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The Future of Professionalised Work in Britain and Germany

Human Resource Managers and Business Consultants

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**Anglo-German Foundation
for the Study of Industrial Society**

THE FUTURE OF PROFESSIONALISED WORK IN BRITAIN AND GERMANY

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Executive summary

Over the past two decades or so the established professions have come under challenge from a number of new developments which simultaneously have given rise to new occupations, the members of which aspire to professional status.

The acceleration of knowledge creation, increased specialisation and more rapid diffusion of information and knowledge are threatening professional exclusivity and have engendered increasing intra- and inter-professional competition. Technological change, EU regulation and internationalisation of business have further intensified competition and have created more demanding clients and new forms of service provision. Concurrently government cost cutting and deregulation of markets for professional services are undermining the security of many professions.

These developments have had different effects in Britain and in Germany because the two countries are mediated by different institutional environments and processes of professional regulation.

The comparative study of these developments in professionalised work reported here was carried out in 2000 and 2001. It covered four professions: well-established legal and pharmacy professions and emerging professions in psychological and business services. The research involved in-depth interviews with relevant British and German professional associations and other interested parties, followed by a postal survey of 9,242 professional workers, with an average response rate of 20 per cent.

This report concentrates on the findings among HR managers and consultants in Britain and Germany. The research focused on how the developments identified above have affected professionalised work and have brought about changes in the market, work and status of professional workers, as well as changes in their well-being and the nature of service provision. Attention has been centred both on cross-national differences in these aspects of professionalised work and on divergences between professions within each society.

The research revealed extensive change – the pace and scope of which has been greater in Britain than in Germany. The main drivers of change in both countries were, in order of importance: increased demands from consumers, technological change, government policy, regulation, and competition within and between professions.

HR managers/consultants in both countries have responded generally positively to new challenges and opportunities. Prestige, motivation and levels of job satisfaction and morale are all high in both countries. However, some differences do remain between the two countries: HR managers in Britain tend to work in large non-specialised organisations and their loyalties are more diffused as a result. In Germany, by contrast, consultants often own their own small businesses and report high levels of loyalty to their clients. In contrast with other professions, though, these national differences do not appear to have any significant impact on levels of socio-psychological well-being at work.

Reduction of public expenditure and increasing market competition have added to the pressures on professional workers. But the nature and extent of these effects depend on the regulatory framework within which they operate:

- The British system of granting professional status to private interest groups can be described as a regulated monopoly.
- The more legally based occupational jurisdiction, education and training requirements and conditions for practising in Germany are better defined as regulated competition.

The rationale for each is grounded in a different political economy, and each results in a divergent clustering of interests and social and economic outcomes:

- In Britain deregulation and cost cutting have been to the relative advantage of larger firms while the smaller firms have borne much of the cost.
- In Germany the structure of service provision has remained relatively unchanged, and the cost of policy change has been more evenly distributed between providers.

The research therefore raises important questions for the future of professional work. In both countries, but particularly in Britain, more account needs to be taken of the extent to which recent economic, technological and political changes have negatively affected the well-being of this key social group in modern society. The costs of change need to be more equally distributed between different organisational forms of professional practice. The strong concern, in both societies, is that improved service delivery has to be more informed by how different organisational forms affect professionals' relations with clients, and that a better balance has to be achieved between considerations of cost, quality of service on the one hand, and the well-being and economic security of professional service providers on the other.

This report is derived from a larger study which surveyed the four professionalised occupations – the law and pharmacy, and psychology and business services – in both Britain and Germany. This longer study can be downloaded from the Anglo-German Foundation's website at <http://www.agf.org.uk/pubs/publications.shtml>.

1 Introduction

This report offers an examination of the professionalised work of human resource management (HRM) and business consultancy professional workers in contemporary Britain and Germany. Its findings are derived from a larger study, which surveyed four professionalised occupations in Britain and Germany in the legal, pharmacy, human resource management and psychology services fields. The relatively large and internally diverse sample has yielded rich and comprehensive results, which may be considered unique in the contemporary literature on professions in both scale and scope of findings. The results provide an unprecedented insight into the development of the HRM and consultancy profession, and of professionalised occupations more generally during the decade of the 1990s, going beyond what has been provided by the established literature on professionalised work in either country, let alone in a comparison of the situation in Britain and Germany.

For the purposes of interpreting the following analyses it is first important to note a major difference between the HRM managers/consultants in the two countries: British HRM professionals have in recent years managed to secure chartered status, thereby securing relatively higher professional status than their German counterparts, who face much more stringent state regulation and consequently have so far been unsuccessful in achieving chartered status. More detail of this disjuncture between the two professions is set out in following chapters, in particular those relating to profiles of the profession and also in the policy implications in the conclusions of the report.

Professionalised work is highly skilled and knowledge-intensive. The educational and training process, the nature of the skill and knowledge acquired and developed, and the legal and organisational framework within which it is carried out define, to an important extent, the jurisdictions different professional groups are able to establish and protect from competition. The purpose of this 'market sheltering' is variously explained. It is justified as a guarantor of quality and as providing the necessary reward to encourage excellence of service, but it is also criticised as creating opportunities for monopolisation and raising the cost of provision.

In recent decades a number of developments with pervasive effects have significantly affected professionalised work in general, including HRM and business consultancy professionals. Technological change, organisational development, internationalisation of business and new forms of service provision are undermining existing professions, and at the same time are creating new occupational specialisations, the practitioners of which aspire to professional status. The process of knowledge creation, specialisation and more rapid diffusion is threatening professional exclusivity and has engendered increasing intra- and inter-professional competition. Concurrently government cost cutting and deregulation of markets for professional services are undermining the security of many professions. At the same time the single European market and other pressures for internationalisation are leading to greater cross-border co-operation between professional groups and to increased international competition. These progressive trends threaten the market shelters of the professions, which have been increasingly interpreted as constituting obstacles to free trade in services.

These developments have engulfed British and German societies at different times and to varying degrees. The professionalised occupations experienced a very different historical evolution in each society, and – despite some convergent developments during recent decades – these differences endure. They are due to the fact that similar pressures on professionals from markets, governments, technology and clients are mediated by the different institutional environments and the differing processes of professional regulation.

The cross-national study on which this report is based was carried out in 2000 and 2001. It has been concerned with examining the impact of the above developments on the work, employment and the socio-psychological well-being of professionalised occupations, paying attention particularly to changes during the 1990s. The research has focused on the following aspects:

1. How different modes of controlling professional occupations in the two countries have mediated the impact on professional work of changes in technology, regulatory policy, the organisation of public services, competition and the system of education and training
2. The effects of such changes on the market, work and status of professional workers
3. The implications of these changes for performance in the knowledge-intensive sectors of the service economy
4. The policy implications of these developments and the effects of different processes of professionalisation in the two countries.

Although this report concentrates on HRM and consultancy professionals, we nevertheless provide the tabulated research findings for all four professions in both countries so as to enable readers to view the HRM/consultancy professions in a wider context. The report is organised into three parts. Part I provides the context for the discussion of empirical findings, which are set out in Part II, and then conclusions are drawn in Part III. These are followed by Appendix 1, which offers a detailed discussion of our research methods, and Appendix 2, which provides additional data on demographic details, hours worked and earnings of professionals we surveyed.

PART I: CONTEXT AND OVERVIEW

2 The historical evolution of professions in Britain and Germany

2.1 The historical evolution of professionalised occupations

The following overview provides a brief historical perspective on the divergent evolution of knowledge occupations in the two societies. It also points to more recent changes in national trajectories, which have created some convergence. The latter, it is argued, make the broad concept of 'profession' applicable to both societies and render plausible a comparison of professional work between them.

Britain and Germany have had radically different historical trajectories of the evolution of professionalised occupations (Siegrist, 1988), particularly in their interaction with the state and in their own organisation as professional societies and chambers respectively. While in Britain professionalisation of knowledge occupations began several centuries ago, in Germany the professionalised occupations gained their independence from the state only at the end of the 19th century, when they were declared free occupations (*freie Berufe*). Although the German professionalised occupations acquired a significant degree of self-regulation, legal regulation by the state (particularly of professional education) remained much more important than in Britain, where professionalised occupations achieved a high degree of self-regulation and developed a pronounced consciousness of their status as professions.

Historically, therefore, a marked difference exists between what has been termed 'professionalisation from below' in Britain and 'professionalisation from above' in Germany. This difference in the organisation and regulation of comparable knowledge occupations had consequences for social stratification and subjective awareness of social status and group membership, as well as for the development of knowledge and education. Whereas German professionalised occupations were integrated into, and perceived themselves to be members of, the broader stratum of the *Bildungsbürgertum* (educated middle classes), the absence of the latter in Britain increased the social distinctiveness and separateness of professionalised occupations.

The peculiarity of the historical evolution of professionalised occupations in the Anglo-American social context has led some authors (e.g. Larson, 1977; Freidson, 1994) to claim that the concept of profession is only applicable in these societies. But most social scientists now view this stance as too restrictive (Johnson, 1982; Abbott, 1988; Siegrist, 1990; Burrage and Torstendahl, 1990; Light, 1995). In their view relations between state and professions, and the consequent mode of regulation, have changed over time.

Contrasts between societies in the manner of regulation, although significant, are better viewed as dynamically evolving differences of degree, rather than as static and absolute divergences of kind (Johnson, 1993). This is particularly evident in the contrast between British and German knowledge occupations over the past two decades, which show considerable convergence, due mainly to changes in the British model of professions. Additionally, the broader acceptance in Britain of a university education as a necessary foundation for performance in a modern economy, and the creation of a much broader stratum of university-educated citizens from the 1960s onwards, paved the way for changes to the model of professions in the later period.

