

A Comparative Study of HRM Practices Based on Hofstede Cultural Dimensions

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ABSTRACT

With increasing globalization in today's world it seems necessary to consider culture as one important factor which has influence in designing and implementing HRM practices. This thesis applied Hofstede cultural dimensions for investigating cultural variation across countries. The goal of this study is to examine the impact of cultural dimensions on HRM practices with general looking on 24 countries which their data was available on CRANET and looking more closely on 4 European countries.

Methodology: Countries selected from CRANET database. The independent variables were cultural dimensions (power distance, uncertainty avoidance, collectivism/individualism, and masculinity/femininity) and written documents, style of decision making (centralized or decentralize), action programs for women, team working and direct communication are considered as dependent variables. For analyzing data, regression analysis, one way ANOVA and T-test were used.

Findings: The results demonstrated that cultural dimensions have an influence on HRM practices. The outcomes showed that high uncertainty avoidance has a weak influence on using more written documents, high power distance has a weak relationship with centralized decision making, in collectivistic countries the way of selecting employees is internally, organizations in low masculinity countries have action programs for women, employees in low power distance countries contact to their managers directly and results did not show that variable pay in collectivistic countries is based on team performance.

Keywords: Culture, Cultural dimensions, HRM practices

ÖZ

Artan küreselleşme ile birlikte, İnsan Kaynakları Yönetimi (İKY) uygulamalarında kültüründe bir etken olarak dikkate alınmasının önemi artmaktadır. Bu tez Hofstede'nin ulusal kültürlerin boyutlarını kullanmaktadır. Çalışmanın amacı kültür boyutlarının İKY uygulamalarını nasıl etkilediğini incelemektir. Bunun için CRANET İKY anketinde yer alan 24 ülkedeki uygulamalar ülkelerin kültür özelliklerine göre değerlendirilmiştir. Ayrıca 4 ülkedeki uygulamalar karşılaştırılarak incelenmiştir.

Metod: Ülkeler hem CRANET İKY aketi verileri hem de Hofstede çalışmasında yer alanlardan seçilmiştir. Bağımsız değişkenler kültürel boyutlar (Power distance, uncertainty avoidance, collectivism/individualism, ve masculinity/femininity), bağımlı değişkenler ise İKY uygulamaları (yazılı belge kullanımı, karar verme yöntemleri – merkezi/yerinden, kadınlar için teşvik programları, ekip çalışması, ve üst yönetimle doğrudan iletişim) olarak kullanılmıştır. Veri analizinde regresyon, ANOVA ve T-testi kullanılmıştır.

Bulgular: Sonuçlar kültürel özelliklerin İKY uygulamalarına da yansıdığını göstermiştir. Yüksek belirsizlikten kaçma (uncertainty avoidance) yazılı belgelerin kullanımını artırmaktadır. Yüksek güç mesafesi (power distance) merkezi karar almayı artırmaktadır. Toplulukçu (collectivist) toplumlarda kurum içinden terfiler daha fazladır. Maskulinitynin düşük olduğu toplumlarda kadınlara yönelik teşvik programları daha fazladır. Yüksek güç mesafesi olan ülkelerde üst yönetimle

doğrudan iletişim daha azdır. Sonuçlarımız toplulukçu toplumlarda ekip çalışmasına daha fazla yönelindiğini göstermemiştir.

Anahtar Kelimeler: Kültür, İnsan Kaynakları Yönetimi, Karşılaştırmalı İKY

To My Dear Family

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I would like to acknowledge and express my deepest thanks to Professor Cem Tanova for his continuous guidance, inspiring ideas and thoughtful suggestions.

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Chapter 1

INTRODUCTION

Since the world's social and economic structures become more connected and reliant to each other grasping how humans have interactions with each other within structures becomes more and more critical. Managers linking or expanding internationally their operations should be aware of how entities in various regions and nations realize and respond to usually faced human resource matters and demands.

From few decades ago, increased globalization and the growth of new markets like China, Brazil, India, Russia as more keen rivalry among organizations at the international and domestic level increased concern in and need for studies in comparative human resource management. As a consequence, an increasing number of empirical studies (Easterby-Smith, Malina, & Yuan, 1995, Bae, Chen, & Lawler, 1998, Budhwar & Sparrow, 2002) and Conceptual studies (Aycan, 2005; Edwards & Kuruvilla, 2005) have pointed the conformation of HRM in various national contexts. Research shows that effectual human resource management is positively connected to financial and organizational performance, although “best HRM practices” because of institutional and cultural differences probably are not always transferable across countries. Generalizing HRM practices may not be possible across different countries because of differing policies, laws and cultures. Likewise, differences in culture may impact on how HR roles across borders are implemented.

HRM practices are rooted in cultural principles that reflect the generic assumptions and beliefs of the national culture in which organizations are engraft. So, maybe effective and meaningful HRM system is ineffective in another. In world's every culture the facts such as bureaucracy, authority, accountability, creativity and etc are dealt in various ways. People establish organizations based on their values, and societies are comprised of organizations and institutions that reflect the prevalent values within their culture (Hofstede, 1984).

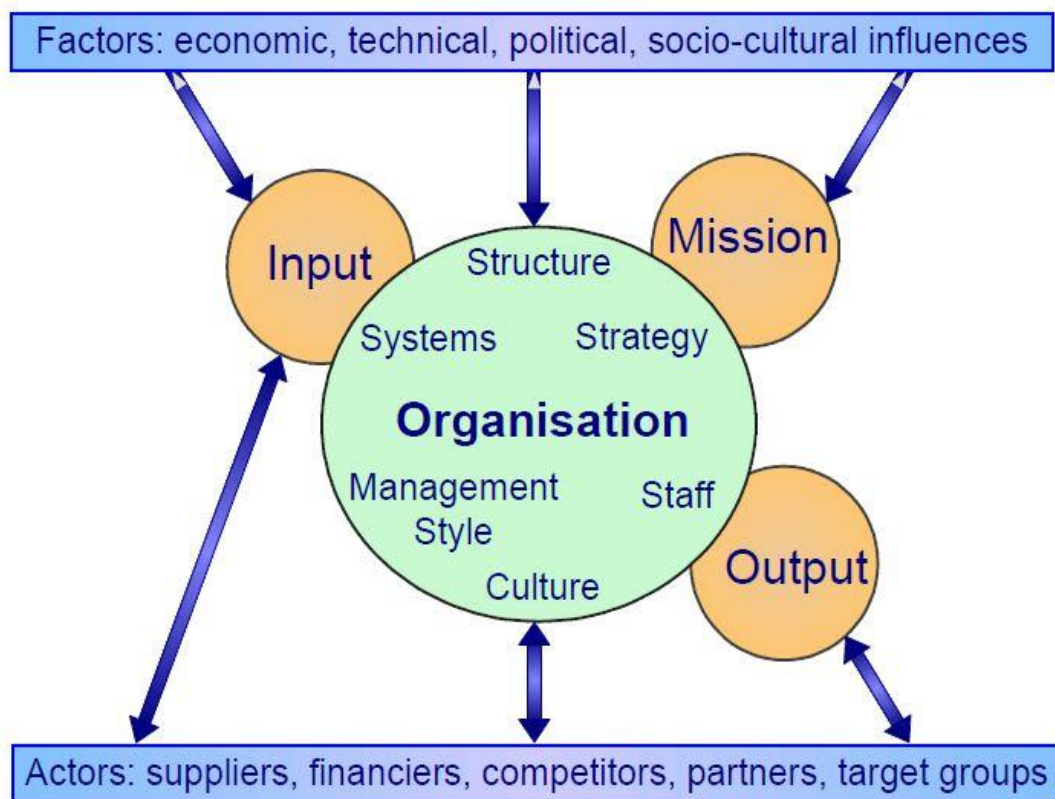


Figure1.1. The integrated organization model (EPN, 2004)

Culture has a significant impact on approaching to manage people, there for, the cultural differences quest differences in management practices. Recognize the importance of right HRM and the correlation among right HRM and performance has been proven. However, HRM is affected by its environment.

