

Revisiting the relationship between trade union influence and HR outsourcing: exploring the dynamics across three cultural clusters using CRANET data

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Abstract

Purpose – Prevailing accounts portray trade unions as inherent obstacles to HR outsourcing, explaining instances of acceptance mainly through globalization or cost-efficiency logics. Integrating institutional theory and HR architecture, this study moves beyond such universalistic explanations by examining how the relationship between trade union influence and HR outsourcing in different service areas varies between three cultural clusters, thereby advancing understanding of cross-regional variation in employment systems.

Design/methodology/approach – Leveraging data from the 2021 Cranet survey of 2,635 organizations in the Anglo, Germanic, and Nordic cultural clusters, this study uses correlation and multiple regression analyses to test the relationship between trade union influence and outsourcing across eight HR service areas, and moderation analysis with the PROCESS module in SPSS to examine the moderating effect of cultural cluster, based on the GLOBE classification.

Findings – The results show that trade union influence drives the outsourcing of HR services such as payroll, training, outplacement, recruitment, selection, and routine queries in the Anglo and Germanic clusters, whereas in the Nordic cluster, the relationship is generally weak or statistically insignificant. These findings suggest that the impact of trade unions on HR outsourcing depends on institutional contexts and the way HR practices are structured within organizations, with union influence facilitating outsourcing in the flexible Anglo systems and the formalized Germanic systems, while the collaborative, consensus-oriented HR arrangements in the Nordic cluster appear to buffer this relationship.

Originality/value – This study is the first to show that HR outsourcing is both strategically differentiated and institutionally embedded, rather than a universal or purely efficiency-driven practice. By integrating institutional theory with HR architecture in a cross-regional cultural context, it demonstrates that the classification of HR services as “core” or “non-core” is culturally constructed, that HR architectural differentiation itself is shaped by institutional pressures, and that trade union influence shapes outsourcing through locally embedded legitimacy judgments. These insights refine outsourcing theory, challenge Anglo-centric universalistic assumptions, and also provide guidance for multinational firms seeking to align HR strategies with diverse institutional contexts.

Keywords Quantitative, Outsourcing, Institutional theory, Advanced statistical, Cross-cultural, Trade unions, HRM function, Human resource management (HRM)

Paper type Research article

Introduction

Despite some potential drawbacks, such as discontinuity of skill supply, loss of in-house knowledge, and loss of employee morale (Cooke *et al.*, 2005), the outsourcing of human

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resources (HR) services has emerged as a strategic approach for organizations aiming to enhance operational efficiency, reduce costs, and access specialized expertise (Osagie *et al.*, 2023). This trend reflects a broader shift as organizations increasingly delegate various HR practices, particularly routine or administrative tasks, to external service providers, enabling a streamlined focus on core competencies and strategic activities (Klaas, 2008). Outsourcing can reduce HR workloads, lower costs, provide scalability, mitigate compliance risks, and allow organizations to focus more on their core business by leveraging the expertise of specialized providers. Commonly outsourced activities include payroll, employee assistance, and HR information systems, with partial outsourcing frequently applied to benefits administration, recruitment, and training (Sakib *et al.*, 2023).

However, the decision to outsource HR activities is influenced by more than economic considerations. Broader institutional factors, including trade union influence (Doellgast and Gospel, 2013) and national cultural norms (Evangelia and Barbara, 2023) also shape these decisions, particularly given unions' role in negotiating worker protections and employment terms (Meardi *et al.*, 2021). Trade unions often perceive HR outsourcing as a potential threat to job security, as it can lead to workforce downsizing, a shift in labor management, or diminished union bargaining power (e.g. Godino and Molina, 2022).

Against this background, an integrative theoretical framework is required to capture both institutional pressures and cross-regional cultural variation. Drawing on institutional theory (Meyer and Rowan, 1977; DiMaggio and Powell, 1983), HR architecture theory (Lepak and Snell, 1999), and the GLOBE project's cultural classification framework (House *et al.*, 2010), the present study examines patterns of HR outsourcing across different institutional and cultural contexts. Using data from the most recent Cranet survey of organizations in the Anglo, Germanic, and Nordic cultural clusters, the analysis operationalizes national culture through the GLOBE framework (House *et al.*, 2010).

Trade union density in comparative perspective

Torp and Reiersen (2020) observe that Nordic countries exhibit a high degree of organization among both employers and employees. This organization supports centralized wage bargaining and effective national-level collaboration between powerful trade unions and centralized employers' associations. The region boasts high trade union membership rates, with about 80% of the workforce in Iceland, and approximately 70% in Denmark, Finland, and Sweden. Norway has a union participation rate of about 55%. Additionally, about 60–65% of private sector employers in Norway are members of employers' associations, indicating a robust organizational culture in both labor and management. Furthermore, from 2007 to 2015, union density varied significantly among different clusters. In Sweden, union density was in 2009 84% in the public sector and 65% in the private sector, similar to other Nordic countries. Conversely, Germany reported in 2010 much lower figures, with 32% in the public sector and 14% in the private sector. The UK showed in 2011 a union density of 56% in the public sector and 14% in the private sector (Grimshaw *et al.*, 2015). In 2007, the US had a union density of about 36% in the public sector and only 7.5% in the private sector (Katz and Colvin, 2021). Australia displayed in 2012 a similar pattern, with 43% union density in the public sector and 14% in the private sector (Oliver, 2014). Canada's union density in 2015 was 75.5% in the public sector and 16.7% in the private sector (Card *et al.*, 2020).

Institutional theory and trade union influence

Institutional theory offers a valuable framework for understanding how organizations adapt practices to align with external pressures and social expectations, seeking legitimacy by conforming to established norms (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). According to institutional theory, rather than acting solely on efficiency grounds, organizations operate within organizational fields shaped by coercive (legal and regulatory), normative (professional and union), and mimetic (imitation of perceived best

practice) pressures. These pressures are organized into broader institutional logics, such as liberal market, coordinated market or social-democratic logics. These logics create different expectations about what constitutes legitimate employment practices and the role of trade unions. Unions are not only constrained by these logics; they also act as institutional actors who engage in “institutional work” by maintaining, adapting or re-legitimizing organizational practices, including outsourcing.

Hence, the Anglo, Germanic and Nordic clusters can be seen as distinct institutional configurations. In the Anglo cluster, unions operate in liberal market economies where decentralized bargaining and relatively weak coercive constraints on employers make outsourcing a legitimate and often expected response to competitive pressures. In this setting, unions may advocate or cautiously accept the outsourcing of labor-intensive or administrative HR activities, such as payroll or workforce outplacement, as a means of managing compliance costs and maintaining flexibility. In contrast, the Germanic cluster’s more structured labor relations, which include co-determination laws and mandated worker representation on company boards, mean that unions play a central role in carefully negotiating outsourcing to protect employee welfare (Malmi *et al.*, 2022; van den Berg *et al.*, 2025).

Meanwhile, the Nordic cluster demonstrates a lower propensity for HR outsourcing, reflecting strong collaborative labor relations and deeply ingrained norms of social partnership. In this context, unions emphasize organizational stability and collective welfare, and outsourcing is less common. This cooperative ethos results in organizations retaining even routine HR tasks in-house to maintain internal cohesion, trust, and alignment with the social commitment to worker welfare (Gooderham *et al.*, 2025). From an institutional perspective, Nordic unions help maintain an institutional equilibrium in which internalized HR practices are central to the social-democratic logic of the employment relationship.

HR architecture theory and strategic resource allocation

Complementing institutional theory, *HR architecture theory* provides a framework for understanding how organizations allocate human resource activities according to their strategic value and uniqueness to the firm. Strategic value refers to the extent to which a particular skill set contributes directly to a firm’s core competencies and competitive advantage, whereas uniqueness reflects the degree to which skills are firm-specific and difficult to replicate (Lepak and Snell, 1999). By categorizing human capital along these two dimensions, the theory proposes a matrix distinguishing four types of employment relationships: knowledge-based employment (high value, high uniqueness), job-based employment (high value, low uniqueness), contractual employment (low value, low uniqueness), and alliance or partnership-based employment (low value, high uniqueness). Each type corresponds to a distinct HR configuration. While the specific characteristics of these categories vary, the central insight relevant to this study is that organizations prioritize retaining high-value, unique HR activities internally, while outsourcing lower-value, routine tasks that do not directly contribute to competitive advantage. More specifically, transactional HR services such as payroll processing or routine employee queries are prime candidates for outsourcing. In contrast, strategic activities, including recruitment, selection, and leadership development, are typically maintained internally, as they directly support competitive advantage.