Despite some remaining differences between the organisation and regulation of professions in the two societies and the continuing low subjective identification with aspects of the concept of profession in Germany, there now exist sufficient similarities to justify the use of the concept of profession in both Britain and Germany. Hence this will be the practice adopted in this report.

2.2 Regulation of the professions in Britain and Germany

Most definitions of the term 'professions' see regulation of professional expertise and hence of professional jurisdiction, as well as of technical and ethical standards of performance, as integral to professionalism (Abbott, 1988). But the form regulation takes and its degree and scope differ significantly between Britain and Germany.

Professions are regulated by the state – usually by laws, statutes and court decisions – and by the binding rules of professional societies in Britain and chambers in Germany. Such regulation covers a variety of professional activities, but the most basic forms are those that recognise and protect a profession's claims to expertise in a given area of knowledge and skills and lay down basic rules for practice. Imposition of technical and ethical standards mainly occurs through professional self-regulation. British professional societies, through the prescription of entry qualifications, may secure a limited monopoly by bestowing chartered status on their members. However, only state regulation – by giving legal protection to a professional title or an area of expertise in exchange for professional self-control over standards of practice – can establish a professional jurisdiction and hence secure full professional status (Abbott, 1988).

It is therefore possible to distinguish between *established professions*, with legally protected titles or areas of expertise, and *emerging professions*, where a degree of exclusivity of expertise short of full market closure has been achieved. In Britain HR managers fall into this latter category, as in 1999 the HRM professional association finally gained chartered status and became the Chartered Institute of Personnel and Development (CIPD). Subsequently HR managers deemed their professional status greatly enhanced. However, while chartered status may have increased their reputation, it cannot fully ensure exclusivity. The lack of full control by emerging British professions means that non-members of professional societies do not have to comply with the standards of technical competence and ethical probity laid down, so that the reputation of the occupations cannot be fully safeguarded. Hence the codes of practice of the emerging professions are much less detailed than those of the established professions, and collective enforcement of standards is rudimentary.

In Germany business/HRM consultancy is only an emergent profession that has not achieved the equivalent to 'chartered status' of the British profession. German HR consultants are not subject to legal regulation and are not organised by a chamber; practitioners neither have a common education and training, nor an obligatory organisation to control quality standards, ethical conduct or defence of their field of expertise. Nevertheless, aspiration for professionalisation is evident. The main association of consultants, the Bund Deutscher Unternehmensberater (BDU), is attempting to establish a common body of knowledge and ethical standards to raise the occupation's status. But it organises only the small and independent firms, and its claims to exclusivity have yet to be accepted by the German state. Hence so far professional status has eluded this occupational grouping.

In summary, there are still fundamental differences between the two societies in the way in which regulation occurs. In Britain the professional society influences the content of relevant degree courses and exercises control over specialised education and training. In Germany, by contrast, control over education and training still eludes HRM consultants.

2.3 British human resource managers: a general profile

The human resource management (HRM) function has evolved over the past 100 years or so, beginning with the appointment of welfare officers by more enlightened employers with concerns for the well-being of their employees. It developed as the theory and practice of labour management evolved. The emphasis on the management of human resources (HR) came with the growing recognition of the importance of the skills, involvement and commitment of an organisation's workforce for its operational success. This realisation led to a closer integration of personnel policies and procedures with strategic management and corporate planning and raised the profile of human resource managers (Armstrong, 1987).

The HRM knowledge base is wide and variable. It draws on industrial psychology, theories of motivation, behavioural theories of job enlargement and enrichment, organisational behaviour theories of better communication, management systems theory and learning theory. It requires knowledge of laws regulating the activity of trade unions, collective bargaining, the employment contract, health and safety at work and various forms of discrimination. Additionally, the HR manager needs to deal with grievance and dispute procedures, training systems and in-work welfare. The creation of the single European market and, more recently, the adoption of the Social Chapter, have greatly increased the amount and complexity of employment law an HR manager needs to be familiar with.

The growing strategic importance of HR management has required its best practice to include knowledge of the legal, political, commercial and market environment in which organisations operate. However, the extent to which this knowledge base is needed and/or exploited will depend on the role of the HRM specialists in a particular organisational context and the scope of an organisation's HR management. HR managers are usually employed by larger organisations.

The HR managers' professional association, the Chartered Institute of Personnel and Development (CIPD), grew out of earlier organisations and achieved charter status in

1999. The CIPD is not governed by statute and has no power to restrict entry to HRM specialisation. Professional grade of membership is achieved by successfully completing CIPD-accredited courses, by CIPD assessment of HRM-related qualification or HRM-related work experience, or by a range of National Vocational Qualifications (NVQs) which are comparable with the CIPD's professional standards. The CIPD has a code of professional conduct, which its members are expected to follow, and operates infrequently used complaints and disciplinary procedures. In 2000 the CIPD had more than 100,000 members.

2.4 German business and human resource management consultants: a general profile

The role and activities of German business and HR consultants differ in several ways from those of British HR managers: they exclusively offer external advice, and their area of competence is much wider than that of HR managers in Britain. Only 25 per cent of our sample specialised in HRM. Other areas of expertise of German consultants include strategy development, organisational design and change, and information technology (BDU, 2000: 10). Consultants therefore differ significantly from each other in the content of their work, and new specialisations are constantly being developed. They are either self-employed, own consultancy firms or are employed by others. Their occupational title is not legally protected.

The consultancy sector has grown vigorously over recent years. In 2000 there were 68,000 consultants working in 17,740 firms (BDU, 2000: 9). The sector is divided between 40 large firms, many under US ownership, a number of medium-sized ones and a large number of very small and sole practitioner firms, constituting 69.7 per cent of all firms (*Handelsblatt*, 27 December 2001). However, the sector is becoming increasingly concentrated. Small firms have the lowest turnover per consultant and have achieved the lowest growth in turnover in recent years (*ibid.*). Our respondents came mainly from this sector of self-employed practitioners or small firms.

As yet there are no university courses leading to a degree in business and HRM consultancy, although some polytechnics (*Fachhochschulen*) do offer courses. But according to the Federal Association of German Consultants (BDU) over 90 per cent of consultants have a degree in a related field, including business economics, economics, engineering, psychology and information science. Neither the level of education and training required for access to the field of consultancy nor quality/ethical standards are regulated by law or by a professional body.

There are no chambers, only interest associations (*Verbände*). The largest of these, the BDU, is primarily concerned with improving the economic and legal framework in which consultants work. However, the BDU does not admit individual members, only companies. The association has long sought to gain the legal protection available to academic free occupations (*freie Berufe*) such as advocates and accountants (*Wirtschaftsprüfer*), but so far without any positive response from government. However, some progress has been made in establishing criteria for membership designed to raise the level of professionalism. The BDU has developed occupational and ethical guidelines designed to

raise quality and establish standards. It also offers further training leading to the attainment of the internationally recognised standard of Certified Management Consultant. 300 of its 450 member companies have now been certified in this manner, a coverage of around 25 per cent of all those employed in this sector.

PART II: EMPIRICAL FINDINGS

3 Professional interests and loyalties

The debate amongst sociologists and economists focuses on whose interest professionals and their associations serve. An idea of a compact between highly qualified occupations and those they serve, mediated in varying degrees by licensed private associations and the state in Britain and Germany, rests on a model of direct service. One extreme view claims that they serve the general interest, which they should be allowed to protect by excluding the unqualified (e.g. Carr-Saunders and Wilson, 1933). A contrasting but also one-sided view contends that they serve their own special interests by exploiting any protection from competition they have been granted (e.g. Larson, 1977).

The compromise position recognises that the professions have the power to serve both their own and the public interest. However, many professional services are no longer provided by independent professional practices, but by organisations which mediate between professional workers and those they serve. Moreover, as organisations grow and become more hierarchical, additional interest groupings develop, including those of managers, employees and colleagues.

To explore the relative importance to our professional respondents of these different interest groupings we asked them where their greatest loyalties lie. The results are given in Tables 3.1a and b.

Table 3.1a
Greatest loyalties: Britain (%)

Most loyal to:	Pharmacists	HR managers	Lawyers	Counselling psychologists	Total
My clients	30.2	22.1	41.5	56.4	37.6
Myself	24.8	31.0	18.0	26.9	24.6
My colleagues	12.6	8.3	16.4	2.6	10.0
The people who work for me	9.4	12.4	9.3	1.0	8.0
My profession	11.9	7.2	3.8	7.2	7.2
My employer	6.8	13.1	7.1	1.3	7.7
My supervisor	1.4	4.5	0.5	3.0	2.3
The organisation which uses my services	2.5	1.4	2.7	0.3	1.3
Others	0.4	0.0	0.5	1.3	1.7

Table 3.1b
Greatest loyalties: Germany (%)

Most loyal to:	Pharmacists	Business and HRM consultants	Lawyers	Psychological psychotherapists	Total
My clients	47.3	69.6	80.0	75.4	66.7
Myself	16.8	12.5	9.4	19.2	17.6
My colleagues	1.8	0.0	3.5	0.4	1.4
My profession	1.8	1.8	1.2	1.2	1.4
The people who work for me	3.0	8.9	1.2	0.0	2.7
My employer	23.4	3.6	1.2	0.4	8.3
My supervisor	1.2	0.0	0.0	0.0	0.3
The organisation which uses my services	1.8	0.0	0.0	0.8	0.8
Others	2.0	3.6	3.5	2.7	0.8

The most important category for the HR managers/consultants in Germany was clearly their clients, at 69.6 per cent. The answers of British HR professionals were split between loyalty to themselves (31 per cent) and clients (22.1 per cent). Very few German consultants indicated a primary loyalty to colleagues, the profession, the people who worked for them, employers, supervisors and organisations which used their services. Whilst in Britain, some of these loyalties were more prominent.