Human Resource Management practices vary across countries but in the literature we see the Universalist approach which believes that there will be some best practices that should be successful everywhere and with globalization and increased transfer of know-how these best practices will make HRM more similar across countries. However the contextual approach believes that HRM practices will continue to vary between countries due to differences in culture, socio economic conditions and other contextual factors. Cultural consideration has become a popular topic in the international context. International organizations must diagnose the growth of cultural challenges and formulate practices so as to fulfill the global flexibility, competitiveness, and learning capabilities. It is substantial for organizations to recognize and figure out the model for dissecting the cultural differences. As there is a relation between different organizational behaviors like norms of acceptable, leadership styles and cultural values it is crucial to look deeply into these cultural differences in order to know how to realine HRM policy and practice to it.

The influence of national culture on the implementing and developing of HRM practices has been considered within firms from various countries (Yuen & Kee, 1993, Rozenweig & Nohria 1994, Newman & Nollen, 1996, Ferner, 1997; Schuler & Rogovsky, 1998, Gooderham, Nordhaug & Ringdal, 1999; Khilji, 2003). Past studies have successfully tried to explicate some of the discrepancy in HRM practices across cultures, utilization Hofstede's cultural dimensions (Newman & Nollen, 1996, Erten-Buch & Mayrhofer, 1998;; Schuler & Rogovski, 1998). However, the level of cultural influence on HRM practices differs based on the specific practice, with some practices being more culture-bound than others (Vance, McClaine, Boje & Stage, 1992; Easterby-Smith et al., 1995; Myloni 2002; Sparrow & Wu, 1998; Weber, Kabst & Gramley, 1998; Yuen & Kee, 1993). Scholars (Hall and Soskice, 2001;

Whitley, 1992; Lane, 1994) discuss that national elements like governance, economics, trade unions, legal and financial systems which together shape the national business system, are the rootage of the differences in HRM across nations. Others have stressed the impact of national culture, a concept which Covers values, norms, beliefs and expectations. Sparrow and Wu (1998) resulted that the huge majority of HRM practices and policies were culture bounded.

1.1 Aims of Study

The fundamental aim of this study is to determine that cultural dimensions which recognized by Hofstede affect HRM practices and to assess how the different cultural dimension relates with the HRM practices within the countries that their data are available on CRANET.

Due there is few work done on the Hofstede dimensions of culture in relation to HRM practices this study attempts to fill the gap in the literature.

Chapter 2

THEORETICAL FRAMEWORK

2.1 Introduction

This chapter comprises four sections. First section defines and describes HRM practices. Second section is definition of culture and Hofstede cultural dimensions, explanation and score of each cultural dimension in chosen countries. In the third section impacts of cultural dimensions on HRM practices are given, and the last section provides an overview of the literature.

2.2 Definition of HRM

The origin of human resource management can be traced back to 1950's in the United States and obtained widely recognition until the beginning of 1980's, as well as in UK in mid to late 1980's (Beardwell & Holden, 1994).

There are several definition, theories, models, typologies and roles In the literature which describe the content and implementation of HRM.

Human Resource Management is designed following a certain process. This process is visualized in the following model:

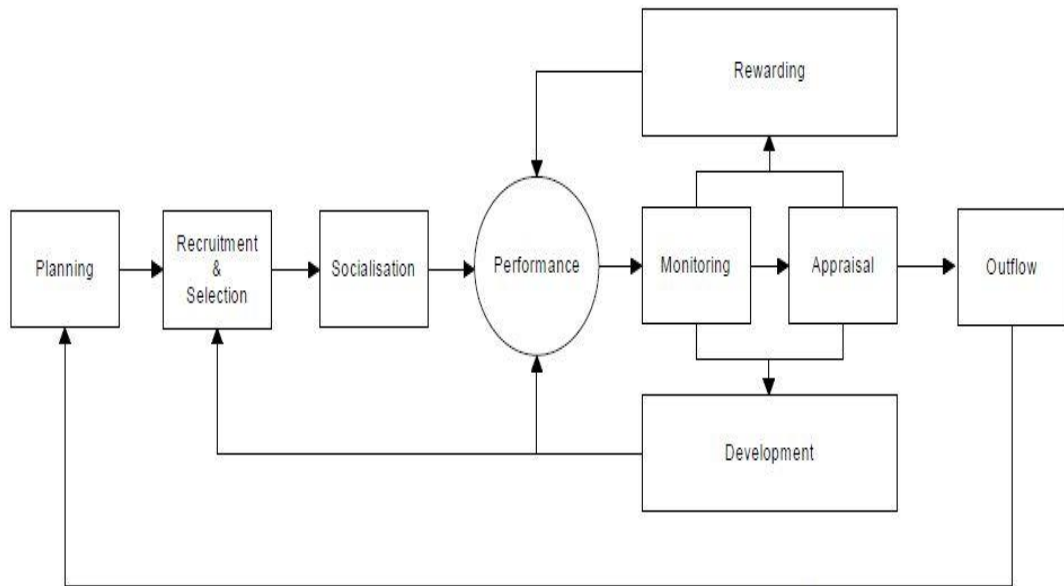


Figure 2.1. Process of human resource management (EPN, 2004)

Human resource management or HRM has been widely defined by researchers as a strategic function that encompasses management of its critical human assets for achieving competitive advantage in a dynamic business environment. Human resource management is the function performed in organizations that facilitates the most effective use of people to achieve organizational and individual objectives (John Ivancevich and Glueck, 1989).

Researchers like Mary Parker Follet, Chester Barnard, Elton Mayo and Douglas McGregor figured out the most significant component of any business, its manpower or human resources“ that made the difference towards better efficiency for any organization. Armstrong (1992) determines Human resource management as a strategic approach to the management of an organization’s most valued assets – the people working there who collectively and individually contribute to the achievement of its goals. The aim of human resource management is recruiting flexible, capable and committed people, managing and rewarding their performance

and developing key competences. The human resource of any organization is the power and talent that is available to drive the objectives of the organization into being achieved. Good human resource management has been linked to higher profitability, productivity and organizational competitiveness, Brewster (1992).

Another definition of HRM is "the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organizational, and societal objectives are accomplished" (Shonhiwa & Gilmore, 1996, p.16).

Schuler and Jackson (1995) developed the strategic model of HRM. They argued that HR practices need emphasis on making greater investment in human resources, selecting highly skilled individuals, using minimal controls, giving employees more discretion, providing more resources for experimentation, allowing and rewarding occasional failure and appraising performance for the long term implication.

Ulrich and Brockbank (2005) discuss that Human Resources must offer value to their organizations as viewed by line managers, employees and investors, and that this value leads to competence advantage. To help organizations keep on competitive, human resource management must refine its role and organizational contributions.

Nankervis (2008) Based on Australian HRM practices divided the development of HRM into four stages. Stage one from 1900 to 1940 was about welfare and administration. Supervisors, line managers, and early specialists performed Personnel management practices. In stage two, from 1940 to mid-1970 HRM extended to comprise staffing, training, welfare and administration. This stage was the beginning

of professional approach to personnel management. From the mid-1970s to late 1990 was stage three which saw the transition from HRM to SHRM. Stage four, refers to the 21st century or HRM in the new millennium.