This framework is particularly relevant in contexts where trade unions exert influence. In Anglo and Germanic clusters, unions often accept outsourcing of routine or standardized activities such as payroll and benefits administration to reduce conflicts and streamline compliance, reserving in-house resources for strategic HR functions like talent management and leadership development.

In Nordic countries, however, even routine HR activities are considered strategically important for fostering collaboration and organizational stability. Here, unions encourage internal management of all HR functions, reflecting regional labor norms and minimizing

outsourcing, even for transactional services. This approach indicates that organizational resources are distributed according to both strategic value and culturally contingent priorities.

The value of integrating institutional theory and HR architecture in HR outsourcing

Institutional theory and HR architecture theory converge in highlighting how organizational practices are shaped by forces beyond narrow efficiency considerations, though they operate at different levels. Institutional theory explains how organizations conform to socially constructed norms and belief systems to gain *legitimacy* (Scott, 2001), while HR architecture theory examines how firms strategically differentiate HR practices based on the value and uniqueness of human capital to achieve *competitive advantage* (Lepak and Snell, 1999). Integrating these perspectives allows HR outsourcing decisions to be understood as institutionally embedded strategic configurations, where legitimacy-seeking and value-maximizing logics interact. This perspective is particularly useful in comparative research.

A key point of convergence lies in the role of trade unions, which act as both institutional forces and constraints on HR architecture. Unions shape acceptable employment practices and influence how firms classify HR activities as core or peripheral, thereby affecting whether they are retained internally or outsourced. From this integrated perspective, union influence functions not merely as external pressure but as a *contextual filter* through which HR architectural decisions are legitimized or contested. This approach offers insights into how organizations navigate trade union influence within varying cultural contexts, helping explain why similar levels of union influence can produce different outsourcing outcomes across cultural contexts. In some contexts, outsourcing HR functions is viewed as a legitimate means of enhancing flexibility and cost efficiency, whereas in others it may be perceived as undermining employee voice or social partnership, thereby threatening organizational legitimacy. Taken together, institutional and HR architecture theories offer a nuanced explanation of HR outsourcing decisions by linking service-specific choices to broader cultural and normative institutional logics, including the institutional role of trade unions.

The present study: trade union influence and HR outsourcing in Anglo, Germanic and Nordic Clusters

In Anglo-Saxon countries such as the UK and the United States, the relationship between trade union influence and HR outsourcing is shaped by decentralized collective bargaining and liberal regulatory frameworks. Bargaining primarily occurs at the firm level, giving employers substantial discretion over labor decisions, including outsourcing (Visser, 2016). Although institutional theory suggests that organizations seek legitimacy by aligning with local norms (Meyer and Rowan, 1977), such alignment does not necessarily constrain outsourcing practices.

Empirical evidence challenges the assumption that strong union presence limits outsourcing. A cross-national study by Dekker and Koster (2018) found no significant relationship between union density and outsourcing of core activities across 18 European countries; in some cases, works councils were even associated with higher outsourcing levels. Similarly, Magnani and Prentice (2010) found no negative relationship between unionization and outsourcing in the U.S. Instead, outsourcing was positively linked to quasirents that unions could partially capture through bargaining, improving wage outcomes for unionized workers. Together, these findings suggest that unions may adapt to outsourcing rather than effectively preventing it.

One explanation for this pattern is that firms in Anglo contexts tend to retain high-value, strategically critical HR activities in-house while outsourcing transactional or routine tasks that are of lower strategic importance. Unions, in turn, may focus less on resisting outsourcing *per se* and more on negotiating protections for outsourced workers, thereby reducing conflict (Cross and Swart, 2022; Keegan and Meijerink, 2023).

Consistent with the institutional perspective discussed above, the current study assumes that organizational responses to HR outsourcing are shaped by prevailing cultural norms and legitimacy pressures, rather than by efficiency considerations alone. At the same time, drawing on the HR architecture framework outlined earlier, this study acknowledges that firms differentiate between strategic and non-strategic HR activities, which conditions both outsourcing decisions and union responses.

Taken together, prior research and theory suggest that trade union influence does not operate uniformly across institutional settings, pointing to the need for a more context-sensitive explanation. Building on this insight, the present study argues that the relationship between HR outsourcing and trade union influence is significantly shaped by regional culture (see [Table 1](#) for an overview). Specifically, we ask: *To what extent is trade union influence associated with the outsourcing of different HR service types, and how does this association vary across Anglo, Germanic, and Nordic clusters?* By comparing liberal market economies (Anglo), coordinated market economies (Germanic Europe), and social-democratic systems (Nordic Europe), the analysis captures a broad spectrum of institutional responses to HR outsourcing.

To theorize these contextual differences more systematically, culture is treated as a key moderating factor in the present study and is analyzed using the GLOBE (Global Leadership and Organizational Behavior Effectiveness) framework ([House et al., 2010](#)). Of the nine cultural dimensions identified by GLOBE, four are particularly relevant to this study, i.e. power distance, uncertainty avoidance, institutional collectivism, and humane orientation. Power distance refers to the extent to which inequality is accepted within a society; uncertainty avoidance captures how societies deal with ambiguity; institutional collectivism reflects norms supporting collective action; and humane orientation describes the degree to which fairness and altruism are valued. Together, these dimensions shape attitudes toward authority, risk, cooperation, and social responsibility in employment relations ([Bonjeer and Vonkova, 2024](#)).

Following GLOBE's cultural clustering, which comprises ten distinct clusters, the present study focuses on three contrasting regions: the Anglo cluster (Australia, Canada, UK, USA), characterized by low institutional collectivism; the Germanic Europe cluster (Austria, Germany, Netherlands, Switzerland), marked by high uncertainty avoidance and moderate collectivism; and the Nordic Europe cluster (Denmark, Finland, Iceland, Norway, Sweden), distinguished by low power distance and high humane orientation ([Gupta, 2024](#)). These clusters represent distinct combinations of cultural values that are closely aligned with different industrial relations systems and labor policy traditions.

This study draws on data from the 2021 Cranet survey, which provides an international dataset on HRM practices, enabling systematic analysis of HR outsourcing and trade union influence across countries and regions.

Although the study focuses on three clusters, it has broader relevance, as the Anglo, Germanic, and Nordic models often serve as reference points for labor market reforms and HR strategies worldwide. By examining these clusters comparatively, the study aims to contribute to a deeper understanding of how culture and institutions jointly shape HR outsourcing and the evolving role of trade unions in contemporary employment systems.

Method

Sample

This study utilizes data from the 2021 Cranet survey, which includes information on HR policies and practices in both private and public sector organizations across 38 countries, with most of the countries being in Europe. The first author participated in a funded research project involving the use of Cranet data, in collaboration with the Center for Global HRM at the University of Gothenburg, Sweden, where affiliated researchers held authorized access and administrative responsibility for the dataset.