4 Professions and the size of employing organisation

These inter-country differences in the pattern of loyalties can, to some degree, be related to the differences in the size of organisations employing them and to differing employment status. Table 4.1 shows stark national differences in the size of employing organisations. In Germany 76.9 per cent of consultants worked in organisations with ten or fewer employees, compared with only 14.1 per cent in Britain. British HR managers (68 per cent) were much more likely to work in firms of more than 500.

Table 4.1
Size of employing organisation (%)

Numbers in employment	Pharma- cists		Management services		Lawyers		Psychologists		All	
	B	G	B	G	B	G	B	G	B	G
Less than 10	21.4	65.3	14.1	76.9	37.2	88.4	37.0	93.5	27.3	81.0
10–99	12.7	19.2	5.0	17.5	47.3	8.9	9.4	0.8	18.8	11.6
100–499	7.7	3.2	13.1	1.6	12.2	2.8	3.7	1.5	9.3	2.4
More than 500	58.1	12.3	68.0	4.0	3.2	0.0	49.8	4.3	44.5	5.1

5 Changes in professional work

5.1 The degree of change

In most professions the degree of change perceived to have taken place in professional work differed significantly between the two societies. Of the British professionals, 75 per cent judged the preceding ten years (the 1990s) to have been a time when they had experienced a large amount of change in their work, whereas among their German counterparts a more moderate 45 per cent reported this degree of change. This difference was clearly evident among the HRM/consultancy profession (Figure 5.1).

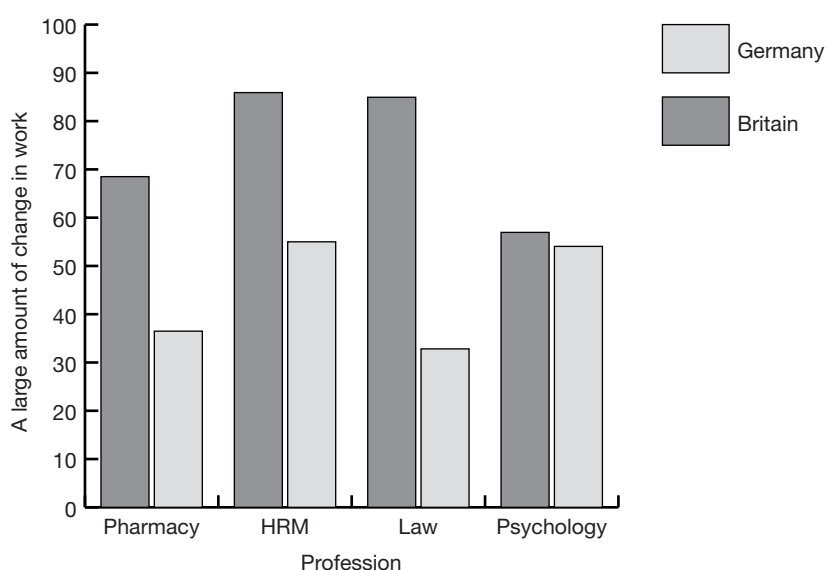


Figure 5.1
Changes in professional work

5.2 The drivers of change

To identify the sources for the perceived levels of change, we asked questions about the impact on their work of possible causal factors (Tables 5.1a and b). British HR managers considered the following four, in descending order, to have had a large impact on work: increased demands from consumers, technological change, government policy and European policy. Qualitative data suggest that the large numbers reporting policy as a significant driver of change were referring in particular to the many recent changes in British employment law stemming from directives by the European Commission.

For German consultants a much more distributed pattern emerges, with increased demands from consumers being the most important, followed by technological change and increasing competition from within the profession. Most notably, the consultants did not register government policy or European policy as a significant driver of change.

Table 5.1a
Impact on professional work of drivers of change: Britain (%)

	All	Pharmacists	HR managers	Lawyers	Counselling psychologists
Large impact^a from:					
Increased demands from consumers	63.7	71.2	76.2	71.3	35.4
Technological change	57.2	57.4	73.8	70.3	26.1
Changes targeted at profession in:					
Government policy	48.7	50.0	59.2	60.3	21.7
Regulation	32.3	26.6	35.4	48.2	18.1
European policy	30.7	32.8	58.2	15.4	8.7
Increasing competition from:					
Within your profession	42.3	46.2	28.5	66.0	28.0
Other professions	27.4	36.5	14.5	23.6	35.3
Non-professionals	19.6	25.7	11.0	23.4	18.1

Note: ^a Measured on a scale of 1 (no impact) to 5 (huge impact). Percentages given are responses of 4 and 5.

Table 5.1b
Impact on professional work of drivers of change: Germany (%)

	All	Pharmacists	HRM and business consultants	Lawyers	Psychological psychotherapists
Large impact^a from:					
Increased demands from consumers	44.0	48.4	67.4	43.8	16.1
Technological change	36.3	40.1	54.7	39.5	7.2
Changes targeted at profession by:					
Government policy	36.0	55.7	13.1	16.2	58.0
Regulation	42.1	39.0	25.6	30.1	73.3
European policy	17.1	38.7	7.2	14.6	5.3
Increasing competition from:					
Within your profession	33.5	40.3	35.5	46.2	14.4
Other professions	26.1	17.5	27.1	28.8	31.0
Non-professionals	19.9	32.8	15.4	17.5	4.1

Note: ^a Measured on a scale of 1 (no impact) to 5 (huge impact). Percentages given are responses of 4 and 5.

6 Impact of change on professional work

The professionals were further asked to identify the impact of the important drivers of change on important features of their work. We enquired about the impact of change on the skills and knowledge required, quality and efficiency of the services provided, discretion exercised, costs and prices and viability of services, and how they related to the demands made of respondents in their work.

6.1 Skills and knowledge

There is an overwhelming perception among the British and the German professions that external drivers of change have led to increases in skills and knowledge required (Figures 6.1 and 6.2), with a tiny proportion noting a decrease in each profession. HR managers and consultants both conform to this pattern.

It is notable that such a wide perception, in both countries, of increases in knowledge and skills required stands side by side with recognition that new technology has been an important driver for change at work. Thus, in the views of professional workers, technology is not associated with the routinisation and deskilling effect with which it is still widely coupled in the sociology of work. The professions view the importance of technology more in the way it transforms markets, changes the boundaries between professions and widens the area of competition (qualitative interview data).

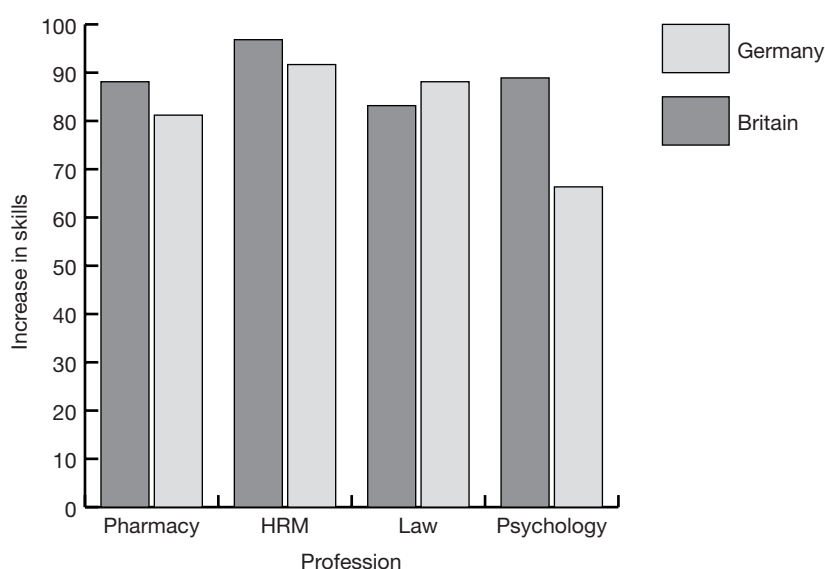


Figure 6.1
Increase in skills

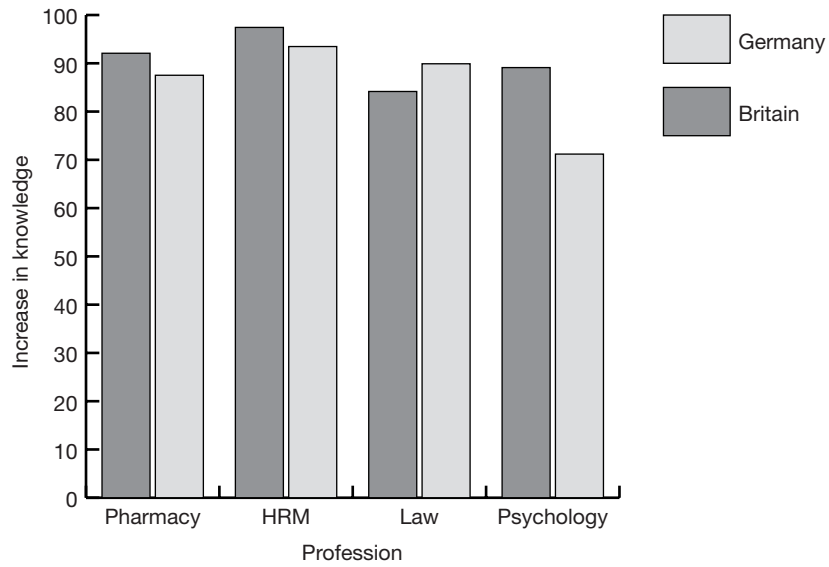


Figure 6.2
Increase in knowledge

6.2 Quality and efficiency of services

Figures 6.3 and 6.4 reveal that the general perception of respondents in both countries was that quality and efficiency of their services had also increased. This was reflected in the responses of the HR managers and consultants.