Brewster (1993) developed a European model of HRM and it consists of the following factors, European Union, legislation, national culture, managing diversity, patterns of ownership, communication, trade union involvement, and consultation influence in HRM. The European model showed an internal interaction between business strategy, HR strategies, and HR practice and an external interaction with national culture, legislation, education, power systems and trade unions. It places HR strategies as integrated with the external environment but also with the organizational strategy. The main purpose of this model is to illustrate external factors to the organization as a part of the HRM model. Organizational studies which should take the national context into account utilize this model to gain a better understanding of the particular situations of, and differences between, countries in their HRM practices.

Harris (1996) claimed that the increasing internationalization and globalization of business has made the concept of culture and its impact on HRM practices.

Jackson and Werner (2009) mentioned that HRM is an essential function in the success of any organization. External factors such as country cultures, economy and socio-political environment influence the way a company manages its human resource.

Tessema, Mussie and Soeters (2005) argue that having a good human resource management is likely to generate much commitment, loyalty or willingness to spend additional effort for the organization's goals.

2.3 Definition of Culture

In conducting research involving culture a first challenge is arriving at an understanding of what culture is. Edward Tylor an English anthropologist in 19th-century proposed a classic definition of culture, he defined culture as a “complex whole which includes knowledge, belief, art, morals, laws, custom, and any other capabilities and habits acquired by man as a member of society” (Tylor, 2000).

For several reasons the concept of culture has gained its strength and popularity. According to Tayeb (1994), these strengths are related to (1) the fact that, if not in absolute terms, cultural values and attitudes are different in degree at least in some cases from one country to another, (2) the fact that under similar circumstances different cultural groups behave differently because of the differences in their underlying attitudes and values, and (3) the important that culture plays role in shaping work organizations and other social institutions.

Hall (1976) stated that values, norms and beliefs which are the components of culture dictate the way people think, behave, solve problems, make decisions and even organize their political, economic and transportation systems.

Kroeber and Kluckhohn (1951, P.157) offered one of the most comprehensive and generally accepted definitions:

“Culture is a product; is historical; includes ideas, patterns, and value; is selective, is learned; is based upon symbols; and is an abstraction from behavior and the products of behavior.”

Culture refers to a visible dimension (behavior) and an invisible dimension (values, assumptions, and beliefs).

According to the Triandis (1995) culture is as an individual’s characteristic way of perceiving the man-made section of one’s environment. It involves the perception of values, norms, rules, roles, and which is influenced by various levels of culture like gender, race, language, religion, place of residence, and occupation, and it impacts on interpersonal behavior.

Doherty and Groeschl (2000, p.14) stated that culture is very difficult to define: Culture consists of many factors of which some are explicit and others are implicit. Most often these factors are explained by terms like norms, values, behavior and basic assumptions.

According to Aryee (2004) it is important for managers to understand cultures and base HRM design and management styles on the national culture. Managers also have their own understanding of culture which shapes their thinking.

Berrell and Wright (1999) maintained that will be lots of misunderstanding in doing business without understanding different cultures and people will interpret different cultural behavior in the wrong way.

- “the set of distinctive spiritual, material, intellectual and emotional features of society or a social group ... it encompasses, in addition to art and literature, life styles, ways of living together, value systems, traditions and beliefs” (UNESCO, 2003)
- “Collective programming of the mind that distinguishes the members of one group or category of people from another” (Hofstede, 2001, pp. 9).
- “How people interpret the world around them by developing shared understandings” (Rubin and Rubin, 1995)
- And from an organizational management perspective, “a set of ideas shared by members of a group” (Kanungo and Jaeger, 1990).
- Clifford Geertz, define culture as “a system of inherited conceptions expressed in symbolic forms by means of which people communicate, perpetuate, and develop their knowledge about and attitudes toward life” (Geertz, 1973).

The above definitions and concepts of culture include notions of people’s knowledge values and beliefs, linking them to interpretation of their circumferences, and their social behavior.

Hofstede (1991), indicated that management practices and values are different from country to country based on each nation’s unique culture and traditions. The cultural inheritance of most nations has a significant influence on its economic, societal and

political structure. These affect the development of management practices and values found in the country.

2.4 Introduction to Professor Geert Hofstede

Geert Hofstede was born in Haarlem, Netherlands on 5 October 1928. He is a researcher in the fields of organizational studies, cultural economics and management. He is famous because of his research about cross-cultural groups and organizations and played an important role in developing a framework for assessing and differentiating organizational cultures and national cultures. Hofstede's notable research has been in developing cultural dimensions theory, Sondergaard (1994).

He received his PhD in social psychology from Groningen University in the Netherlands. Hofstede worked as a management trainer and manager of personnel research in IBM International during his thesis. In the introduction and application of employee opinion surveys in over 70 national subsidiaries of IBM around the world he played an active role, Dipboye (2008).

He traveled around Europe and the Middle East to interview people and carried out surveys regarding people's behavior in organizations and how they collaborated. He found that there were significant differences between cultures in other organizations.

Around the world he has published a lot of famous books, like *The Game of Budget Control*, *Cultures and Organizations*, *European Contributions to Organization Theory* and so on. Also, there are many articles written by him, such as: *Entrepreneurship and Culture*, *Human Relations*, *Innovation*, *Intercultural Communication and Diplomacy*, *Cross-Culture Psychology Bulletin* and so forth, Koopman (1999).

Hofstede's study is one of the most famous researches considering the relationship between national culture and work related values. He aimed at developing a well-defined, and empirically based terminology to describe cultures. Among academics and businesses in particular Hofstede's dimensions are widely accepted as useful tools for analysis of differences in the culture of groups, individuals within groups, and national cultures. It is more quantitative than qualitative and provides a worldwide structure in cultural differences. Much of the work in culture is based on Geert Hofstede's research on the structural factors of culture, particularly those that most strongly affect behavior in the work situations of institutions and organizations. Hofstede probed the working values and attitudes of more than 116000 employees of IBM within more than 60 countries. At two points in time between 1968 and 1972, data were collected by using a self-completed questionnaire. The questionnaire concentrated on work-related values using 32 items to measure the importance of various work objectives (Hofstede, 1983).

Hofstede displayed that there are cultural differences between nations and that they can affect differences in HRM perceptions and practices. According to his study national culture have significant impact on the attitudes and values related to employees or workers. Hofstede (1980) suggested four generic cultural dimensions, largely independent of each other:

- 1) Large vs. small Power Distance,
- 2) Individualism vs. Collectivism
- 3) Strong versus Weak Uncertainty Avoidance
- 4) Masculinity vs. Femininity

Hofstede develops these dimensions to be virtually independent and, hypothetically, exclusive of one another. He maintained the importance of cultural context on human resource management practices and perceptions. Hofstede states that root of cultural patterns are in the value system of significant grouping of the population and that they stabilize over long periods in history. Hofstede and Aycan (1999), indicated that cultural dimensions impact the way of doing business especially on human resource management practices since this involves dealing with human capital who have been socialized in that environment.

For describing differences among nations Hofstede's cultural dimensions framework has been accepted as important and reasonable (Triandis, 1995).

According to Jackson 2009) and Smith (2003), Hofstede's work is a foundation for describing cultural differences.

Although Hofstede's work has been highly criticized on a several points and by a number of researchers (Iribarne, 1991, Sondergaard, 1994, Tayeb, 1994, McSweeney, 2000 and Gerhart, Fang, 2005), the popularity and usefulness of the categories developed by him indicates that this theory is still popular and it is utilized by researchers in a variety of fields. The most important critic now facing Hofstede is not only for the limited number of dimensions, which fail to capture the richness of national environments but also because his dimensions essentially are statistical constructs based on clusters of responses without in-depth understanding of the underlying processes.