Table 1. Summary of cultural cluster characteristics: cultural profiles and their relationship to HR outsourcing and trade union influence

Anglo	Germanic Europe	Nordic Europe
<i>Cultural profile</i>		
<i>Lower Power Distance:</i> Emphasize equality and participative decision-making	<i>Moderate to High Power Distance:</i> Respect for authority and hierarchical structures	<i>Low Power Distance:</i> Strong emphasis on egalitarianism
<i>Lower Uncertainty Avoidance:</i> More comfortable with ambiguity and change	<i>High Uncertainty Avoidance:</i> Preference for stability, rules, and detailed planning	<i>High Uncertainty Avoidance:</i> Preference for clear rules and stability
<i>Individualism over Collectivism:</i> Focus on individual achievements and rights	<i>High Institutional Collectivism:</i> Emphasis on collective action and group loyalty	<i>High Institutional Collectivism:</i> Strong emphasis on collective welfare and support
<i>Moderate Humane Orientation:</i> Balance between competitiveness and supportiveness	<i>Moderate Humane Orientation:</i> Balance between social welfare and competitive performance	<i>High Humane Orientation:</i> Strong focus on social welfare and support for others
<i>HR outsourcing and trade union influence</i>		
<i>Flexibility and Innovation:</i> The lower uncertainty avoidance and individualistic culture foster a business environment that is open to outsourcing as a means of achieving efficiency and innovation. Companies in Anglo countries are more likely to adopt HR outsourcing to stay competitive and flexible	<i>Regulatory Environment:</i> High uncertainty avoidance and institutional collectivism lead to a highly regulated environment where outsourcing is carefully managed to ensure it does not violate labor laws or collective bargaining agreements	<i>Collective Welfare Focus:</i> The high degree of institutional collectivism and humane orientation means that Nordic countries prioritize collective welfare, which often translates to strong social safety nets and robust labor protections
<i>Union Power Dynamics:</i> Trade unions in Anglo countries might have less influence compared to those in Nordic countries. With a focus on individual rights and lower power distance, unions may find it challenging to rally collective action against outsourcing decisions	<i>Co-determination:</i> Trade unions play a crucial role in the decision-making processes of companies. Germany's co-determination model requires worker representation on company boards, which means unions have significant influence over outsourcing decisions	<i>Union Strength:</i> Trade unions are typically very powerful and have a significant influence on policy and business practices. Outsourcing decisions are likely to face rigorous scrutiny and must align with collective agreements and social welfare policies
<i>Negotiation and Adaptation:</i> While unions might initially resist outsourcing, they often adapt by negotiating terms that protect worker rights, such as ensuring fair treatment and severance packages for displaced workers	<i>Negotiated Outcomes:</i> Outsourcing in Germanic Europe is often a negotiated process, with unions ensuring that any move to outsource HR services does not negatively impact workers' rights and job security. Companies must demonstrate how outsourcing will benefit the organization without compromising employee welfare	<i>Collaborative Solutions:</i> Outsourcing is less common and, when it occurs, is often done in collaboration with trade unions to ensure that it does not undermine job security and worker welfare

The survey includes questions that executive managers or HR managers from organizations with over 50 employees respond to. The questions cover various aspects of human resource management, including the HR function, staffing, employee development, compensation and benefits, employee relations and communication, and organizational details (Berber *et al.*, 2018). The study employs a single-respondent methodology, where one individual, typically an HR manager or another senior manager, provides a response representing the entire company's HRM practices (Berber *et al.*, 2022). The sample consists of 6,460 valid

questionnaires. For this study, we selected a sample consisting of the Anglo, Germanic and Nordic cluster totaling 2,635 responses. Personnel Review

Measures

Outsourcing of HR services. The measure for HR service outsourcing was derived from the item: “To what extent do you outsource the following areas to external providers?” Eight specific HR services or activities were assessed, including *payroll and benefits* (including payroll processing, wage management, and benefits administration such as health insurance or leave entitlements), *pensions* (management of employee retirement plans and pension schemes, including record-keeping, regulatory compliance, and coordination of pension contributions and payouts), *training and development* (including employee skill-building, training programs, workshops, and career development initiatives), *workforce outplacement/reduction* (management of employee off-boarding processes, including handling redundancies and providing outplacement support such as career counseling), *HR information systems/technology* (covering tasks such as employee data maintenance, HR software operations, and technical support), *recruitment* (covering tasks such as job advertisements, candidate screening, and initial evaluations), *selection* (referring to evaluation including tasks such as interviews, assessments, and reference checks), and *processing routine queries from managers or employees* (e.g. HR call center). Responses were recorded on a 5-point Likert-type scale ranging from 0 to 4. The endpoints were labeled, with 0 indicating “Not outsourced” and 4 indicating “Completely outsourced”. Although the intermediate points (1–3) were not explicitly labeled in the questionnaire, they represent increasing levels of outsourcing, thus capturing a continuum from full internal delivery to full externalization. This format allows for nuanced reporting of outsourcing intensity across services. Higher scores indicate a more extensive reliance on external providers for HR services, whereas lower scores reflect a predominance of in-house HR management. When services are aggregated into a single index, important nuances can be lost, resulting in a generalized perspective that may overlook specific challenges. For instance, the factors influencing recruitment may differ significantly from those affecting pension services. By examining the outsourcing of these services individually, we can develop a more precise understanding of the unique factors that influence each service. This is the approach undertaken in this study.

Trade union influence. The measure of trade union influence in this study was based on the item: “To what extent do trade unions influence your organization?” Respondents rated the perceived influence of trade unions on a 5-point Likert-type scale ranging from 0 to 4. The scale anchors were labeled, with 0 indicating “Not at all”, signifying an absence of trade union influence, and 4 indicating “To a very great extent”, reflecting substantial and pervasive influence. Although the intermediate points (1–3) were not labeled in the questionnaire, they represent a gradual increase in perceived influence, allowing respondents to position their organization along a continuum from negligible to substantial trade union involvement. Higher scores on this scale reflect a stronger perceived role of trade unions in organizational decisions and processes, whereas lower scores indicate weaker union presence or influence.

Cultural clusters. Cultural clusters were represented by three distinct clusters: Anglo, Germanic Europe, and Nordic Europe, employing a comparative cross-cultural analysis framework. Notably, the Nordic cluster, which traditionally includes countries such as Sweden, Denmark, Finland, and Norway, is also considered to include Iceland in this analysis despite its absence from the latest GLOBE 2020 data. The inclusion of Iceland is supported by earlier research by [Chhokar et al. \(2007\)](#) and [House et al. \(2013\)](#), which document that Nordic states, including Iceland, typically exhibit high scores on future orientation, gender egalitarianism, and uncertainty avoidance, along with low scores on assertiveness, power distance, and in-group collectivism. The Anglo cluster comprises of Australia, Canada, the UK, and the USA, recognized for their shared historical ties, predominantly English-speaking populations, and individualistic cultural orientation. Finally, the Germanic cluster includes

Austria, Germany, the Netherlands, and Switzerland. These countries are characterized by their strong adherence to structure, precision, and a collective approach within an individualistic society.

Control variables. To enhance the robustness of the mediation analysis, control variables were introduced to adjust for potential sources of spurious association, ensuring clearer attribution of effects among the primary variables. Control variables included in the analysis were selected based on prior research indicating their potential influence on HR outsourcing practices and outcomes.

Sector was represented by dummy-coded variables, distinguishing between Mixed (public and private), Public, Non-profit, and Private (used as the reference category). Sector affiliation was included because HRM priorities and regulatory frameworks vary across sectors, potentially influencing outsourcing patterns (Berber and Slavić, 2016).

Gender (0 = female and 1 = male) was included in the analysis, given that gender is a well-established individual-level factor that may shape how employees perceive and experience outsourcing and service quality.

Organizational tenure was included to capture the potential influence of employees' length of service on their views of HR practices.

Educational background was controlled by including a variable for possession of a university degree (coded as 1 = Yes, 0 = No), as education can influence expectations regarding HR service quality.

At the organizational level, the total number of employees was included as a measure of organizational size, since firm size can affect HR structures, resource availability, and decisions related to outsourcing (Berber and Slavić, 2016; Szierbowski-Seibel and Kabst, 2018).

Statistical data analysis

A descriptive analysis of HR outsourcing, trade union influence, and organizational characteristics was conducted. Means and standard deviations were reported alongside respondent counts and percentages. All analyses were performed using IBM SPSS version 29, with the PROCESS macro employed for moderation analysis (Hayes, 2017).

