Finally, EURAM is creating a file-rouge across annual conferences to develop a white paper with policy implications on how management studies can contribute to addressing major societal challenges.

CONCLUSION

This article has examined the discourse surrounding the European management model, tracing the evolution of EU policies over the past decades, and highlighting the influential role of business schools and academic associations in shaping European research and education. In essence, the analysis reveals that while there are certain commonalities – such as an emphasis on cross-cultural management, corporate social responsibility, and employee well-being – there are also significant cultural differences among EU Member States. Ultimately, the question arises: does the presence of common cultural traits alone imply the existence of a European management model? From a broad perspective of guiding companies and business decisions, one could argue in the affirmative. However, if we consider “recognizable patterns of managerial behavior and approaches to problem-solving and decision-making at all levels of organizations” (Thurley and Wirdenius, 1991, 128), the answer is less clear. Cultural differences, both between and within European countries, persist and are likely to continue in the future. However, we do not see this cultural diversity among EU Member States as a weakness or an obstacle, but rather as a valuable resource that enriches European companies and organizations. Indeed, the fusion

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- **Cultural diversity and national differences:** cultural diversity and national differences among European countries significantly shape management styles and practices. These differences include historical heritage, legal frameworks, board structures, employee representation, financing models, and interests pursued. Acknowledging and understanding these differences is critical to effective management in a European context.
- **European integration and harmonization efforts:** the ongoing process of European integration and harmonization, facilitated by initiatives such as the European Single Market and legal harmonization, has significant implications for management practices. These efforts aim to reduce institutional differences between Member States and promote convergence towards a common European framework. Understanding and adapting to this evolving regulatory and market environment is essential for companies operating in the EU.
- **The role of business schools and academic associations:** European business schools and academic associations play a crucial role in shaping management education, research, and practice. Their interdisciplinary approach, emphasis on cross-cultural management, and engagement with practitioners contribute to the development of future leaders equipped to address complex business challenges in diverse cultural and regulatory contexts.
- **Stakeholder orientation and corporate social responsibility:** European management models often prioritize stakeholder satisfaction, social responsibility, and sustainable practices over profit maximization. Values such as pluralism, tolerance, and a stakeholder perspective are emphasized, reflecting a broader societal concern beyond economic outcomes. Integrating these values into management decisions is essential to building trust, maintaining legitimacy, and creating long-term value for all stakeholders.

of these different cultural backgrounds with a common destiny is a cornerstone of Europe, as epitomized by its motto "United in diversity".

Based on this analysis and looking ahead, we urge European policymakers, academics, and managers to promote world-class companies and organizations with a distinctly European mindset. This means, for example, that academia should undertake research projects to explore the unique strengths and weaknesses of European companies and develop business practices to navigate cultural complexities and diverse business and regulatory landscapes. In addition, business schools and universities should design programs aimed at developing European managers into visionary leaders capable of steering global champions with a European mindset, e.g., adept at addressing both business imperative and societal concerns. Furthermore, policymakers should spread initiatives aimed at breaking down barriers to cooperation between EU countries and fostering the emergence of European global companies, research hubs, educational institutions, and innovation centers. By encouraging collaboration on ambitious projects and cultivating a sense of shared destiny, European leaders – whether policymakers, managers, or academics – can foster the rise of world-class companies and organizations rooted in European culture and values. Initiatives such as the high-level report on the EU's competitiveness coordinated by Mario Draghi are examples of steps in this direction. Echoing Roberta Metsola, President of the European Parliament, we believe that "the world needs Europe at its best."

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