It is important to gain some insights into cultural differences since there is relationship between cultural values and HRM practices.

Most of the research was conducted on a basis of country by country and Hofstede gave each country a score for each dimension on a scale of one being the lowest and hundred being the highest.

Large versus Small Power Distance

According to this dimension, the way which nations treat inequality is different. This inequality can be related with wealth, prestige and power. Employees in large power distance societies believe that their supervisors are right even at the time they are wrong. Inequality is less tolerated in the low power distance societies. The advantages related to the position are not easily accepted. In these cultures superiors are more accessible, differences between the sexes with respect to status is less pronounced and see fewer differences between reporting relationships. Power distance in organizations occurs when employees are differentiated from their bosses with respect to status, promotions, salaries and benefits. Similarly lower power distance is decentralized and power is distributed equally.

In the present study, France and Belgium fell above the mean on power distance with the score 68 and 65, conversely, Germany and United Kingdom scored below the mean with the score 35 for both. In small power distance countries like Germany and United Kingdom there is flatter organization pyramids, less power centralization, and smaller proportion of supervisory personnel, smaller wage differentials and high qualification of lower strata comparing with the situation in a large power distance countries such as Belgium and France.

Individualism versus Collectivism

Refers to the extent that individuals focus on individual wants and needs versus the needs of the group. According to this dimension in individualistic cultures people are supposed to look after only themselves, the ties between individuals are very loose and Work is important and employees don't expect the company to care of them, whereas in collectivistic cultures people belong to groups that are supposed to look after them in exchange for loyalty and Relationships are important, the ties between individuals are very tight and employees expect the company to care of them. Individualistic societies tend to emphasize personal achievement whereas collectivist cultures highlight group-based achievement. The collectivists rely on other members in group chronically, they have weaker upwards mobility and underestimate their contributions they can make for companies, in contrast, the individualists try their best to do better and better, and finally become the best, they have strong upwards mobility; at the same time and overestimate the importance of their work in group work.

Erez (2000) indicated that in individualistic cultures the selection procedure of new employees is based on their personal records, whereas in collectivistic cultures an important criterion for selecting new employees is recommendations by family members, who already work for the company.

National differences in Individualism are calculated using Individualism Index (IDV) (Hofstede, 1991, p. 53). Hofstede claims that modern management policies and practices tend to emanate from more individualistic societies and that they therefore possess limited applicability in collectivistic and developing countries. It is claimed

that countries become more individualistic as they become more economically advanced.

In this study all the four countries (France, Belgium, Germany and UK) scored high in this dimension 71, 75, 67, 89.

Strong versus Weak Uncertainty Avoidance

Uncertainty avoidance is the degree to which the members of society are rule-oriented and feel threatened by ambiguity and is regarded with how society members deal with the future risk possibilities. In weak Uncertainty Avoidance societies people will tend to accept each day as it comes, they will take risks easily, and will not work as hard. In societies with high uncertainty avoidance, people try to be structured, and behave what they are expected and want to know that will happen in the future. In such countries rule-making and bureaucracy would be a common feature of working life. The goal of these countries is to control everything in order to eliminate or avoid the unexpected. As a result of this high Uncertainty Avoidance characteristic, the society does not readily accept change and is very risk adverse.

Organizational change in high uncertainty avoidance countries is likely to receive strong resistance from employees, which makes the implementation of change difficult to administer.

Belgium had a score of 94, France had a score of 85, Germany had a score 65 and the world average was 64. The United Kingdom low ranking with score 35 indicates a society that has fewer rules and does not attempt to control all outcomes and results. It also has a greater level of tolerance for a variety of ideas, thoughts, and beliefs.

Masculinity versus Femininity

This dimension represents the extent to which stereotypical male values like personal recognition, high earnings and a challenging career take precedence over 'feminine' preferences for employee well-being and satisfaction, good personal relations, nurturing and sharing.

In societies with femininity tendencies, both women and men share some sets of values related to humility, life quality, cooperation between people and helping others, in these societies are paid attention to a person who is treated with injustice, cooperation and security is valuable for employees, work is of less orientation and progress is defined based on human interactions. While in masculine societies, the focus is on hardship in ideas and materiality and competition. In these societies progress, income and being famous is of importance for employees. Work is the orientation of life and is defined with the professional situation and wealth. In feminine countries women have the same modest, caring values as the men, but in the masculine countries they are somewhat competitive and assertive, but not as much as the men.

Lower job stress, promotion by merit, good relationship with the boss, belief in group decisions, and preference for smaller companies, characterize Low masculine countries. High masculine countries are characterized by higher job stress, belief in individual decisions, challenge and recognition in jobs and preference for large corporations.

Bjerke and Al-Meer (1993) stated that feminine societies place a great deal of emphasis on friendly relationships among people and concern for others, which serve to lower the stress levels.

Germany and United Kingdom masculinity score is 66, compared to Belgium's ranking of 54, France 43 and a world average of 50.

2.5 Impacts of Cultural Dimensions on HRM Practices

Based on differing in laws, policies and cultures HRM practices may not generalize among different nations. And cultural differences may impacts on how HR roles are implemented across borders.

In recent studies in the field of comparative HRM culture has generated more interest because of the belief that culture is at the base of people's behavior. In this section some researches of how HRM preferences influenced by cultural factors are given.

Many studies have demonstrated that the effectiveness of HRM practices depends on how well these methods are suitable with the culture in which they are implemented, including Hong Kong (Ngo, Turban, Lau, & Lui, 1998), China (Warner, 1998), Singapore (Barnard & Rodgers, 2000), Korea (Bae & Lawler, 1998), Oman (Aycan, Al-Hamadi, Davis, & Budhwar 2001 and, Kenya (Nyambegera, Sparrow, & Daniels, 2000). In addition, several studies have compared HRM systems across different cultural contexts such as the US, Japan and Germany (Pudelko, 2006), the US, Canada and the Philippines (Galang, 2004), Australia, Indonesia, Malaysia and Hong Kong (Mamman, Sulaiman, & Fadel, 1996), the UK and China (Easterby- Smith et al., 1995), East Asia (Zhu, Warner, & Rowley, 2007), Turkey, Germany and Spain (Özçelik & Aydinli, 2006), China, Japan and South Korea (Rowley, Benson, &

Warner, 2004), China and the Netherlands (Verburg, Drenth, Koopman, Muijen, & Wang, 1999), China and Taiwan (Warner & Zhu, 2002), and the UK and India (Budhwar & Khatri, 2001; Budhwar & Sparrow, 2002b).

Zeynep Aycan, Jurgen Deller, Rabindra Kanungo, Anwar Kurshid, Manuel Mendonca, Kaicheng Yu and Gunter Stahl (2000) stated that there are three different stages where in the cultural dimensions effect the human resource management practices. At the first stage organizations internal work culture is seen as a way that shares managerial assumptions and beliefs which relate to tasks and employees. At the second stage task driven assumptions are driven by the organizational characteristics such as industry, availability of resources, ownership status and market competition. Finally at the third stage employee related assumptions are driven by socio cultural characteristics.

Wright, Szeto & Cheng (2002), found that In general high power-distance societies prefer one-way over participative delivery of training and education courses in which the instructor is perceived to possess adequate authority. In these societies, organizations tend to employ senior managers rather than external trainers as instructors in order to ensure a high level of credibility and trust.

Reichel, Mayrhofer, & Chudzikowski (2009), showed that cultural value like high uncertainty avoidance drive managers to pursue systematic, internal and long-term orientations in personnel development. They stated that collectivist societies concentrate on seniority-based promotion decisions whereas Individualistic cultures are considered to place a stronger focus on discussing employees' potential for future promotion based on task performance.