Pearson's correlation coefficient was used to examine the associations between trade union influence and various HR outsourcing services, providing estimates of both the strength and direction of these relationships. Multiple linear regression analyses were subsequently conducted to evaluate the direct effects of trade union influence and its interactions with cultural clusters. These analyses facilitated a deeper understanding of how these relationships vary across cultural contexts. The PROCESS macro (Hayes, 2017) was used to estimate simple slopes for probing interaction effects. Bootstrap resampling with 5,000 iterations was applied to generate robust estimates of effect distributions and 95% confidence intervals. This approach is robust to violations of the normality assumption for residuals, which are common in applied research, and improves the accuracy of confidence intervals for effect sizes and their differences. Prior to interaction analyses, both dichotomized cluster variables and the trade union influence variable were mean-centered to reduce multicollinearity (Hayes, 2017).

To ensure meaningful interpretation of interaction effects, only HR outsourcing outcomes exhibiting a significant association with trade union influence were considered. Interaction effects reaching statistical significance were subjected to further examination and interpretation (Holmberg and Andersen, 2022).

To compare effect sizes between cultural clusters, we followed the procedure outlined by Aiken and West (1991). For each pairwise cluster comparison, we: (1) calculated the difference between the relevant regression coefficients, (2) computed the standard error of this difference, and (3) constructed 95% confidence intervals using a critical value of 1.96 from the standard normal distribution. The margin of error was obtained by multiplying the standard error of the difference (SE_diff) by 1.96, and confidence interval bounds were calculated by

adding and subtracting this margin from the difference in coefficients. These intervals indicate, with 95% confidence, whether there are statistically meaningful differences in the strength of trade union–outsourcing associations across clusters.

To address multiple comparisons in the assessment of interaction effects, the Bonferroni correction was applied to control the family-wise error rate (Bender and Lange, 2001). When evaluating interaction effects across three cultural clusters (Anglo, Germanic, and Nordic), *p*-values were divided by three to adjust the significance threshold. For significant interaction effects, simple slope analyses were conducted at three levels of trade union influence (one standard deviation below the mean, the mean, and one standard deviation above the mean) across six dependent variables, yielding 18 comparisons (3 levels × 6 services). For these moderation probes, the significance threshold was adjusted to $\alpha = 0.00278$ (0.05/18). This combination of conservative multiple-testing corrections and bootstrapped confidence intervals was intended to ensure that the reported moderation effects are robust and not artifacts of extensive testing.

Results

Descriptive statistics

Table 2 presents descriptive statistics for organizational characteristics and HR outsourcing. The results indicated substantial variation in the extent of outsourcing across HR services, with pensions exhibiting the highest level of outsourcing. Organizational characteristics revealed considerable variability in firm size, with an average workforce exceeding 10,000 employees, and a mean organizational tenure of approximately 10 years. The sample demographics indicate that 36.7% of respondents were male and that the sample was highly educated, with 79.0% holding a university degree.

The sectoral distribution indicated that most respondents were employed in the private sector (65.8%, *n* = 1,708), followed by the public sector (23.6%, *n* = 612), the non-profit

Table 2. Descriptive statistics for HR service outsourcing variables, trade union influence, and organizational characteristics

Variables	Mean	SD	Frequency	Percent (%)	<i>N</i>
Payroll and benefits	0.99	1.335			2,626
Pensions	1.98	1.574			2,596
Training and development	1.37	1.172			2,625
Workforce outplacement/reduction	0.80	1.152			2,607
HR information systems/technology	1.42	1.377			2,622
Recruitment	1.13	1.105			2,628
Selection	0.74	1.085			2,622
Processing routine queries from managers/employees	0.51	1.076			2,628
Trade unions influence	1.84	1.324			2,607
Total number of employees (<i>n</i>)	10273.48	166153.35			2,620
Organizational tenure (years)	9.95	28.816			2,600
Gender (male)			966	36.7	2,631
University degree (Yes)			2076	79.0	2,628
Sector					2,596
Private			1708	65.8	
Public			612	23.6	
Non-Profit Sector			186	7.2	
Both Public and Private			90	3.5	

Note(s): SD = Standard Deviation, *N* = Total number of respondents

sector (7.2%, $n = 186$), and organizations spanning both the public and private sectors (3.5%, $n = 90$).

Correlation analyses

The relationship between trade union influence and various outsourced HR services reveals several significant correlations. The correlation coefficients are reported in [Table 3](#).

Overall, the data indicate that trade union influence is positively associated with the outsourcing of various HR services, albeit to varying degrees. The strongest relationships were found with selection ($r = 0.282, p < 0.01$) and the processing of routine queries from managers and employees ($r = 0.238, p < 0.01$). These findings suggest that trade unions rather than uniformly opposing outsourcing appear to accommodate or even support it.

Among the HR outsourcing variables, the strongest relationships were observed between selection and recruitment ($r = 0.689, p < 0.01$), processing routine queries from managers/employees and selection ($r = 0.613, p < 0.01$), and workforce outplacement/reduction and processing routine queries from managers/employees ($r = 0.531, p < 0.01$). This indicates that outsourcing in these specific areas may reinforce one another.

Regression analyses

Multiple linear regression analyses explored the impact of various factors on HR outsourcing. The analyses showed that trade union influence consistently emerged as a significant predictor of almost all dependent variables. In the model predicting the outsourcing of payroll and benefits, trade union influence was positively associated with an increase in outsourcing ($B = 0.149, p < 0.001$). Similarly, for training and development, trade union influence was positively associated with an increase in outsourcing ($B = 0.169, p < 0.001$). The associations between trade union influence and both pensions and workforce outplacement/reduction were positive. However, the association with outsourcing of pensions was not statistically significant ($p = 0.099$). In the case of workforce outplacement/reduction, trade union influence significantly predicted an increase in the outsourcing of these activities ($B = 0.167, p < 0.001$). Additionally, a positive association was observed regarding HR information systems and technology ($B = 0.179, p < 0.001$), suggesting that stronger trade union influence corresponds to an increase in HR outsourcing in this area. In other words, trade union influence appears to encourage the adoption of more advanced technology, provided by external

Table 3. Zero-order correlation matrix of HR outsourcing variables and trade union influence

	1	2	3	4	5	6	7	8
1. Payroll and benefits								
2. Pensions	0.352**							
3. Training and development	0.282**	0.215**						
4. Workforce outplacement/reduction	0.351**	0.242**	0.431**					
5. HR information systems/technology	0.332**	0.259**	0.417**	0.375**				
6. Recruitment	0.358**	0.201**	0.448**	0.449**	0.368**			
7. Selection	0.413**	0.172**	0.461**	0.512**	0.361**	0.689**		
8. Processing routine queries from managers/employees	0.460**	0.201**	0.384**	0.531**	0.348**	0.496**	0.613**	
9. Trade unions influence	0.126**	0.050*	0.200**	0.193**	0.191**	0.195**	0.282**	0.238**

vendors. This pattern also held for outsourcing of recruitment ($B = 0.164, p < 0.001$), selection Personnel Review ($B = 0.224, p < 0.001$), and the processing of routine queries ($B = 0.220, p < 0.001$).

Cultural clusters were added to the regression analysis. In the context of outsourcing HR services, comparisons between cultural clusters revealed that the Anglo ($B = 0.450, p < 0.001$) and Germanic ($B = 0.469, p < 0.001$) clusters tend to outsource payroll and benefits at significantly higher levels than the Nordic cluster. However, there was no significant difference between the Anglo and Germanic clusters in their outsourcing levels ($B = -0.019, p = 0.794$). Furthermore, the impact of cultural clusters on training and development was notable, with the Anglo ($B = 0.138, p = 0.023$) and Germanic ($B = 0.306, p < 0.001$) clusters outsourcing training initiatives to a larger extent than their Nordic counterparts. Additionally, the Anglo cluster outsourced training and development significantly less than the Germanic cluster ($B = -0.168, p = 0.009$), highlighting the nuanced differences in outsourcing practices across the cultural clusters.

