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Malleability in Spain: The Influence of US Human Resource Development Models

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This chapter describes the evolution of HR practices in Spain, particularly the strategic management of HR. Prompted by recent political, economic, and social change, we have seen considerable and growing interest in a more holistic and systematic view of developing individuals and their organizations. In this chapter, note that we refer to HR or HRM, which are terms used in the Spanish business community. However, our focus is on the developmental side of the HR function. Key to understanding Spain's recent transformation is the cultural malleability of its business system (Dickman, 1999; Ferner et al., 2001; Muller-Camen et al., 2001; Quintanilla, 1998). The concept of malleability is synonymous with the notion of flexibility; that is, Spanish managers are very open to new and sophisticated "best practices" from afar.

Why are the Spanish malleable? Perhaps it is because there is a historical void in the development of large business traditions and systems. The notion of "big business" is new to Spain, where commerce has until recent times been in the hands of small entrepreneurs and highly regulated by the government. Management styles in Spain have traditionally not generated a well-defined business model, as is the case of other countries, such as Germany, France, and the USA. A weak business tradition and the fundamental asymmetry of the relationship between Spain and its foreign investors have motivated Spanish companies to follow a model of HRD used by foreign multinationals operating in Spain; primarily in large firms who are headquartered in the USA. Spanish multinational corporations (MNCs) and large firms have now developed HR departments and have incorporated HR managers into their boards. The HR function, previously limited to technical aspects such as payroll or recruitment, is now changing to more of a strategic

and developmental function which incorporates activities such as succession planning, managerial coaching, and performance management (Quintanilla et al., 2004). In general, HR practices in Spain continue to exist in a stage of infancy, especially in medium- and small-sized companies. However, in larger Spanish companies, “American” policies have been well accepted by Spanish managers, especially those that work in a multinational context.

In this chapter, we begin with a brief history of the economic and business development that explains the influence of foreign operations on Spanish companies. Next, we illustrate how the influence of American investment has contributed to a developmental approach to HR in Spanish companies. In this section, we include data from a case study of Spanish subsidiaries of US MNCs. The final section links the culture of Spanish “malleability” to implications for the developmental side of HR.

Historical evolution of economic development in Spain

Institutional arrangements typically reflect key formative events in the evolution of the nation state, such as the manner and timing of industrialization, the process of class formation, the development of political representation, and the role of government (Crouch, 1993). Such is the case in Spain (Quintanilla, 1998). The Spanish economy and the industrial infrastructure remained underdeveloped until the late 1950s, when contacts with the International Monetary Fund and the goodwill of the USA transformed and modernized the country. Since the late 1950s, foreign investment has played an increasingly crucial role in Spain’s economic modernization. The “economic miracle” of the 1960s was based on tourism, the export of surplus labor to other countries, and high foreign direct investment. The latter was promoted by the complete removal of barriers on trade coupled with government incentives to attract multinational companies in capital-intensive industries (Campa & Guillen, 1999). The democratic reforms of the late 1970s consolidated the country’s modernization of its economic structures, which led to a rapid change in the profile of firms (García Delgado, 1995).

Since 1980, Spain’s industrial fabric has experienced dramatic change due to increased liberalization and privatization. The suppression of the restrictions on foreign capital persuaded many MNCs to set up in Spain between 1970 and 1980. Spain became attractive to foreign investors not merely because it offered opportunities for participating