Schuler and Rogovsky (1998) demonstrated that uncertainty-avoidance cultures place a stronger focus on individual performance-based pay. They stated that in low power-distance cultures employee share options and stock ownership plans are more widespread. Whereas high uncertainty-avoidance cultures prefer seniority- and skill-based reward systems given their inherent predictability.

Björkman & Lu (1999) indicated that in collectivist societies it is so difficult for candidates who recruited externally to enter the strong social networks within the organization and cope with resistance following their appointment, especially in cases where an internal candidate has been supported.

Koopman, Drenth, Verburg, van Muijen, and Wang (1999) sampled Chinese and Dutch industrial companies and found various differences in HRM perceptions among the two nations in the areas of performance appraisal, training, hiring and compensation practices. For instance, Dutch companies were more likely than Chinese industries to have formal procedures for compensation and hiring. Companies of China showed a greater tendency to base pay on both company and personal performance than did Dutch companies.

Aycan, Sinha and Kanungo (1999) compared HRM perceptions of both managers and workers in Indian and Canadian organizations and observed the impact of cultural contexts on these perceptions. . They found several important differences in opinions between the two nations. Canadians indicated that they felt more self-control and autonomy, or decision making ability and work without direct supervisions, than their Indian employee counterparts. Indians showed more forward thinking when planning goals and actions. They figured out significant correlations

between these differences in perceptions and differences in cultural dimensions, including uncertainty avoidance, power distance and paternalism. Indians scored higher on these traits than did Canadians.

Agyeman (2010) showed that cultural dimensions had a role in the development and structuring of training and development programs.

Mathur, Neelankavil and Zhang (2000) compared HRM practices in the United States with three Asian nations: India, China and the Philippines. They discovered important differences among Indian, Chinese, Filipino, and American managers' perceived importance of characteristics such as self-confidence, communication skills, educational achievement, past experience, planning/ decision-making and leadership ability. They concluded that these differences in HRM practices root in variations of Hofstede's cultural dimensions like collectivism/ individualism found between the four countries.

Brewster and Larsen (1992) observed differences in the HRM practices across ten European nations: France, Denmark, Italy, Germany, the Netherlands, Norway, Spain, Switzerland, Sweden, and the United Kingdom. The companies sampled represented several business and public sectors such as agriculture, chemical, health, manufacturing, and engineering.

They measured the extent to which HRM responsibilities were placed on line managers as contrasted to HR specialists (devolvement) and the degree to which these companies considered HRM as part of business strategy (integration).

Countries which demonstrated higher levels of devolvement more closely matched one another's cultural dimensions than countries with lower devolvement levels.

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They measured the extent to which HRM responsibilities were placed on line managers as contrasted to HR specialists (devolvement) and the degree to which these companies considered HRM as part of business strategy (integration). Countries which demonstrated higher levels of devolvement more closely matched one another's cultural dimensions than countries with lower devolvement levels. Netherlands and Denmark were shown to have high devolvement and low integration. These two countries share common scores on Hofstede's cultural dimensions of small power distance, high individualism, and low masculinity. Switzerland and Sweden show similar small power distance and high individualism scores. Brewster and Larsen discovered that these two countries both have high levels of both devolvement and integration. Countries with low devolvement did not fit each other's cultural dimension scores. Countries with low devolvement and high integration included Spain and France, which are culturally similar to one another. Germany was closer to Italy with higher uncertainty avoidance but more closely matched Great Britain with lower power distance. According to these findings different combinations of cultural dimensions may impact on HRM practices in varied ways.

(Baron, McFarland, Ryan, & Page, 1999) Found that members of high uncertainty avoidance tend to use more types of selection tests, use them more extensively, conduct more interviews and monitor their processes in more detail, thus suggesting a greater intent to collect objective data for decision making.

Kovach (1995) showed that the selection strategy and recruitment differs across cultures. For instance, collectivist cultures seem to prefer the use of internal labor markets in order to promote loyalty to the firm.

Snape, Thompson, Yan, & Redman (1998) indicated that members of high power-distance cultures tolerate autocratic assessment styles that do not require them to openly express their perspectives in the appraisal review whereas low power-distance cultures appear to use more participative and egalitarian forms of performance appraisal.

Fischer (2008) mentioned that cultural values and norms influenced on both the design and implementation of HRM practices. He stated that cultural dimensions such as power distance and individualism versus collectivism impacts on key HRM practices like recruitment, appraisal, compensation, and promotion.

Aycan (2005) indicated that in individualistic societies job descriptions are prepared for individual worker in contrast in collectivistic societies the unit of analysis in job descriptions is the work group rather than the individual employee, good interpersonal relationships with co-workers and teamwork are expected.

Barber (1998) mentioned that the culture impacts on various aspects of the recruitment process, so only those recruitment practices and methods that fit the culture are likely to be effective.

Khatri and Budhwar (2001) demonstrated that high power distant and collectivistic countries tend to place greater importance on recruitment criteria, like socio-political connections and ascribed status than on “hard criteria” such as knowledge, skills and abilities.

Rousseau, Tinsley (1997) mentioned that in collectivistic cultures Employee selection is person-centered, focuses on the fit of the recruit with the rest of the company on the other hand, employers in individualistic cultures are more likely to select applicants on the basis of whether they have the necessary skills and task abilities to choose measures on the basis of their validity in assessing these attributes.

Spence, Petrick (2000) indicated that highly structured, bureaucratic interview, which is the most popular and essential selection instrument, is less likely in collectivistic and more likely in individualistic cultures.

Ryan(1999) argue that in large Power Distance cultures educational qualifications are more important in hiring, possibly because of the emphasis those countries place on status.

Stohl (1993) concluded that Uncertainty Avoidance influences organizations to use more structured selection practices.

Dipboye, Johnson (2008) found that Countries high in femininity have more overlap in the social roles of women and men and value to a greater extent quality of life, relationships, caring for the weak, and modesty .The objective of selection procedures in feminine cultures is to hire individuals who have positive relationships with others.

Spence, Petrick (2000) mentioned that in masculine cultures there is a greater use of highly structured interviews with uniform guidelines, the same questions asked of each candidate and little personal interaction.

(Ayca, 2005) proposed that systematic and participative human resource planning in the large Power Distance cultures may not exist or is rare, short-term oriented and conducted with high flexibility, due to the centralization of the human resource planning decision-making process: HR plans may frequently change to accommodate the requests of executives in high level. On the other hand, human resource planning in low Power Distance cultures is conducted with the involvement and input of all line managers and is a long-term, rational and systematic approach to human resource and career planning.

According to Chen (1995), both the uncertainty avoidance and power distance dimension influenced formalization and centralization in South Korean companies. South Korea's high power distance score is reflected in the centralized structure of several South Korean companies.

Hampden-Turner's (1997) maintained that organizations and environmental culture are related to each other and cultural dimensions influences on the design and implementation of HRM policies and practices.

According to the Tayeb (2005) while the 'what' aspects of HRM may be universal across cultures, the 'how' question that determines the specific configuration and design of a particular instrument and the extent to which a desired outcome is reached will be culture-specific.

Easterby-Smith (1995) claimed that compensation systems differ considerably between collectivist and individualist cultures. , collectivist cultures tend to use group-based reward allocation and reveal lower overall pay dispersion while pay-for-performance schemes are very common in individualist cultures.

Lowe and Von Glinow (1998) discovered that in collectivist societies there are a relatively greater use of workplace child-care practices, flexible benefit plans, maternity leave programs and career break schemes, while these practices to be less important in masculine cultures.