The Anglo cluster demonstrated a significantly higher level of workforce outplacement and reduction compared to the Nordic cluster ($B = 0.491, p < 0.001$), highlighting the influence of cultural norms on outsourcing practices in this area. Similarly, the Anglo cluster exhibited a much greater reliance on outsourcing selection processes than the Nordic cluster ($B = 0.289, p < 0.001$). A similar pattern was observed in the outsourcing of routine queries, where the Anglo cluster showed the highest level of outsourcing activity ($B = 0.752, p < 0.001$). Additionally, the Germanic cluster exhibited a notably higher degree of outsourcing in recruitment ($B = 0.298, p < 0.001$) and selection ($B = 0.339, p < 0.001$) compared to the Nordic cluster, underscoring the cultural differences in outsourcing patterns across these clusters. Furthermore, the Anglo cluster exhibited significantly higher levels of recruitment outsourcing compared to the Nordic cluster ($B = 0.162, p = 0.004$), but significantly lower levels than the Germanic cluster ($B = -0.136, p = 0.021$).

Furthermore, the interaction effects between trade union influence and cultural clusters demonstrate that these factors in combination shape outsourcing patterns across different HR services. Significant interaction effects were observed in most models, underscoring the context-dependent nature of HR outsourcing. For instance, in the area of payroll and benefits, the interaction between trade union influence and the Anglo cluster was significant ($B = 0.316, p < 0.001$), as was the interaction with the Germanic cluster ($B = 0.286, p < 0.001$), indicating that union influence is associated with greater outsourcing in these cultural contexts compared to the Nordic cluster. Similarly, for workforce outplacement, trade union influence had a significantly stronger positive effect in both the Anglo ($B = 0.368, p < 0.001$) and Germanic clusters ($B = 0.236, p < 0.001$), relative to the Nordic context. In the case of recruitment, significant interaction effects were also found for the Anglo cluster ($B = 0.312, p < 0.001$) and the Germanic cluster ($B = 0.211, p < 0.001$), again showing a stronger link between union influence and outsourcing than in the Nordic cluster. In contrast, interaction effects for HR information systems suggested that these services may be less sensitive to the combined effects of union influence and cultural context. Full regression results, including coefficients and significance levels, are presented in Table 4. In sum, the findings highlight that the effect of trade unions on HR outsourcing varies considerably depending on the cultural context, supporting the notion that outsourcing is a contextually embedded organizational practice.

The adjusted R^2 values from the multiple linear regression analyses across eight HR outsourcing domains indicate varying levels of explanatory power. The model predicting the outsourcing of routine employee and manager queries demonstrated the highest explanatory strength, with an adjusted R^2 of 0.239, accounting for 23.9% of the variance. The model for selection followed closely, with an adjusted R^2 of 0.162, explaining 16.2% of the variance in selection outsourcing. The model for workforce outplacement/reduction also showed substantial explanatory capacity (adjusted $R^2 = 0.125$), accounting for 12.5% of the variance. Recruitment outsourcing was similarly well predicted (10.8%).

Table 4. Continued

	Workforce outplacement/ reduction			HR information systems/ technology			Recruitment		
	<i>B</i>	<i>S.E.</i> (<i>HC3</i>)	<i>p-value</i>	<i>B</i>	<i>S.E.</i> (<i>HC3</i>)	<i>p-value</i>	<i>B</i>	<i>S.E.</i> (<i>HC3</i>)	<i>p-value</i>
<i>Sector</i>									
Private vs. Public	-0.004	0.054	0.938	-0.091	0.067	0.176	0.282	0.052	<0.001
Non-Profit Sector vs. Public	0.009	0.095	0.927	-0.055	0.118	0.639	-0.007	0.092	0.941
Public and Private vs. Public	0.276	0.125	0.027	-0.122	0.155	0.432	0.283	0.121	0.019
<i>Cultural cluster</i>									
Anglo vs. Nordic	0.491	0.058	<0.001	0.036	0.072	0.616	0.162	0.056	0.004
Germanic vs. Nordic	0.383	0.055	<0.001	0.088	0.068	0.197	0.298	0.053	<0.001
Anglo vs. Germanic	0.108	0.061	0.075	-0.052	0.075	0.492	-0.136	0.059	0.021
<i>Interaction effects</i>									
Int. Tr × A vs. Tr × N	0.368	0.041	<0.001	0.097	0.051	0.054	0.312	0.039	<0.001
Int. Tr × G vs. Tr × N	0.236	0.043	<0.001	0.115	0.054	0.056	0.211	0.042	<0.001
Int. Tr × A vs. Tr × G	0.133	0.042	0.002	-0.017	0.053	0.741	0.100	0.041	0.014
Adjusted R ²	0.125			0.049			0.108		

	Selection			Processing routine queries		
	<i>B</i>	<i>S.E.</i> (<i>HC3</i>)	<i>p-value</i>	<i>B</i>	<i>S.E.</i> (<i>HC3</i>)	<i>p-value</i>
<i>Constant</i>	-0.115	0.077	0.136	-0.466	0.073	<0.001
Trade unions influence	0.224	0.017	<0.001	0.220	0.016	<0.001
Total number of employees (<i>n</i>)	0.000	0.000	0.474	0.000	0.000	0.280
Organizational tenure (years)	0.000	0.001	0.885	0.000	0.001	0.451
Gender (male)	0.198	0.043	<0.001	0.175	0.041	<0.001
University degree (Yes)	0.201	0.050	<0.001	0.192	0.048	<0.001
<i>Sector</i>						
Private vs. Public	0.100	0.050	0.044	0.060	0.047	0.199
Non-Profit Sector vs. Public	0.045	0.087	0.606	0.011	0.083	0.891
Public and Private vs. Public	0.229	0.115	0.047	0.215	0.109	0.049
<i>Cultural cluster</i>						
Anglo vs. Nordic	0.289	0.053	<0.001	0.752	0.050	<0.001
Germanic vs. Nordic	0.339	0.050	<0.001	0.622	0.048	<0.001
Anglo vs. Germanic	-0.051	0.056	0.365	0.130	0.053	0.015
<i>Interaction effects</i>						
Int. Tr × A vs. Tr × N	0.355	0.038	<0.001	0.429	0.036	<0.001
Int. Tr × G vs. Tr × N	0.226	0.040	<0.001	0.302	0.038	<0.001
Int. Tr × A vs. Tr × G	0.129	0.039	<0.001	0.128	0.037	<0.001
Adjusted R ²	0.162			0.239		

Note(s): *B* = Standardized coefficient, *S.E.* = Standard Error, *HC3* = Heteroscedasticity-Consistent Estimator, *Tr* = Trade union influence, *A* = Anglo Cluster, *G* = Germanic Cluster, *N* = Nordic Cluster

By contrast, the models predicting payroll and benefits, HR information systems and technology, training and development, and pensions exhibited lower explanatory power. Specifically, in the payroll and benefits model 8.1% of the variance was explained, followed by training and development (6.9%), HR information systems and technology (4.9%), and pensions, which showed the weakest explanatory capacity with only 1.8% of the variance accounted for.

In short, the differing R^2 values underscore the need to distinguish between types of HR services when analyzing outsourcing behavior and suggest that a one-size-fits-all approach to understanding outsourcing drivers is insufficient.

Moderation analysis

To examine the moderating effect of cultural clusters on the relationship between trade union influence and HR outsourcing, we conducted a moderation analysis using three categorical levels of the cultural cluster variable: Anglo, Germanic, and Nordic. Given that the regression analyses revealed a significant effect of trade union influence on HR outsourcing, along with a significant interaction effect in six analyses, we adjusted for multiplicity, as previously explained ($\alpha = 0.05/18 = 0.00278$). The results are presented in [Table 5](#).