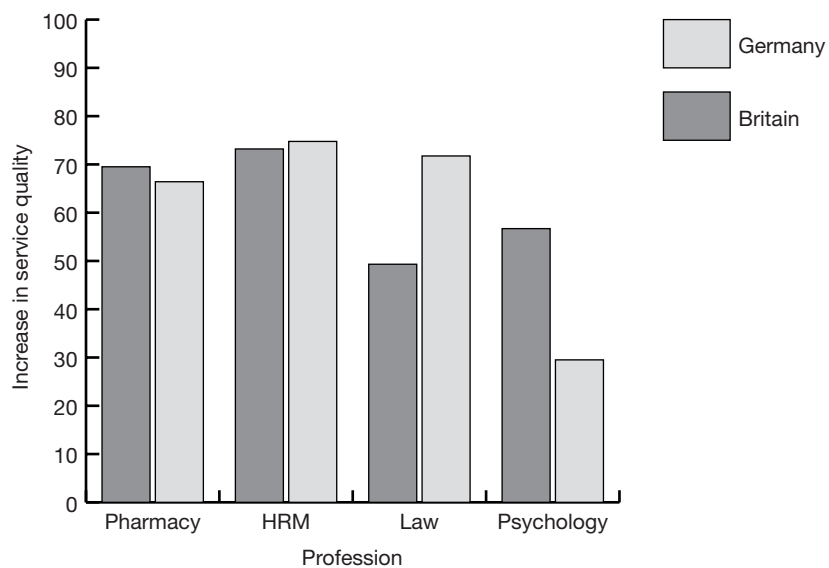


Figure 6.3
Increase in service quality

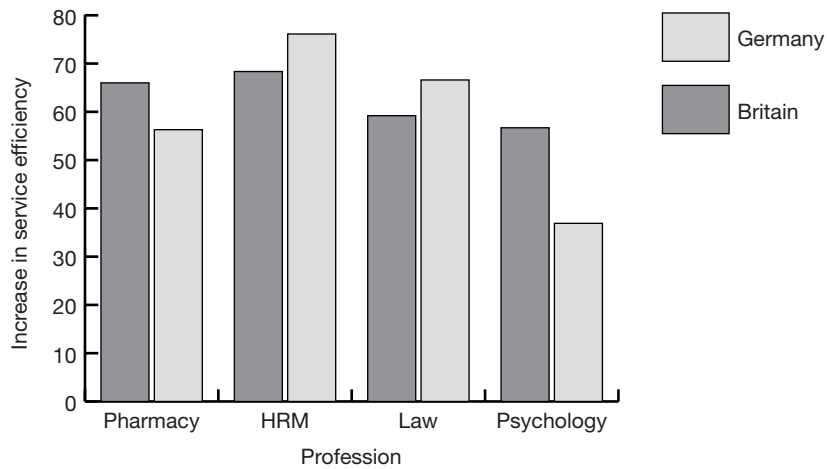


Figure 6.4
Increase in service efficiency

6.3 Discretion

It might have been expected that the increase in skills and knowledge required would have been accompanied by a comparable increase in the discretion exercised – in particular that, given the absence of hierarchy and bureaucracy, more discretion would have been left in the hands of German consultants. However, as Figure 6.5 shows, this does not appear to be the case: amongst the German consultants only 42 per cent perceived an increase in discretion. By contrast, a very different perspective emerges among HR managers in Britain, where 70 per cent reported an increase in discretion. This may seem surprising, given that a high proportion work in large bureaucracies and are accountable to higher managers with whom, according to their responses to our open questions, they often differ about strategy. On the other hand, the HRM function has acquired growing importance within firms. Also, by contrast to the established professions, HRM specialists are not constrained by regulation or any other type of government intervention.

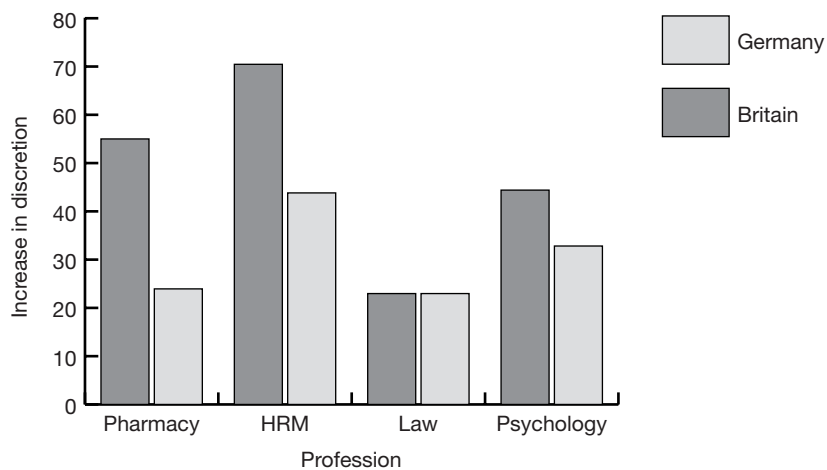


Figure 6.5
Increase in discretion

6.4 Costs, prices and financial viability

The respondents were also asked about the impact of change on costs, prices and the financial viability of the organisations in which they were employed. Figure 6.6 shows that the cost of providing services has either remained the same or increased for the vast majority interviewed in each profession, although the proportion is slightly lower in Germany. In both countries the prices of services have also remained the same for a majority of human resource practitioners/consultants (Figure 6.7), with only a small number working in organisations whose financial viability has declined (Figure 6.8).

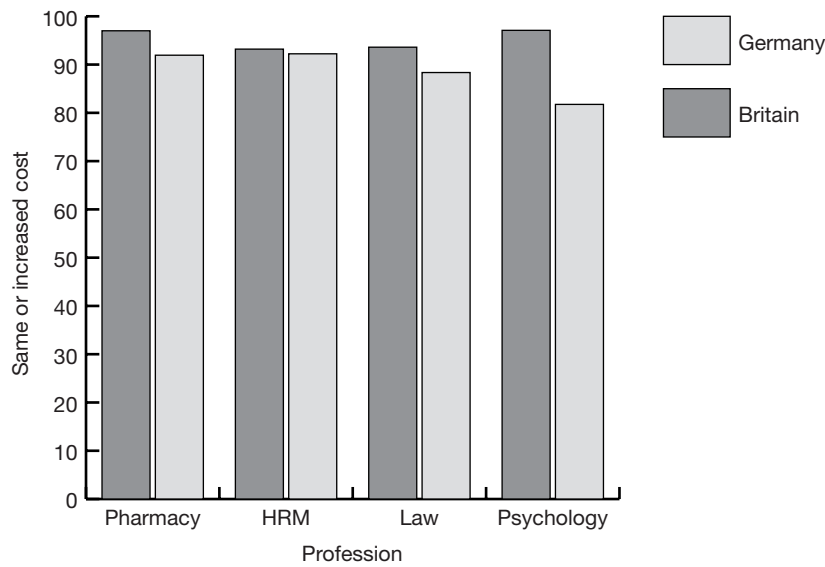


Figure 6.6
Changes in cost of services

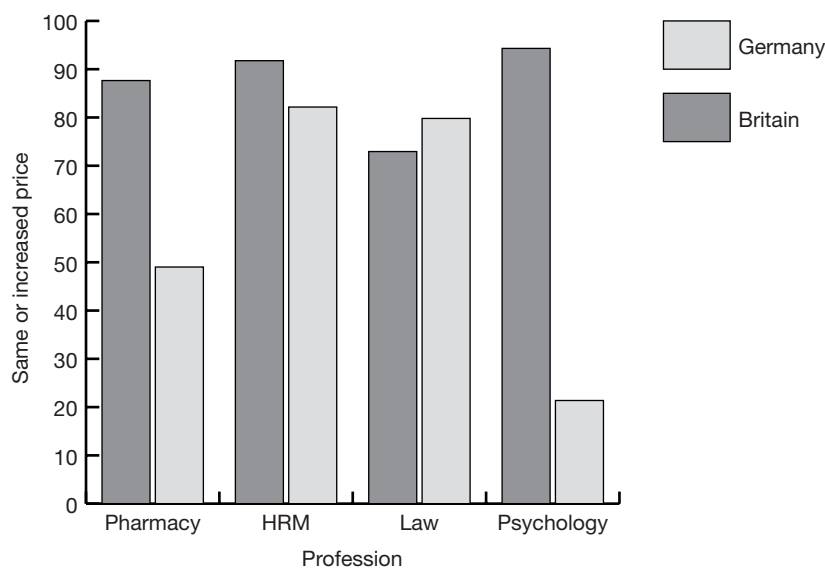


Figure 6.7
Changes in price of services

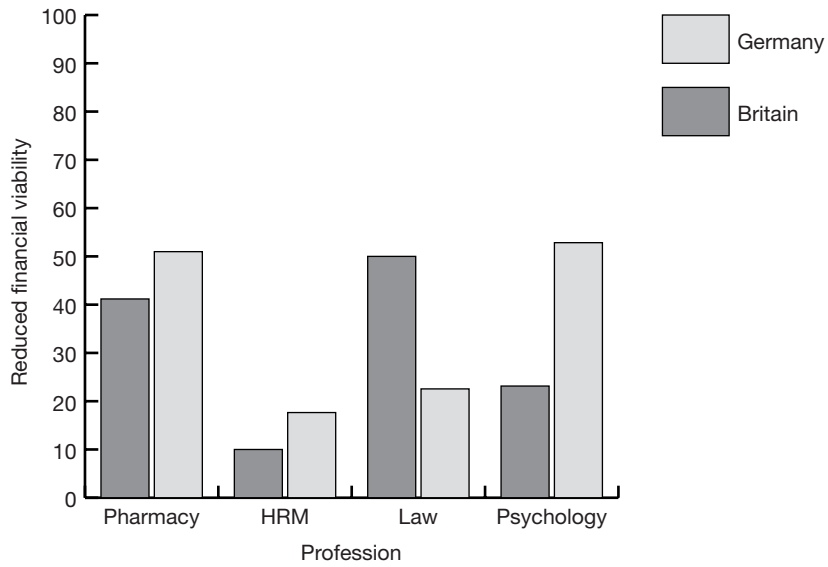


Figure 6.8
Reduced financial viability of employing organisations

6.5 Work demands

As seen in Figure 6.9, a very large proportion of the HR managers and consultants found their work to have become far more demanding. Indeed, among the German professions the proportion was highest among business consultants. This is likely to reflect the fact that this is a mainly self-employed and emerging profession, working in a highly competitive market place.