Based on Verburg (1999) all HRM policies and practices are influenced by cultural dimensions and need to be taken into account when developing effective HRM. He stated that HRM can help to instill culture through training, selection, socialization and several forms of employee involvement to win minds and hearts and ensure shared beliefs and values.

Newman and Nollen (1996) figured out that utilizing the management practices which fit the cultural contexts would have more positive effect on the financial productivity than using management styles that does not fit the cultural background.

Hughes (1999) contended that in high power distance cultures Employees favor hierarchies and centralized power structure. While employees from low power distance cultures prefer decentralized power structure, flat organization, and equal privileges. He stated that Employees from high uncertainty avoidance cultures dislike uncertainty. They like to have orders and rules. In low uncertainty avoidance societies Employees prefer fewer rules.

Schneider (1992) indicated that national culture has influence on the culture of an organization by framing and selecting the particular sets of organizational, behaviors, norms and values that managers perceive as being consistent with their own basic assumptions that have been developed in their specific cultural context. In this way, cultural assumptions can impact the organizational decision-making process.

House (2004) identified the relationship between cultural dimensions and HRM practices, which allow cultural dimensions to be, divided into those that disable and others that enable HRM practices.

Dastmalchian (2000) studied forty Korean and thirty-nine Canadian organizations and found that the differences between the national cultures (Korean versus Canada) can impact on HRM practices.

Brewster (2006) contended that HRM practices and HR strategy are influenced by environment in which legislation; importance of trade unions, many state related factors, and national culture play a part.

Hendry and Pettigrew (1992) indicated a number of internal factors like the organizational culture, structure (positioning of HR), level of technology employed, leadership, and business output directly contribute to shape the contents of HRM.

According to Kandula (2006) the key to good performance is a strong culture. He further maintains that due to difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the same location.

Aycan (1999) contended that a manager of a company in a nation that has high power distance will not participate employees in decision making and will assume he has the authority and right to make every decision. He will be bureaucratic and will not allow employees to take initiative.

Based on Jackson, Schuler, and Werner (2009), an organization exists in an external environment which comprises the following factors: “the political landscape, economic globalization, labor markets, industry dynamics, and country cultures”. These factors influence the way a company manages its human resource.

Debrah(2004) found that high power distance will dictate that employees do not need to be empowered and training will always be done by older managers who respect experience and status above all else.

Kanungo and Mendonca (1990) stated that cultural dimensions have a direct influence on HRM. The human resource of the organization is then managed based on the nation's culture. For instance, an organization is set up in a low power distance society, meaning that power is evenly distributed from the leaders to the subordinates.

Aycan (2000) found that manager's assumptions about HRM practices and employees in organizations are related to the manager's perceptions of socio-cultural environment.

Weber (1998) stated that selection and recruitment were strongly affected by cultural dimensions, while training and development and pay/benefits were best explained by organizational factors, like size, sector and corporate strategy.

Gooderham (1999) mentioned that cultural dimensions play an important role in shaping human resource management practices.

Hofstede (1991) indicated that in large power distance countries management by objectives (MBO) which is associated with HRM practices like performance appraisal, reward and compensation, will not work because they presuppose some form of negotiation between superior and subordinate which neither party will feel comfortable with.

Myloni and Wil Harzing (2003) according to their study on Greece concluded that the effect of cultural dimensions on HRM in Greece is significant. HR practices, such as recruitment, planning, and performance appraisal are to a great extent in accordance with the cultural values of Greek society.

Fields and Nyambegera (2000) contended that contextual variables, especially national culture, influence on HRM practices.

Recently, Robert House with a group of researchers from the Wharton School, have joined efforts to carry out the globe study in sixty countries. This study figured out similarities and differences in cultural and organizational values. The results show that in this sample, Israel appeared as the most egalitarian country and Japan as the country with the highest level of power distance. Russia and Japan are the most collectivistic cultures and the USA is the most individualistic culture in this sample.

Quintanilla and Ferner (2003) stated that cultural dimensions have the greatest influence on national HRM Systems. They argued that, national culture, a concept which consists of values, norms and their implications for beliefs, expectations, orientations and behavior affect HRM practices.

and Rogovsky (1998) contended that in countries with high level of individualism and countries with low level of uncertainty avoidance individual incentive compensation practices have a better fit.

Sparrow and Wu (1998) based on their research on Taiwan concluded that the vast majority of HRM policies and practices were culture linked.

Kanungo (1990) indicated that management attitude affected by power distance, low uncertainty avoidance, high individualism which leads to negative impact on performance management.

Reddy (2011) based on his study in UAE stated that there is a large gap between the low level management and the senior management. Most of the organizations show high power distance where in subordinates are treated in a low level and, senior management separate themselves from the rest, and high level of inequality prevails. He indicated that there is high uncertainty avoidance that focuses on strict rules, policies, laws, regulations that needs to be implemented He also mentioned that there are high levels of barriers of information flow in UAE organization and this is effected by low individualism, high power distance, and high masculinity dimensions.

2.6 Overview of Literature

Several studies have been conducted exploring relationship between cultural dimensions and HRM practices (Guest, 1987, Hendry & Pettigrew, 1986, Pfeffer, 1995, Ferner, 1997, Ulrich, 1997, Sparrow and Wu 1998, , Watson, 2005, Storey, 2001, Khandelar and Sharma, 2005, Stroh and Caligiuri, 2005, Aycan, 2005, Ling and Jaw, 2006, Benedict, 2006). These studies make it clear that culture is an important determinant of shaping HRM practices and found that if HR practices aligned with cultural dimensions can lead to long-term competitive advantage for the organization. These studies demonstrated that culture is one of the dominating factors that influence HRM practices and also stated that effective international human resource management is positively related to culture and due to cultural differences best HRM practices may not always transfer across countries.

Chapter 3

METHODOLOGY

The data used in this research is based on 2004 CRANET survey and Hofstede cultural dimensions scores. CRANET (Cranfield Project on International Strategic Human Resource Management) is an international network of business schools around the world which conducts a Human Resource Management (HRM) survey, investigating policies and practices in managing people through a set of common questions. Today it consists of business schools and universities from over 40 countries worldwide. However, because of the financial crisis in 2008/2010 the number of participant countries in the CRANET survey 2008/2010 is slightly smaller than the number of actual members in the CRANET network. Every four years the survey is undertaken.

As a result, CRANET provides high quality data of the human resource department's institutionalization, HRM practices, and organizational characteristics for public and private sector organizations, academics, as well as for students of the field, to inform research and to create new knowledge about HRM. CRANET provides benchmarks for comparing Europe with developments elsewhere in the world. This allows a systematic comparative analysis of HRM trends within employing organizations.

In two ways, CRANET As a dataset is unique: first it allows for the comparison of Human Resource Management practices and policies in a large number of countries

around the world, including, the USA, Northern, Eastern, Western and Latin Europe, Australia and Japan. Second, since 1989 as the Network has collected data on a regular basis, CRANET allows the examination of tendency and changes in HRM over a 21-year period.

CRANET, in the area of comparative HRM research, is unique regarding its size, growth and its continuity in performing the survey. Since its inception in 1989, the CRANET network collects data on HRM policies and practices through a standardized survey. The survey covers main areas of HRM policies and practices such as recruitment and staffing, compensation and benefits, training and development, and employee relations and communication.

A paper-based questionnaire was predominantly the methodology of the survey, although some countries additionally conducted an online/email survey. All countries which participated in CRANET contacted the senior HR manager with a standardized questionnaire. The questionnaire is divided into six sections:

Section I: **HRM activity in the organization**, concentrates on basic information about the HRM function in an organization like the HR information system and the responsibilities of the HRM function, as well as the organization itself such as number of employees, educational level, age structure, and implementation of strategies.