Table 5. Moderation analysis: probing cultural cluster differences in HR service outsourcing

HR outsourcing and cluster	B	S.E.(HC3)	p-value	LLCI	ULCI	Comparisons of significance		
						A vs. G	A vs. N	G vs. N
<i>a) Payroll and benefits</i>						0.586	0.0000	0.0000
Anglo	0.2957	0.0371	0.0000	0.2230	0.3685			
Germanic	0.2658	0.0405	0.0000	0.1864	0.3451			
Nordic	-0.0199	0.0342	0.5607	-0.0870	0.0472			
<i>b) Training and development</i>						0.250	0.0000	0.0026
Anglo	0.2746	0.0338	0.0000	0.2084	0.3408			
Germanic	0.2171	0.0368	0.0000	0.1450	0.2893			
Nordic	0.0749	0.0296	0.0115	0.0168	0.1330			
<i>c) Workforce outplacement/reduction</i>						0.0074	0.0000	0.0000
Anglo	0.3691	0.0341	0.0000	0.3022	0.4361			
Germanic	0.2366	0.0357	0.0000	0.1665	0.3067			
Nordic	0.0009	0.0270	0.9731	-0.0521	0.0539			
<i>d) Recruitment</i>						0.0380	0.0000	0.0000
Anglo	0.3316	0.0326	0.0000	0.2676	0.3957			
Germanic	0.2313	0.0354	0.0000	0.1620	0.3006			
Nordic	0.0200	0.0261	0.4441	-0.0312	0.0712			
<i>e) Selection</i>						0.0072	0.0000	0.0000
Anglo	0.4202	0.0323	0.0000	0.3569	0.4835			
Germanic	0.2907	0.0358	0.0000	0.2206	0.3609			
Nordic	0.0649	0.0218	0.0029	0.0222	0.1077			
<i>f) Processing routine queries from managers/employees</i>						0.0078	0.0000	0.0000
Anglo	0.4474	0.0329	0.0000	0.3829	0.5120			
Germanic	0.3196	0.0350	0.0000	0.2511	0.3882			
Nordic	0.0180	0.0177	0.3091	-0.0167	0.0527			

Note(s): B = Standardized coefficient, S.E. = Standard Error, HC3 = Heteroscedasticity-Consistent Estimator, LLCI = 95% Lower Limit of the Confidence Interval, ULCI = 95% Upper Limit of the Confidence Interval, A = Anglo Cluster, G = Germanic Cluster, N = Nordic Cluster

In the Anglo cluster, the effect of trade union influence on the outsourcing of payroll and benefits was positive and highly significant, with an effect size of 0.2957 ($SE = 0.0371$, $p < 0.0001$), see Table 5. The 95% confidence interval ranged from 0.2230 to 0.3685, indicating a robust positive effect. Thus, for every unit increase in trade union influence, the outsourcing of payroll and benefits increases by 0.2957 units. Similarly, in the Germanic cluster, trade union influence also had a significant positive effect on outsourcing, with an effect size of 0.2658 ($SE = 0.0405$, $p < 0.0001$), indicating that for every unit increase in trade union influence, the outsourcing of payroll and benefits increases by 0.2658 units. The 95% confidence interval for this cluster ranged from 0.1864 to 0.3451, confirming the positive relationship. In contrast, the effect of trade union influence on the outsourcing of payroll and benefits in the Nordic cluster was not significant, with an effect size of -0.0199 ($SE = 0.0342$, $p = 0.5607$). The confidence interval for this cluster ranged from -0.0870 to 0.0472, which includes zero, indicating that there is no significant effect.

In the Anglo cluster, trade union influence had a positive and highly significant effect on the outsourcing of training and development services. The effect size was 0.2746 ($SE = 0.0338$, $p < 0.0001$). The 95% confidence interval ranged from 0.2084 to 0.3408, indicating a robust positive effect. Similarly, in the Germanic cluster, trade union influence also demonstrated a significant positive effect on outsourcing of training and development services, with an effect size of 0.2171 ($SE = 0.0368$, $p < 0.0001$). The 95% confidence interval for this cluster ranged from 0.1450 to 0.2893, confirming the positive relationship. In the Nordic cluster, the effect of trade union influence on the outsourcing of training and development services was positive and significant, with an effect size of 0.0749 ($SE = 0.0296$, $p = 0.0115$). The confidence interval for this cluster ranged from 0.0168 to 0.1330, indicating a significant positive effect.

In the Anglo cluster, the effect of trade union influence on the outsourcing of workforce outplacement/reduction services was positive and highly significant, with an effect size of 0.3691 ($SE = 0.0341$, $p < 0.0001$). The 95% confidence interval ranged from 0.3022 to 0.4361, indicating a robust positive effect. Similarly, in the Germanic cluster, trade union influence also had a significant positive effect on outsourcing of workforce outplacement/reduction services, with an effect size of 0.2366 ($SE = 0.0357$, $p < 0.0001$). The 95% confidence interval for this cluster ranged from 0.1665 to 0.3067, confirming the positive relationship. In contrast, the effect of trade union influence on the outsourcing of workforce outplacement/reduction services in the Nordic cluster was not significant, with an effect size of 0.0009 ($SE = 0.0270$, $p = 0.9731$). The confidence interval for this cluster ranged from -0.0521 to 0.0539, including zero, indicating no significant effect.

In the Anglo cluster, the influence of trade unions on the outsourcing of recruitment services was substantial and highly significant, with an effect size of 0.3316 ($SE = 0.0326$, $p < 0.0001$). The 95% confidence interval ranged from 0.2676 to 0.3957, demonstrating a strong positive effect. Similarly, in the Germanic cluster, trade union influence was found to have a significant positive impact on the outsourcing of this service, with an effect size of 0.2313 ($SE = 0.0354$, $p < 0.0001$). The confidence interval for this cluster spanned from 0.1620 to 0.3006, corroborating the positive association. Conversely, in the Nordic cluster, trade union influence did not significantly affect the outsourcing of recruitment services, with an effect size of 0.0200 ($SE = 0.0261$, $p = 0.4441$). The confidence interval for this cluster, ranging from -0.0312 to 0.0712, included zero, indicating no significant effect.

The impact of trade union influence on the outsourcing of selection services was notably strong and statistically significant for the Anglo cluster. The effect size was 0.4202 ($SE = 0.0323$, $p < 0.0001$). The 95% confidence interval ranged from 0.3569 to 0.4835, indicating a pronounced positive effect. In the Germanic cluster, trade union influence also exhibited a significant positive effect on outsourcing, with an effect size of 0.2907 ($SE = 0.0358$, $p < 0.0001$). The confidence interval for this cluster, spanning from 0.2206 to 0.3609, further supports the significant positive relationship. In the Nordic cluster, the effect of trade union influence on the outsourcing of selection services was smaller yet still significant,

with an effect size of 0.0649 ($SE = 0.0218, p = 0.0029$). The confidence interval, ranging from 0.0222 to 0.1077, suggests a modest but positive effect.

Finally, in predicting the outsourcing of services for processing routine queries from managers and employees, trade union influence was a significant predictor within the Anglo cluster. The effect size was substantial at 0.4474 ($SE = 0.0329, p < 0.0001$). The 95% confidence interval ranged from 0.3829 to 0.5120, highlighting a strong positive effect. Similarly, in the Germanic cluster, trade union influence was also a significant predictor of outsourcing, with an effect size of 0.3196 ($SE = 0.0350, p < 0.0001$). The confidence interval for this cluster ranged from 0.2511 to 0.3882, confirming the significant positive relationship. Conversely, in the Nordic cluster, trade union influence did not have a significant effect on the outsourcing of these services. The effect size was 0.0180 ($SE = 0.0177, p = 0.3091$), and the confidence interval ranged from -0.0167 to 0.0527, indicating no significant effect.

In summary, findings indicated strong positive relationships in the Anglo and Germanic clusters across multiple HR service outsourcing areas, demonstrating that presence of trade unions can be a driving force in outsourcing decisions within these cultural settings. Conversely, the minimal impact in the Nordic cluster suggests cultural variations in how trade unions influence HR service outsourcing practices.

After adjusting for multiplicity, no statistically significant differences were found between the Anglo and Germanic clusters in any of the HR outsourcing areas. However, both the Anglo and Germanic clusters showed highly significant differences compared to the Nordic cluster across all HR outsourcing areas. This indicates that the influence of trade unions on HR outsourcing practices is notably different in the Nordic cluster compared to the Anglo and Germanic clusters.