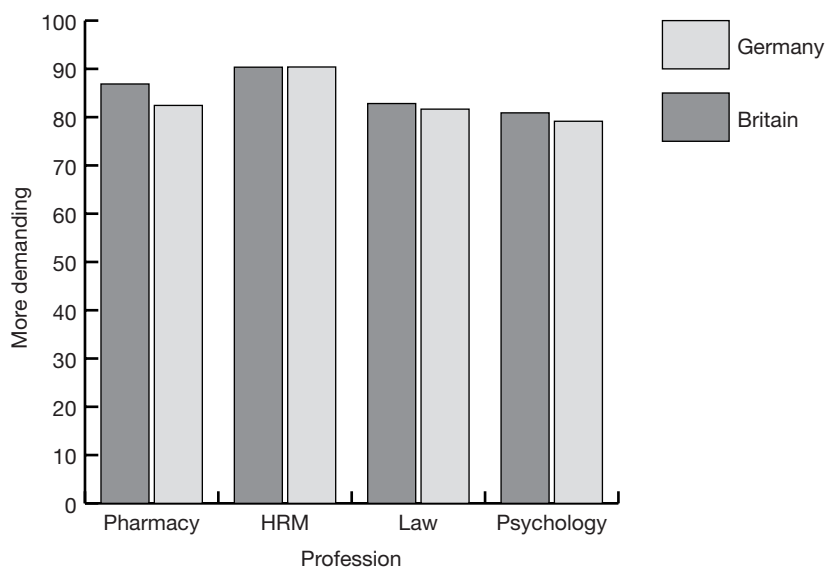


Figure 6.9
Changes in level of work demands

7 The impact of change on socio-psychological well-being of the professional workers

7.1 Prestige and motivation

High prestige is recognised as an important social attribute of professionalised work. Figure 7.1 shows that HR managers in Britain and consultants in Germany perceive their profession to be gaining credibility. This is particularly the case in Britain and is likely to be due largely to the recent bestowment of chartered status on the HRM professional association in 1999.

Questions were also asked about trends in motivation to explore the effects of the drivers of change and their impact on work and financial viability (Figure 7.2). The overwhelming majority of the British HR managers and German consultants reported that levels of motivation had been maintained or had increased, illustrating once again perhaps the drive to establish their position in the professional realm over the past decade.

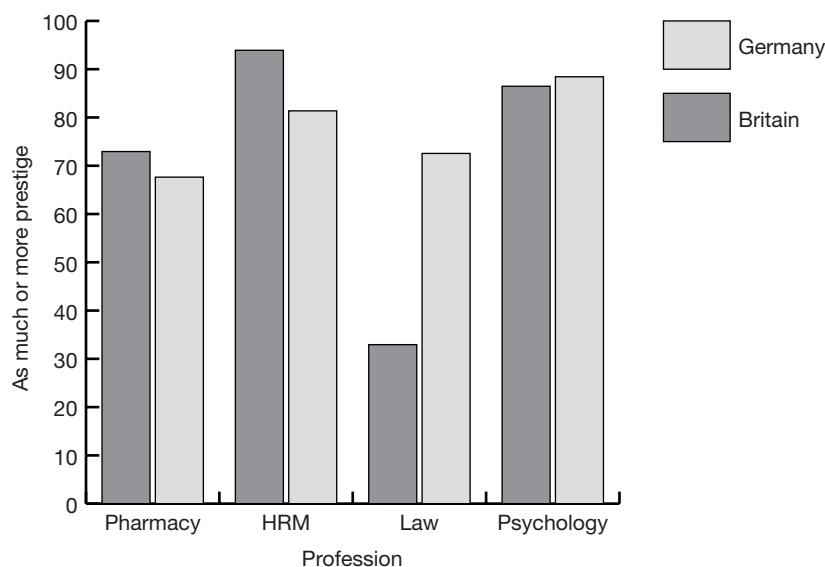


Figure 7.1
Change in prestige

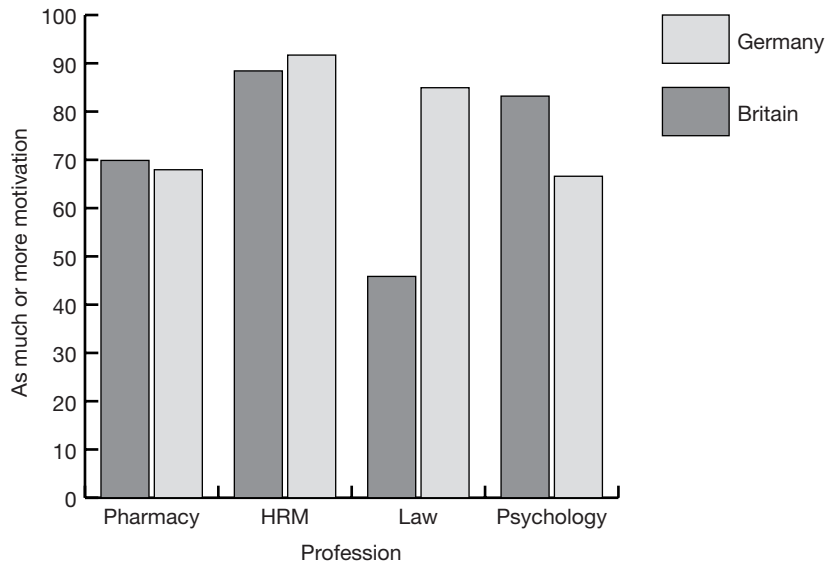


Figure 7.2
Change in motivation

7.2 Work satisfaction

Levels of satisfaction are also important gauges of well-being in work, and we asked questions both about levels of satisfaction in work and about recent changes in levels of satisfaction in the professions. These data show a greater level of job satisfaction in general among German than British professions, with 72 per cent and 61 per cent respectively stating that they were satisfied or very satisfied with their work. This pattern was generally mirrored by the British HR managers and the German consultants: 62 per cent and 82 per cent respectively reported that they were satisfied or very satisfied with their job (Figure 7.3).

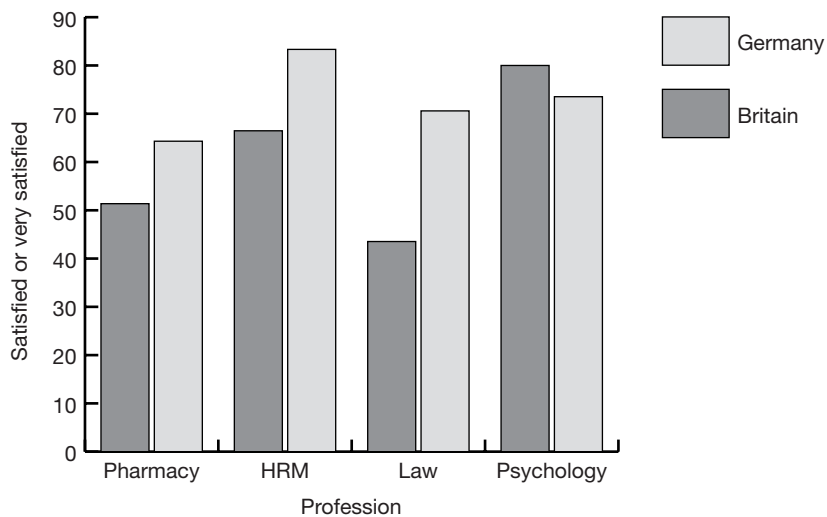


Figure 7.3
Levels of job satisfaction

The question of changes in satisfaction within professions was addressed in two ways. The respondents were first asked how their own satisfaction as a professional had changed over the past ten years, and then about how the satisfaction of people in their profession in general had changed. The responses to these questions are summarised in Figures 7.4 and 7.5. Figure 7.4 illustrates that individual satisfaction is being maintained or increased to very similar degrees for German consultants and British HR managers. Overall levels of satisfaction were higher in the emerging professions (HRM, and psychology in Britain) than in the established professions (pharmacy and law and German psychological psychotherapists). When respondents were asked to reflect on the general satisfaction in their profession, this difference becomes much more pronounced. In particular, HR managers and consultants from both countries expressed high levels of general satisfaction. It is notable, however, that particularly in the case of Germany, these levels of satisfaction are