Section II: **Staffing practices**, refers to the selection methods and recruiting activities of an organization. This section is also contains several questions about an organization's action programs and working arrangements.

Section III: **Employee development**, focus of this section is to receive information on training needs, design, and the implementation and evaluation of training as well as on methods for career development.

Section IV: **Compensation and benefits**, includes questions about the level(s) of basic pay and bonus schemes as well as on schemes in excess of statutory requirements.

Section V: **Employee relations and communication**, focuses on questions about the influence of employer's associations, trade unions, and the methods used to communicate with employees within an organization.

Section VI: **Organizational details**, addresses organizational details like the industrial sector, industry, performance, and geographical market. It also includes questions about personal details of the respondent, such as gender or working experience.

In this thesis cultural dimensions (power distance, uncertainty avoidance, individualism/collectivism and masculinity) considered as independent variables and written documents, style of decision making (centralized or decentralize), action programs for women, team working and direct communication are considered as dependent variables.

Written documents: It means that mission statement, business strategy and values statement are written.

Style of decision making: It means that responsibility for making major decisions about pay and benefits, recruitment and selection, training and development are centralized by HR department or decentralized by line management.

Action programs for women: It means that arranging specific programs for women and care about them.

Team working: Teamwork is the concept of people working together cooperatively.

Direct communication: It means that employees communicate to their superiors directly.

Instead of establish the semantic or linguistic equivalence of the questions among all participating nations; CRANET used translation/back-translation methods of the standardized questionnaire.

CRANET applies a number of established procedures to reduce non response bias. For instance, participating countries develop a short cover letter that introduces CRANET, the research topic, and presents contact data. The purpose of these procedures is increasing motivation and interest to participate in the study. Additionally, non respondents are contacted by telephone.

Hofstede's work-related cultural dimensions were used as research paradigm in the field of cross cultural psychology, intercultural communication, and international management in the past 3 decades. The well known Five Cultural Dimensions are a result of dimensions that tells the differences and similarities of different countries

cultures. Geert Hofstede was collecting data information about employees' values of IBM Company in more than 70 countries with 100,000 responded questionnaires. Later, he did more researches to prove his previous study results, which were done by research on about pilots in 23 countries, elites in 19 countries, up-consumers in 15 countries and administration managers in 14 countries. To obtain this research Hofstede worked with IBM staff over the years 1967 to 1978. He provided a factor analysis of 32 questions in 40 countries from the data he obtained. From this he figured out four bipolar dimensions (Individualism/Collectivism, Power Distance, Uncertainty Avoidance, Masculinity/Femininity), which became the basis of his characterizations of culture for each country (d'Iribarne 1996, 33; Dorfman and Howell 1988, 129; Hofstede 1980; Schneider and Barsoux 1997, 79).

In this research all countries which their data are available on CRANET are considered but four European countries (Belgium, France, Germany, and UK) are focused specifically. Reason of selecting these European countries is although they have similarities and they are all located in the same continent but they have cultural differences, meaning that European countries in terms of HRM practices are characterized by a serial of differentiation factors. Total number of companies from countries below which participated in CRANET was 6190.

Table 3.1. Number of companies collaborated in the CRANET questionnaire survey in each country

Country	Frequency	Percent	Valid Percent	Cumulative Percent
United Kingdom	1101	17,8	17,8	17,8
France	140	2,3	2,3	20,0
Germany	347	5,6	5,6	25,7
Sweden	383	6,2	6,2	31,8
Spain	158	2,6	2,6	34,4
Denmark	516	8,3	8,3	42,7
The Netherlands	397	6,4	6,4	49,1
Italy	117	1,9	1,9	51,0
Switzerland	311	5,0	5,0	56,1
Turkey	171	2,8	2,8	58,8
Finland	293	4,7	4,7	63,6
Greece	180	2,9	2,9	66,5
Valid Czech Republic	72	1,2	1,2	67,6
Austria	270	4,4	4,4	72,0
Belgium	230	3,7	3,7	75,7
Bulgaria	157	2,5	2,5	78,2
Hungary	59	1,0	1,0	79,2
Australia	259	4,2	4,2	83,4
Israel	175	2,8	2,8	86,2
USA	260	4,2	4,2	90,4
Estonia	118	1,9	1,9	92,3
Slovenia	161	2,6	2,6	94,9
Philippines	56	,9	,9	95,8
Slovakia	259	4,2	4,2	100,0
Total	6190	100,0	100,0	

Table 3.2. Hofstede cultural dimensions scores

Country/Dimension	Power Distance	Individualism	Uncertainty Avoidance	Masculinity
Australia	36	90	51	61
Austria	11	55	70	79
Belgium	65	75	94	54
Bulgaria	70	30	85	40
Czech Republic	57	58	74	57
Denmark	18	74	23	16
Estonia	40	60	60	30
Finland	33	63	59	26
France	68	71	86	43
Germany	35	67	65	66
Greece	60	35	112	57
Hungary	46	80	82	88
Israel	13	54	81	47
Italy	50	76	75	70
Philippines	94	32	44	64
Slovakia	104	52	51	110
Slovenia	71	27	88	19
Spain	57	51	86	42
Sweden	31	71	29	5
Switzerland	34	68	58	70
Turkey	66	37	85	45
The Netherland	38	80	53	14
UK	35	89	35	66

Table 3.3. Hofstede cultural dimensions scores in four selected countries

Dimension/country	Belgium	France	Germany	UK	World Average
Power Distance	65	68	35	35	55
Individualism	75	71	67	89	43
Uncertainty Avoidance	94	85	65	35	64
Masculinity	54	43	64	64	50

Chapter 4

HYPOTHESIS DEVELOPMENT

In high uncertainty avoidance society in order to avert uncertainty organizations are inclined to develop more written rules. More written rules and structured organizational activities are seen in countries with high uncertainty avoidance and people have less ambitious and are more risk-averse. On the other hand in societies with low uncertainty avoidance there are less structure and fewer precise rules and regulations and employees and Managers are inspired to take more risks (Adler, 1997).

Armstrong (1996) discovered that in countries with high uncertainty avoidance, employees need written rules to lead decision making. So, figuring out uncertainty avoidance can help organization to formalize written codes for workers. Therefore:

H1: In countries with high uncertainty avoidance, we expected that mission statement, business strategy, personnel/HRM strategy and corporate values statement are written documents.

Decisions are made by a small number of top managers in countries which have a high power distance culture. In a high power distance culture workers are not able to take part and be involved in decision making and they just follow passively (Kume, 1985). One of the characteristics of high power distance societies is centralized decision making which refers to a system that people at the top of the organization

made all of the important decisions. On the other hand, in low power distance societies decision making is decentralized and line managers and lower level managers are involved in this process (Garcia 2010). So:

H2: In high power distance countries we expected that centralized HR department is responsible for major policy decisions on pay and benefits, recruitment and selection, training and development, industrial relations.

Recruitment method is one of the areas which influenced by power distance. Based on Budhwar & Khatri (2001) in countries with high power distance culture organizations tend to prefer select employees internally rather than use external methods for selecting workers and they considered social connections and status rather than considering merit alone.

H3: In collectivistic countries we expected that staff category (management, professional technical, clerical, manual) are most frequently filled internally and in individualistic countries filled through recruitment agencies, advertisement and direct from educational institution.