Discussion

This study explored how cultural context shapes the relationship between trade union influence and HR outsourcing practices. By comparing the Anglo, Germanic, and Nordic cultural clusters, the findings illustrate how differences in institutional frameworks, industrial relations systems, and underlying cultural norms moderate the effects of union influence on outsourcing decisions. Interpreted through institutional theory, these results suggest that different types of pressures shape which combinations of trade union influence and HR outsourcing are considered legitimate in different contexts. At the same time, the patterning across specific HR services indicates that the application of HR architecture (i.e. its distinction between “core” and “peripheral” HR activities) is itself institutionally mediated rather than purely efficiency-driven.

Although trade unions are traditionally assumed to oppose outsourcing (cf. [Hsu et al., 2015](#)), this study shows that a positive association can emerge between trade union influence and the outsourcing of several HR services. The presence and strength of this association vary across institutional contexts, shaped by norms and labor relations traditions in each cultural cluster. From an institutional theory perspective, this suggests that unions engage in “institutional work” not only to resist but also to re-legitimate outsourcing when job protections or quality standards are secured. From an HR architecture perspective, the results challenge a simple view of unions as defenders of internal “core” activities. That is, in some contexts they help redefine which tasks can be shifted towards the “contract work” side of the architecture without undermining their broader institutional role.

In the Anglo cluster, outsourcing is primarily driven by cost-efficiency and managerial autonomy. Trade unions have weaker leverage, thus, their support tends to be conditional, limited to cases where job losses can be avoided or compensatory arrangements secured ([Brewster et al., 2004](#)). This pattern is consistent with liberal market logic where coercive constraints on employers are weak and mimetic pressures to adopt “best practice” HR vendors are strong. Our finding that union influence is positively associated with outsourcing suggests that unions adapt by negotiating the terms of externalization rather than blocking it, making

outsourcing a negotiated, legitimacy-enhancing response to competitive pressures. At the same time, this may reflect defensive institutional work, whereby unions accept outsourcing in exchange for limited concessions, raising questions about the long-term consequences for their capacity to shape the HR architecture.

In contrast, the Germanic and Nordic clusters are embedded in institutional systems that coordinate employers, unions, and the state, but they differ in how union influence is structured, shaping distinct responses to HR outsourcing. In the Germanic cluster, union involvement is formalized through legal institutions such as works councils and co-determination on supervisory boards (Szabo *et al.*, 2002; van den Berg *et al.*, 2025). HR outsourcing is generally accepted when it follows negotiated processes that protect employment conditions and internal standards. From an institutional perspective, this reflects strong coercive and normative pressures that make unilateral outsourcing illegitimate, while still allowing negotiated externalization of activities framed as peripheral within the HR architecture. Our results, showing positive union-outsourcing associations across several HR services, support the idea that Germanic unions face a dilemma where they may accept outsourcing to preserve core workers' conditions while shifting risks towards more peripheral roles.

In the Nordic cluster, industrial relations are characterized by high levels of mutual trust, strong collective bargaining systems, and collaborative labor-management relations (Gooderham *et al.*, 2025). Here, unions are often strategic partners in organizational development and may support outsourcing technical HR functions (e.g. pensions) when it improves service quality and allows the organization to refocus on employee development and welfare. At the same time, our findings show weaker or non-significant associations between union influence and outsourcing for several services, including payroll and workforce outplacement. This pattern fits with a social-democratic institutional logic in which internalized HR practices are part of the broader social contract and the preservation of institutional trust.

In sum, trade unions may support outsourcing not in spite of their influence, but because the institutional context enables or compels them to shape outsourcing practices in ways that align, at least partially, with employee interests. This highlights the importance of adopting a comparative-institutional perspective to understand the conditions under which HR outsourcing gains legitimacy. At the same time, the positive union-outsourcing associations in Anglo and Germanic contexts raise critical questions about whether such negotiated externalization stabilizes the institutional role of unions or gradually shifts the HR architecture in ways that hollow out their influence over time.

In what follows, we deepen the comparative analysis of the relationship between trade union influence and HR outsourcing across the three cultural clusters, while more specifically considering the nature of the HR service being outsourced.

Comparative analysis across HR services and cultural clusters

The findings from the moderation analysis (Table 5) underscore that the relationship between trade union influence and HR outsourcing is neither uniform nor linear, but significantly conditioned by regional culture and the nature of the HR service in question. Furthermore, as Table 1 shows, each cluster reflects a distinct configuration of cultural values, which shape organizational norms and labor relations. These cultural patterns influence not only how outsourcing is perceived, but also how trade unions position themselves vis-à-vis such practices and where they draw the line between “core” and “peripheral” HR within the HR architecture. Some services are more transactional and routinized, whereas others more strategic and identity-relevant. The interaction between cultural logic and functional logic provides a deeper understanding of the observed patterns and points to the limits of a one-size-fits-all application of HR architecture theory.

Transactional services: payroll and routine queries. For payroll and benefits and routine queries, we find positive union-outsourcing associations in the Anglo and Germanic clusters; these services are low in strategic value and highly standardized. According to HR architecture theory (Lepak and Snell, 1999), such tasks are low in uniqueness and value creation and therefore prime candidates for outsourcing in the “contract work” quadrant. In liberal market economies, outsourcing these services is accepted and promoted under competitive pressure (Kalleberg, 2009). Unions, often weaker in these systems, may shift from prevention to damage limitation, negotiating guarantees on service quality or job transitions rather than insisting on internal provision. This pattern is consistent with Klaas (2008), who found that U.S. unions negotiate outsourcing terms rather than reject it, especially for transactional tasks.

However, a more critical reading, grounded in institutional theory (DiMaggio and Powell, 1983), suggests that this pattern may also reflect an institutional redefinition of what is considered a legitimate domain for union influence. By accepting outsourcing of transactional HR tasks, unions may implicitly concede that these activities belong at the periphery of the HR architecture. Over time, this could normalize a narrower conception of the employment relationship in which only certain “core” groups and practices attract strong institutional protection. Our cross-sectional data cannot adjudicate whether such a narrowing is occurring, but the strong positive union-outsourcing associations in Anglo and Germanic contexts raise this as an important question for longitudinal research.

In Nordic countries, however, no significant relationship is found for payroll and routine queries, reinforcing the idea that even seemingly “neutral” services are culturally embedded in broader institutional models of egalitarianism and worker participation (Alsos and Trygstad, 2023). Institutional theory offers a useful lens here. It suggests that in such settings, economic rationality is filtered through norms of transparency and collective governance, and routine HR tasks are seen as part of the relational infrastructure that sustains trust and voice. From an HR architecture perspective, the Nordic pattern suggests that the same transactional services can be reclassified as strategically important for institutional reasons, thereby moving them closer to the “core” side of the architecture and making externalization less legitimate.

The contrast between clusters suggests that while Anglo and Germanic systems tend to accommodate or even facilitate outsourcing under union influence, the Nordic model prioritizes internalization, even for low-value tasks, based on social legitimacy and the preservation of institutional trust. This reinforces our broader argument that HR architecture is applied differently across institutional contexts, and that unions act as key institutional actors in this process.

Strategic and identity-relevant functions: recruitment and selection. For recruitment and selection, variation across clusters becomes sharper. Anglo countries continue to show the highest associations between trade union influence and outsourcing, followed by more cautious uptake in Germanic countries, while Nordic countries show insignificant results for recruitment and only a modest positive effect for selection.

Recruitment and selection are “core value-creating” HR activities with moderate to high strategic value and a strong potential for differentiation, according to Lepak and Snell (1999). Outsourcing these functions may create perceived risks in terms of fairness and the integrity of internal career systems. In liberal and coordinated market economies, however, institutional and competitive pressures can lead organizations to treat parts of recruitment and selection as technical, standardizable processes that specialized vendors can perform more efficiently. Our results suggest that in Anglo and Germanic contexts, unions do not systematically block this development. Instead, they may engage in institutional work that reframes external vendors as acceptable partners, provided that contractual safeguards and employee rights are respected.