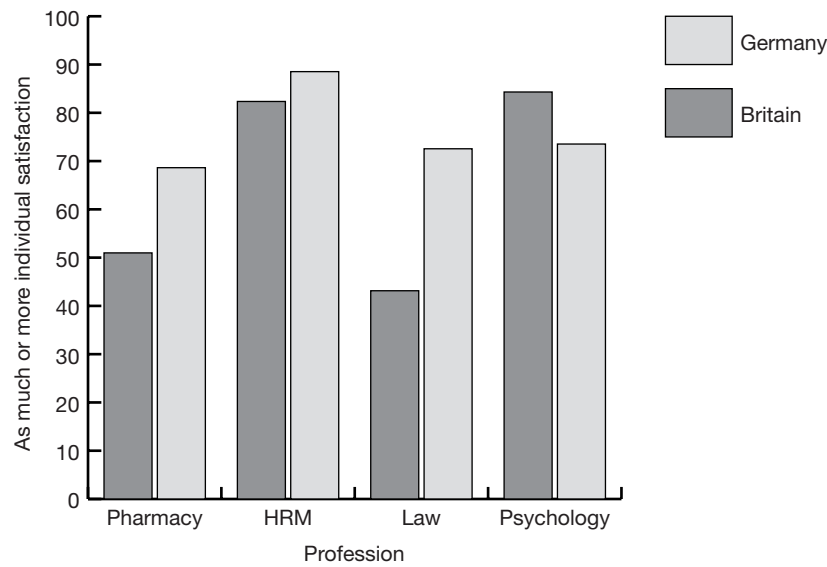


Figure 7.4
Change in individual satisfaction

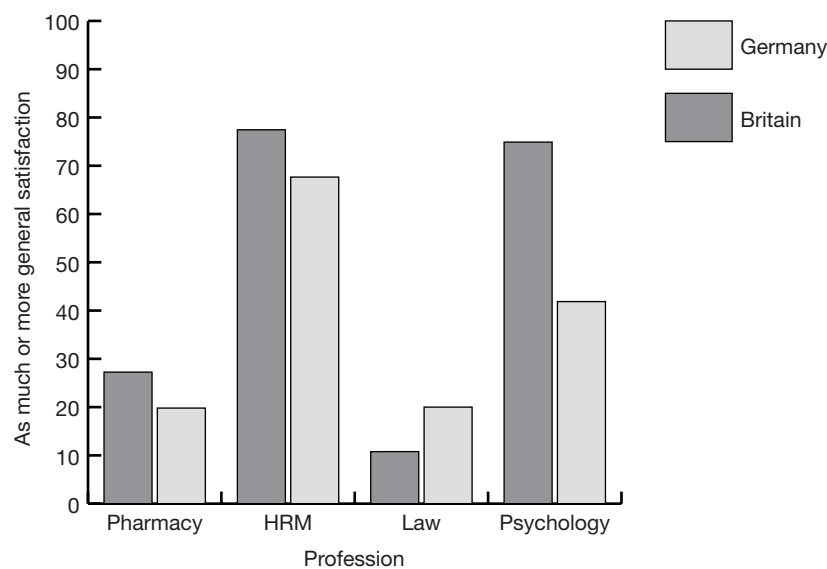


Figure 7.5
Change in general satisfaction within profession

not quite as high as those for individual satisfaction. This is likely to be linked to the current problems that the profession is facing in establishing German state recognition.

7.3 Morale

The questions about changes in morale were also asked in relation to both the individual and the profession as a whole, and the pattern of responses was very similar to that for satisfaction. Figures 7.6 and 7.7 show that close to 80 per cent of HR managers/consultants in both countries reported at least as much or increased levels of individual morale.

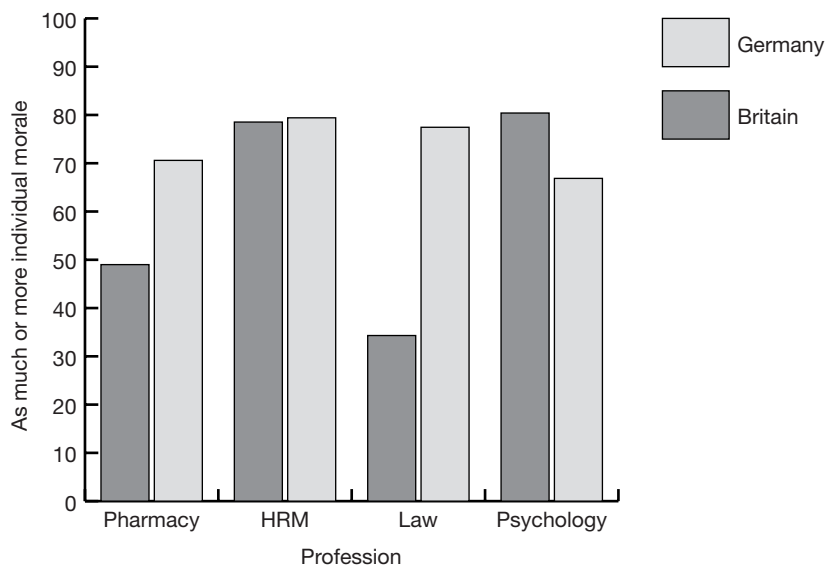


Figure 7.6
Change in individual morale

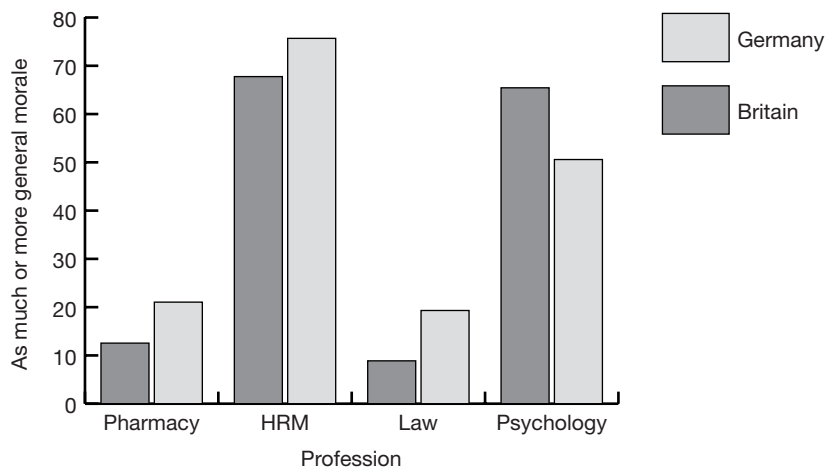


Figure 7.7
Change in general morale within profession

7.4 Employment security and future prospects

Employment insecurity during the 1990s was judged to have increased by a slightly larger proportion of our German than our British professions. As Figure 7.8 shows, this difference does not emerge in a comparison of the British and German HRM professions. Just over half the HR managers and consultants in both countries were certain that their current work positions were secure. Figure 7.9 shows that the vast majority of German consultants own their own businesses, compared with only around 10 per cent of their British counterparts. However, irrespective of ownership status, the perspective on

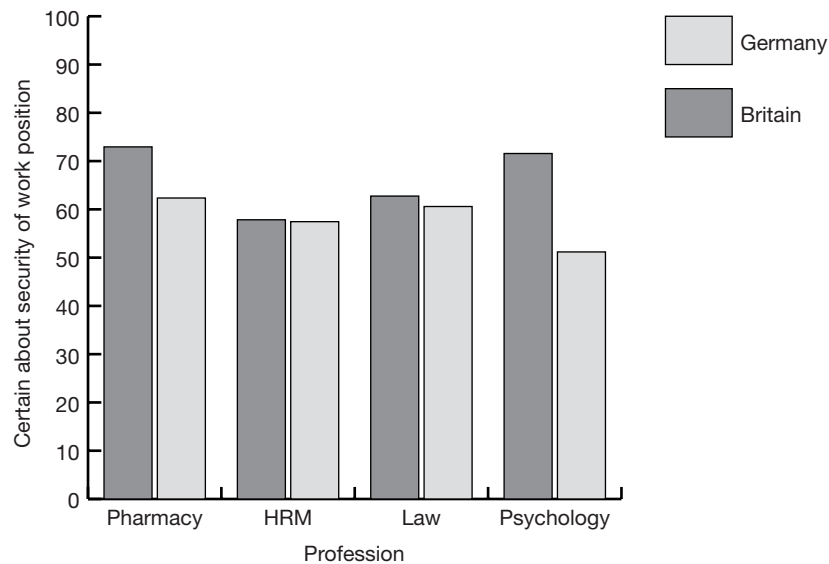


Figure 7.8
Certainty of security of current work position

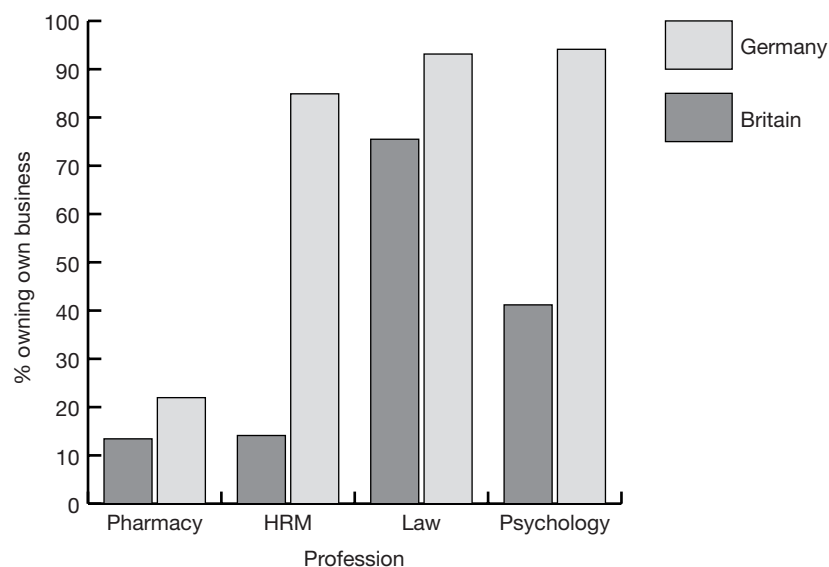


Figure 7.9
Business ownership

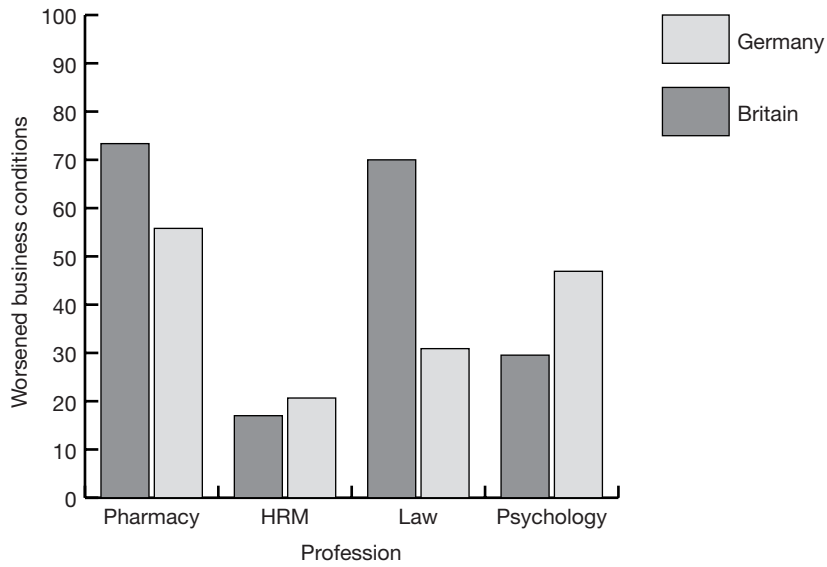


Figure 7.10
Worsened business conditions

business conditions does not seem to differ: as Figure 7.10 illustrates, very few of our sample considered business conditions to have worsened.

However optimistic or otherwise professionals were about their future employment security, there was a large consensus of over 70 per cent in both countries that continued specialised training would be needed (Figure 7.11). However, certainty about the need to upgrade skills and knowledge was not matched by certainty about future career progression (Figure 7.12). Here only around 55 per cent of HR managers/consultants in both countries had any degree of certainty about career prospects. A national difference

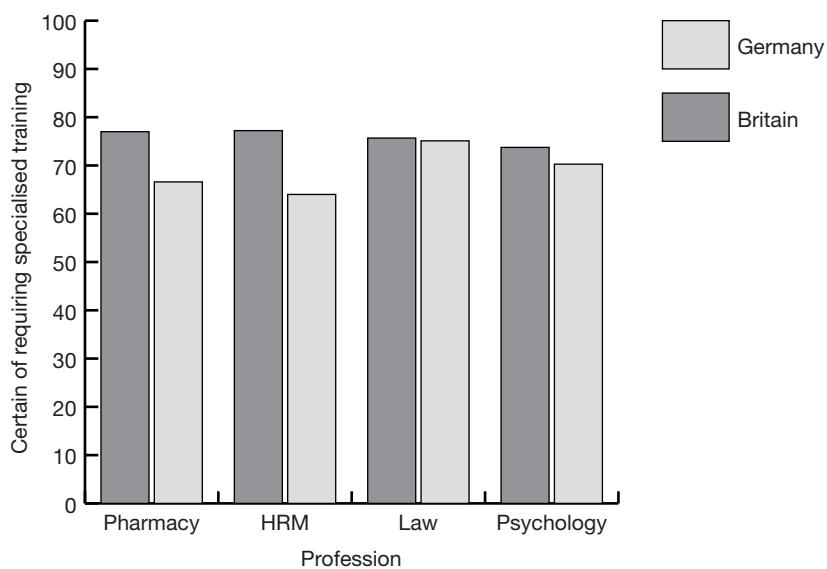


Figure 7.11
Certainty of needing continued specialised training

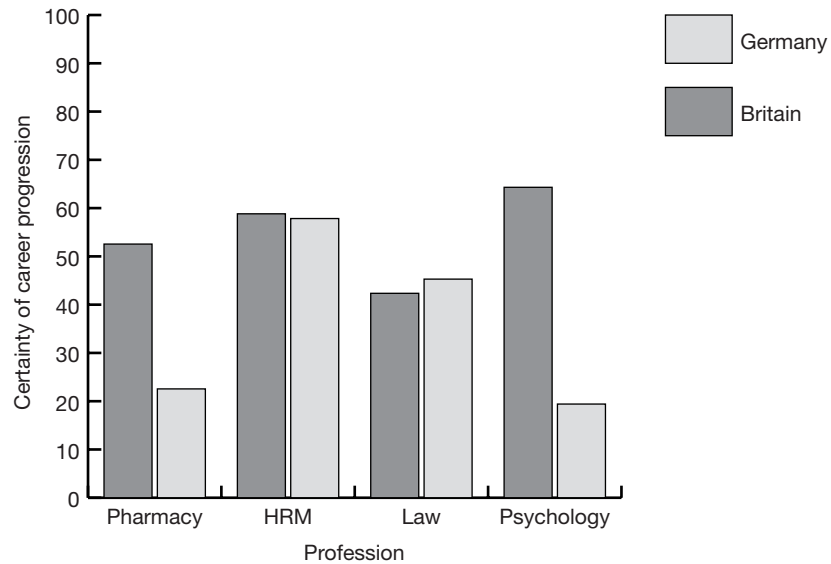


Figure 7.12
Certainty of career progression

arises, however, in terms of certainty of future service provision. Just over 40 per cent of British HR managers were uncertain about providing the current range of services in the future. For German consultants this level of uncertainty was much lower, at around 30 per cent (Figure 7.13). Finally, concern about the future is further reflected in the low degree of certainty about the future prosperity of the organisations in which our respondents worked. Around 55 per cent of both German and British HR managers/consultants were certain of their organisation’s future prosperity (Figure 7.14).

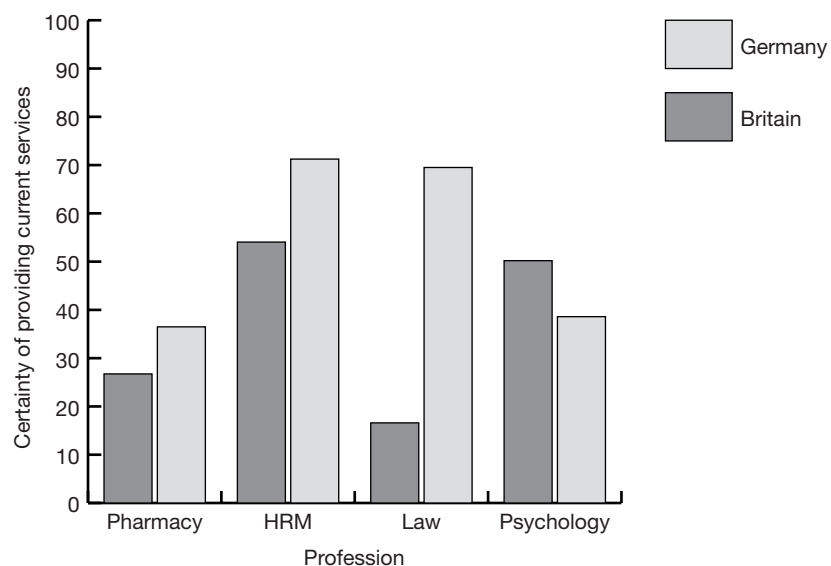


Figure 7.13
Certainty of providing all current services

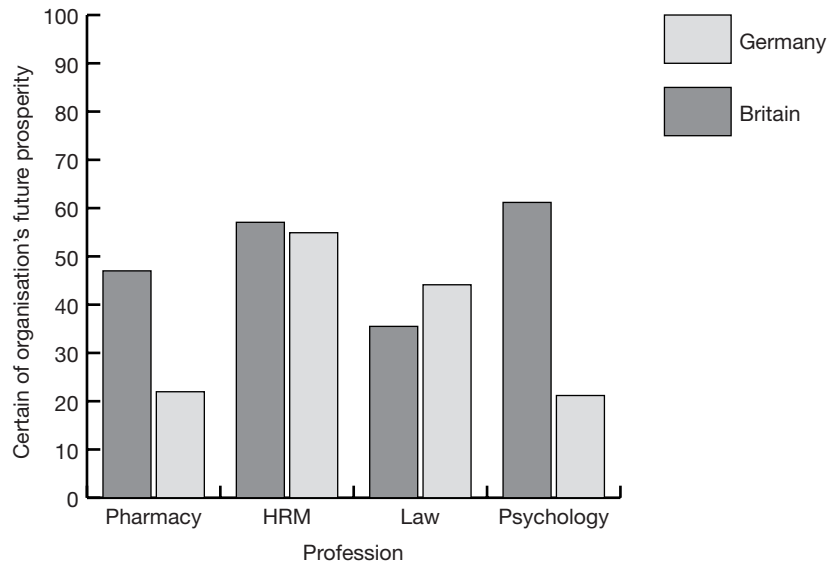


Figure 7.14
Certainty of future prosperity of employing organisation

PART III: CONCLUSIONS AND POLICY IMPLICATIONS

8 Conclusions

This report has illustrated a picture of extensive change in the field of HR management/consultancy during the 1990s in both Germany and Britain. HR managers and consultants in both countries have been faced with significantly increased demands from consumers and from rapid technological change. They have also reported greater demand for professional skills and knowledge and general increases in work effort, service quality and service efficiency. In the British case these factors have been compounded by alterations in government and European policy, particularly in employment law. This has brought with it significant changes in the professional environment.