This challenges assumptions in earlier outsourcing research (e.g. Cooke et al., 2005) that posited selection as a largely technical and outsourceable function without considering the institutional role of unions. Our findings imply a more nuanced picture. In many institutional contexts, the symbolic and relational value of selection is weighed against cost and expertise considerations, and unions contribute to this balancing act. In Nordic systems, where trust-

based labor relations and internal development paths are central to the institutional logic, the threshold for outsourcing recruitment and selection appears higher. Even though we find a small positive effect for selection, the overall pattern suggests that these functions remain on the “core” side of the HR architecture. This is consistent with evidence that Nordic employers and unions treat HR as a relationship-based practice with close proximity to employees (Wallo and Kock, 2018).

Training and outplacement/reduction. Anglo countries again show the strongest positive association for training and, in particular, for outplacement, where unions appear to accept outsourcing as a damage control mechanism during restructuring. This reflects a regulative institutional logic, in which union influence is used to secure short-term protections in deregulated labor markets rather than to challenge the overall direction of restructuring (Scott, 2001). In HR architecture terms, training and outplacement occupy an ambiguous position, i.e. they are potentially strategic investments in human capital, but can also be packaged as generic services delivered by external specialists. Our results suggest that in Anglo settings, unions may accept this reclassification as long as core employment contracts and severance conditions can be preserved.

In the Germanic cluster, the results remain positive but weaker, consistent with the idea that both downsizing and training are highly regulated and often jointly managed through formalized arrangements. This aligns with institutional theory’s emphasis on embedded coordination and rule-based legitimacy (cf. Thelen, 2014). Here, unions and works councils may accept external providers for certain aspects of training and outplacement, but only when these arrangements are tightly integrated into co-determined processes, which constrains the extent to which such services can be treated as purely peripheral within the HR architecture.

The Nordic cluster shows no significant association with outplacement and only a weak, but significant, relationship in training. From an HR architecture perspective, training is a strategic investment with long-term, firm-specific value. In Nordic systems, where employment and skill development are treated as public goods within a social-democratic logic, outsourcing training may be viewed as an abdication of the employer’s societal role. Such moves risk violating shared norms of developmental responsibility and internal accountability, particularly given strong collective bargaining institutions and high levels of trust. The absence of a union-outsourcing association for outplacement suggests that Nordic unions insist on keeping sensitive downsizing-related HR functions internal to protect the integrity of the employment relationship.

In sum, the service-specific patterns show that the same HR function can occupy different positions in the HR architecture across institutional contexts. They also suggest that unions do not simply defend a fixed “core”, but participate in redefining which activities count as core or peripheral in light of institutional logics and political-economic pressures. This is both a contribution and a critical challenge to existing HR architecture applications that treat value and uniqueness as primarily firm-level strategic choices.

Practical implications

The findings of this study carry several important implications for multinational corporations (MNCs) and practitioners operating in the field of international human resource management (IHRM), particularly in relation to HR outsourcing, union relations, and global workforce strategies.

The results clearly show that HR outsourcing decisions are deeply embedded in local institutional and cultural contexts, particularly regarding the role and influence of trade unions. For MNCs, this implies that standardized, global outsourcing strategies may encounter significant resistance or legitimacy problems when applied across diverse institutional environments. For example, while outsourcing administrative HR tasks may be accepted or even expected in Anglo institutional environments (cf. Katz and Colvin, 2021), it may be perceived as normatively inappropriate in Nordic or Germanic contexts (Grimshaw *et al.*,

2015; van den Berg *et al.*, 2025). This highlights the need for contextual sensitivity and institutional embeddedness in designing HR strategies across borders (Farndale *et al.*, 2008).

Furthermore, the study suggests that trade union influence does not uniformly prevent outsourcing, but interacts in complex ways with the nature of the HR service/activity and the institutional logic of a particular region. For IHRM professionals, this reinforces the importance of service-specific decision-making. Instead of viewing HR outsourcing as a binary “in-house vs. outsourced” choice, MNCs should apply a contingency-based approach, evaluating which HR services/activities can be externalized without compromising legitimacy and internal cohesion (Lepak and Snell, 1999; Cooke *et al.*, 2005). For instance, outsourcing payroll and benefits may be relatively unproblematic across most contexts, but the outsourcing of recruitment, selection, or downsizing services may be perceived as undermining organizational identity, fairness, or social responsibility, especially in countries where employment relationships are governed by long-term, trust-based contracts (Thelen, 2014).

Also, the findings have direct implications for global mobility management. MNCs often rely on third-party vendors to deliver mobility-related services such as relocation, immigration processing, and repatriation support. In institutional environments where employee services are viewed as an extension of welfare responsibilities, outsourcing such services may be viewed by unions as a withdrawal from the employer’s social obligations. This suggests that global mobility functions although operationally complex may also be institutionally sensitive, requiring local consultation and union engagement to ensure acceptance.

Limitations and directions for future research

This study offers new insights into how trade union influence and regional culture interact in shaping HR outsourcing practices across different institutional contexts. However, several limitations should be acknowledged, many of which also suggest productive avenues for future research.

First, the use of cross-sectional survey data from the 2021 Cranet study limits the ability to draw causal inferences. While moderation effects were identified, the findings reflect associational patterns. Longitudinal designs would help establish temporal dynamics and clarify whether changes in union influence precede or follow outsourcing decisions (Wright *et al.*, 2005).

Second, the single-respondent methodology, where HR managers provide perceptions on behalf of the entire organization, may introduce response bias, particularly for sensitive topics like union influence. Future studies should consider multi-source or mixed-method approaches, incorporating the perspectives of union representatives, line managers, and employees to gain a more complete understanding of outsourcing negotiations and outcomes.

Third, while this study disaggregates outsourcing into specific HR service areas, an important methodological strength, all measures are self-reported and based on perceived outsourcing levels, rather than objective contractual data such as service contracts and outsourcing expenditures. Future work should therefore aim to incorporate more granular, objective indicators.

Finally, the current analysis focuses on three cultural clusters (i.e. Anglo, Germanic, and Nordic) which share high-income, institutionalized characteristics. This enhances comparability but limits global generalizability, particularly to emerging economies or state-corporatist contexts where union power and employer obligations differ substantially (Amable, 2003). Thus, expanding to additional clusters would allow for a more comprehensive institutional comparison.

Concluding remarks

This study challenges the widespread assumption that trade union influence uniformly constrains HR outsourcing. Instead, we show that union influence is positively associated with outsourcing when such arrangements are seen as legitimate within a given employment

system. Union responses thus reflect shared norms regarding the employment relationship, rather than automatic resistance to externalization. Personnel Review

By integrating institutional theory with HR architecture theory, the study shows that HR architectural differentiation is itself institutionally contingent. In particular, the classification of HR services as “core” or “non-core” is not universal but culturally and institutionally constructed, and trade union influence shapes outsourcing not directly, but through culturally embedded legitimacy judgments. Outsourcing therefore emerges not as a purely efficiency-driven choice, but as a negotiated practice whose legitimacy depends on alignment with prevailing institutional and cultural norms.

This integrated perspective advances outsourcing research by embedding it in comparative institutional analysis, thereby challenging universalistic assumptions prevalent in Anglo-centric HRM research (Brewster *et al.*, 2004). Although empirically grounded in Anglo, Germanic, and Nordic contexts, the framework offers a transferable lens for analyzing HR outsourcing across institutional settings characterized by different cultural value systems and configurations of labor power. Overall, the study advances HRM and industrial relations research by showing that the relationship between trade unions and HR outsourcing is neither fixed nor uniform, but governed by a dual logic combining service-specific strategic relevance and culturally informed institutional legitimacy.

Ethical statement

This study is based on secondary analysis of anonymized data from the 2021 Cranet survey, an international research project collecting organizational-level information on HRM practices. The dataset contains no personally identifiable information, and participation in the survey was voluntary. Respondents provided information in their professional roles on behalf of their organizations.

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