HR managers/consultants in both countries have responded generally positively to new challenges and opportunities. Prestige, motivation and levels of job satisfaction and morale are all high in both countries. However, some differences do remain between the two countries: HR managers in Britain tend to work in large non-specialised organisations and their loyalties are more diffused as a result. In Germany, by contrast, consultants often own their own small businesses and report high levels of loyalty to their clients. In contrast with other professions, though, these national differences do not appear to have any significant impact on levels of socio-psychological well-being at work.

9 Policy implications

The responses of professions to the consequences of increased consumer demand and technical change, their jurisdictional conflicts and the emergence of new highly skilled and knowledge-intensive occupations aspiring for professional status have been mediated by governments' own policy agendas.

A comparison of the emerging professionals casts significant light on the effects of the different government approaches to regulation. In Britain HR managers have been granted chartered status and have established control over education and training courses and other routes to professional status. The CIPD lays down codes of conduct and operates dispute and disciplinary procedures to enforce quality control. But it cannot restrict entry into its occupation's territory, and any quality control effect it has is limited to its membership. The main benefit to CIPD members is an enhancement of reputation in the market.

In Germany conditions for establishing professional status are more stringent. Aspiring professionals have to go to great lengths to gain acceptance for their claims that a high level of specialised skill and knowledge is required, that specialist educational/training provision needs to be provided to safeguard standards and that both are protected by some measure of exclusivity. In this respect German business/HRM consultants have made little or no progress to full professional status. Moreover, the establishment of the need for professionalisation and the setting up of chambers is a protracted process and can place unwanted restrictions on those making the case, as well as on cognate occupations. But once achieved, the occupational boundaries are legally established and protected, and the route into the profession is legally prescribed. Guarantees of quality of service are built into the legal processes for securing professional status, which also establish the framework within which the professionals compete.

It may be suggested that the British system of granting professional status by chartering private interest groups can best be described as regulated monopoly, while the more legally based verification of occupational jurisdiction, educational and training requirements and conditions for practising in Germany is better defined as regulated competition. The rationale for each is grounded in a different political economy, and each results in a divergent clustering of interests and social and economic outcomes.

As a result, although both the British and German systems have been subject to similar policy pressures, the outcomes have differed significantly. In Britain deregulation and cost-cutting have been to the relative advantage of larger employing organisations, while the smaller firms have borne much of the cost. In Germany the structure of service provision has remained relatively unchanged, and the cost of policy has been more evenly distributed between providers.

It is not possible to judge with any degree of certainty from our data what the effects of these changes have been on the efficiency of service. There is a large measure of agreement among the professionals in both countries that this has improved. There is evidence, though, that the German firms show a stronger client orientation and, because

of their smaller size, have managed to stay closer to them. Our research suggests that structural differences of service provision are reflected in the interests and loyalties of professionals. Depending on what one considers to be the most important objectives in terms of service provision and the professional profile, these findings prompt some imperative considerations for the future of professional work.

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Appendix 1: Research methodology

A1.1 Research design

The empirical work project was conducted at two levels:

- Interviews were carried out with representatives of the professional associations: two to four interviews in each of the four professions in each country, lasting two to three hours. In some cases follow-up visits were made. This was supported by documentary analysis relating to the practices, history and regulation of the professions and a critical review of the relevant socio-economic literature.
- A postal survey of individual professionals was carried out, with 1,000 questionnaires sent out in each profession in each country.

With the advantage of national research teams in each country, including bilingual members on each side, comparable questionnaires for the postal survey of the professionals in each country were constructed. Similar aide-memoirs were also used in each country for the extensive interviewing of professional associations, and a member of each national team participated in some interviews in the other country.

A1.2 Problems of cross-national comparison

Inevitably, cross-national comparisons face difficulties. Different societies have different ways of organising common functions. In particular, the organisation of work and the character of occupations differ significantly. In addition, *cultural embeddedness* of phenomena means that different terms are used to describe similar functions. In the present context, the term "*professional*" is not found in everyday language to describe highly skilled knowledge workers in German, although it is a well established and widely used term in Britain. Human resource managers, who form a large and well-organised group in Britain, cannot be precisely matched in Germany, where the traditions of training, industrial relations and work organisation are different. Nevertheless, human resource management and other Anglo-American business practices are becoming increasingly important in Germany, and advice on their use is provided by a growing band of business or human resource management specialists who serve as consultants. These occupy an occupational niche in Germany similar to human resource managers in Britain and provide an example of an emerging and rapidly expanding occupation with professional aspirations.

A1.3 The postal survey

A survey of individual professional workers formed the central part of the empirical research. The main research questions covering the various aspects of professionals' working lives had been developed with the research proposal, but results from our interviewing of professional associations were also used in the questionnaire design. Great care was taken to ensure that the German translation of the English questionnaire was as close as possible, but because of inter-country differences it was necessary to adapt some questions and include others.

Extensive piloting and pre-testing of the questionnaire was carried out in each profession in both countries before the questionnaire was finalised. It consisted of ten main sections:

- A. Job satisfaction and loyalty (including effort, work demands)
- B. Basic information on employment
- C. Qualifications (and continuing development)
- D. Levels of discretion (regulation in one's work)
- E. Impact of change (including work satisfaction, morale)
- F. Occupational relationships (including competition)
- G. Employment security
- H. Professional associations
- I. General (demographic) information
- J. Further comments.

Most of the questions were formulated to be relevant to all of the professions, but *each profession* had a customised version of the questionnaire which included a few questions relevant only to that occupation. The research design is *comparative* not only between countries, but also between professions in order to capture the wide variety of developments.

Most of the questions were 'closed', except for a few questions where more complex and less channelled responses were required. The final section consisted of open questions inviting more general comments on all aspects of the questionnaire. It was estimated that the questionnaire would take 30 minutes to complete.

A1.4 Sample selection

1,000 questionnaires or more were sent out to business/HRM consultants in both countries. In Britain professionals were selected from the database of the CIPD. The achieved samples are shown in Table A1.1. In Germany, due to data protection restrictions, databases of members in the professional associations were not made available. Instead, the German team used the nationwide Yellow Pages to randomly select addresses. Consequently the sample of German HRM consultants, had a bias towards self-employed professionals who list themselves in the Yellow Pages. However, the picture of

Table A1.1
The British sample

UK professions	Population sampled	Sample size	Response
Counselling psychologists	Members of the counselling psychology section of the British Psychological Society	1,242	317
Lawyers	Members of the Law Society under 60 years	2,000 ¹	121
Human resources managers	Members of the Chartered Institute of Personnel and Development	1,000	299
Pharmacists	Members of the Royal Pharmaceutical Society of Great Britain	1,000	294

Table A1.2
The German sample

German professions	Population sampled	Sample	Responses
Psychological psychotherapists (<i>psychologische Psychotherapeuten</i>)	Self-employed practitioners, from Yellow Pages Germany	1,000	302
Lawyers (<i>Rechtsanwälte</i>)	Law offices (<i>Anwaltskanzleien</i> – proprietors and employees), from Yellow Pages Germany	1,000	147
Business and human resources consultants (<i>Unternehmensberater</i>)	Mostly self-employed, proprietors of small companies, from Yellow Pages Germany	1,000	128
Pharmacists	500 pharmacies (proprietors, also employees), from Yellow Pages Germany, 300 members of <i>Apothekerkammer Niedersachsen</i> , 200 pharmacists (employees, members of the Federal Association of Employees in Pharmacies, BVA)	1,000	194

professional work nevertheless is well represented. The overwhelming majority of professional undertakings consists of small practices of proprietors and partners. Therefore, for business/HRM consultants, only those in small and medium-sized practices were reached, leaving out employees in the very large (often international) consulting companies. The figures for the German sample are given in Table A1.2.

These response rates are relatively high for postal questionnaires (response rates for unsolicited postal questionnaires are often closer to 5 per cent). The often extensive responses to the final open-ended questions also suggested that the professionals had found the questionnaires to be interesting and relevant to their working lives.

¹ The British solicitors were surveyed twice because the first sample we received was for over-60-year-olds although we had asked for 60-year-olds and under. The response rate to the second survey was so low that we decided to include in the analysis those from the earlier survey who had reported their age as 60 or under.

A1.5 Data analysis

The numerical data from the returned questionnaires were entered into Statistical Package for the Social Sciences (SPSS). The research teams in the UK and Germany coded the open-ended questions separately. Thereafter, comparative statistical analysis and qualitative interpretations were undertaken.

Appendix 2: Demographic details, education, earnings and working hours

A2.1 Education, gender and age

The respondents in general were highly educated, almost all having first degrees. British HR managers were exceptional in that only 50 per cent had a first degree, indicating the importance of vocational and other relevant experience as routes into this profession.

Slightly more of the British respondents overall were women: 51 per cent compared with 47 per cent in Germany. However, the gender balance was significantly different between the two countries in the management services professions: in Britain women comprised 56 per cent of the sample, but in Germany this proportion was only 21 per cent, reflecting perhaps the high level of self-employment.

The age structure of the overall sample was similar in the two countries. In Britain 11 per cent were aged below 30, 61 per cent between 30 and 50, and 29 per cent were over 50. In Germany these proportions were 5 per cent, 66 per cent and 30 per cent respectively. The age structure in each profession broadly conformed to these patterns.

A2.2 Earnings and hours of work

Approximately one third of both British and German professionals earned more than £40,000, although 27 per cent of Germans earned less than £20,000, compared with only 15 per cent of British. In both countries, the management services professions (along with the lawyers) were the most highly paid professions: 63 per cent of German business/HRM consultants and 37 per cent of HR managers in Britain earned more than £40,000.

The differences in earnings partly reflect differences in hours worked: 45 per cent of British and 77 per cent of Germany HR managers/consultants worked more than 45 hours a week.