The word of masculinity reminds people the differences between genders at first look. But masculinity is very complex expression. Hofstede (1980) has mentioned some characteristics for high masculine societies such as inequality between genders; some jobs are traditionally male occupations, differences between men and women in pursuing higher education. On the other hand characteristics of low masculine societies are included low work stress, higher gender equality, action programs for women and team work. Butler (1990) stated that high masculine societies stressed on

money, success and status and men are dominated in these societies, he mentioned that on the other hand in low masculine societies quality of life and equality and caring about women are considered. Therefore:

H4: In low masculinity countries we expected that organizations have action programs for women.

Many aspects of collectivism are mentioned by researchers such as identity according to social network, shared responsibility, encouraging every person to be an active player in society, protection through loyalty to the group and cooperation and working with others is the norm; everyone relies on each other for support. Collectivists are more likely than individualists to prejudge people based on group identity. Past research has shown that in collectivistic societies working in teams and networking are desirable (Erez, 1995). Some studies demonstrated that collectivists incline to have a potent attachment to their organizations and incline to cooperation and team working more than individualistic societies (Jung & Avolio, 1999; Triandis, 1995). Also Kirkman and Shapiro (2001) discovered positive correlation between team working and collectivist culture. Oeitzel (1998) compared American and Japanese group working behavior and found that Japanese as a collectivist culture tend to team working and cooperating more than Americans as a individualist society.

H5: In collectivistic countries methods for managerial career development will be based on participation in project team work and networking.

Based on the previous studies the work relationship between managers and their employees is dependent on the power distance. In the nations with the low power

distance managers and employees are sensed as partners and as a result the best and fit management style is the democratic one. In low power distance countries employees prefer a participate manager and in these societies communication is more open and subordinates have more possibility of contact with their superior (Bialas, 2009). Mead (2003) stated that in low power distance societies managers and employees contacts directly and distance between them is smaller than distance between managers and employees in high power distance societies.

H6: In low power distance countries we expected that the employees contact to their mangers through direct communication.

Chapter 5

DATA ANALYSIS AND DISCUSSIONS

In this part the analysis of data and discussions of each hypothesis are provided. The analysis was done by utilizing the Software Package for Social Sciences (SPSS).

5.1 Hypothesis One (H1)

The first hypothesis is: *In countries with high uncertainty avoidance, we expect that mission statement, business strategies, personnel/HRM strategy and corporate values statement are written documents.*

Based on section I, question 5 of questionnaire that was undertaken by CRANET, the respondents are asked to answer whether they have each item that mentioned in hypothesis or not and if they have, it is written or unwritten. If the answer was yes it means they have high uncertainty avoidance, and if the answer was no it shows low uncertainty avoidance. In this hypothesis culture is independent variable and using written documents is dependent variable.

5.1.1 Comparing All Countries

To find coefficients between using of written documents and uncertainty avoidance among 24 surveyed countries, the regression analysis was conducted and the results are provided in table 5.1. In this analysis, size of participating companies in CRANET survey is considered.

In the table 5.1, the dependant variable represents using less written documents, meaning that if uncertainty avoidance is high, the use of written documents is low. The results show the negative relation between uncertainty avoidance and using written documents. When the culture is high in uncertainty avoidance, more written documents are expected and vice versa. Uncertainty avoidance (UA) significantly predicted the use of written documents scores as $b=-0.147$, and significance (ρ) is less than 0.001.

On the other hand, the increasing in the size of companies makes them less using of written documents as the coefficient between size and H1 is positive. The standardized slope (beta) of the regression line is 0,153, and the significance is less than 0.001.

Referring to the results, the simple correlation between uncertainty avoidance and use of written documents is 0.211 and the value of R square is 0.045 which demonstrates that this cultural dimension (uncertainty avoidance) can account for 4.5% of using written documents.

Table 5.1. Hypothesis one regression table for testing the relation between uncertainty avoidance and using written documents

Model	Beta	SE B	B	P
Uncertainty Avoidance	-0.014	0.001	-0.147	0.000
Logarithm Size	0.595	0.057	0.153	0.000

Note: $R=0.211$, $R^2 = 0.045$

5.1.2 Comparing Four Selected Countries

The relation between uncertainty avoidance and using of written documents is investigated among 4 selected countries by doing an ANOVA analysis. Selected countries are: Belgium, France, Germany, and UK. The Hofstede score of uncertainty avoidance of each country and world average, and the mean of less using written documents are provided in table 5.2. In this analysis, the means of H1 (less using of written documents) is compared among 4 countries. Based on this table, Belgium, UK, France, and Germany have higher means of H1 or lower rate of using written documents in order of their appearance. Although Belgium is a high uncertainty avoidance country, contrary to expectations it shows high mean of H1 too (less written materials).

Table 5.2. Hofstede uncertainty avoidance score and mean of less using written documents in selected countries for testing relation between uncertainty avoidance and using written documents

Dimension/Country	Belgium	France	Germany	UK	World Average
Uncertainty Avoidance	94	85	65	35	64
Mean of less using written documents	10,1000	9,3333	8,7046	9,9700	-

Table 5.3 shows that the effect of uncertainty avoidance on the using of written documents is significant, $F=28.12$, $p<0.001$.

Table 5.3. Hypothesis one ANOVA table for testing relation between uncertainty avoidance and using written documents

Stub head	df	F	Mean squares	P
Between Groups	3	28.121	148.167	0.000

Within Groups	1689		5.269	
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5.2 Hypothesis Two (H2)

Hypothesis two states: *In high power distance countries we expected that centralized HR department responsible for major policy decisions on pay and benefits, recruitment and selection, training and development, industrial relations.*

This hypothesis is based on section I, question 7 of CRANET questionnaire which asked who has primary responsibility for major policy decisions on pay and benefits, recruitment and selection, training and development, industrial relations, and workforce expansion/ reductions. The answer 1 shows decentralized responsibility and answer 4 indicates centralized human resource responsibility. In this hypothesis culture is independent variable and centralized decision making is dependent variable.

5.2.1 Comparing All Countries

A regression analysis was conducted on data to discover the correlation between power distance and style of making decisions and responsibility of human resource management. The results show a weak relationship. It was expected that HR responsibility to be high in high Power Distance countries, but it shows a weak relationship significant at $p=0.067$. R squared also shows that the model (Power Distance, logarithm size and industry) only explain 0.02 of the variation in human resource management or centralized HR management responsibility in decision making (table 5.4).

Table 5.4. Hypothesis two regression table for testing the relation between high power distance and centralized decision making

Model	B	SE B	B	P
Power Distance	0.006	0.003	0.027	0.067
Logarithm Size	0.787	0.088	0.133	0.000
Industry	-0.282	0.103	-0.041	0.006

Note: $R=0.140$, $R^2 = 0.020$

5.2.2 Comparing Four Selected Countries

The ANOVA analysis was undertaken to determine the influence of power distance score of 4 selected countries on style of decision making responsibility of their companies. The Hofstede power distance score of selected countries and the world average, and the mean of centralized decision making are provided in table 5.5. It is expected that in country that power distance was high, the responsibility of decision making in human resource would be more centralized. According to the results (table 5.5), France which has the highest power distance score, has high human resource responsibility score too and it supports the hypothesis. However, it is not true about Belgium which has the second highest power distance score, but has the lowest human resource responsibility score, so it does not support the hypothesis.

Table 5.5. Hofstede power distance score and mean of centralized decision making in selected countries for testing relation between high power distance and centralized decision making

Dimension/Country	Belgium	France	Germany	UK	World Average
Power Distance	65	68	35	35	55

Mean of centralized decision making	12,5990	14,4191	13,2264	13,7862	-
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Table 5.6 indicates that the effect of power distance on style of decision making responsibility is significant ($F=15.537$, $p<0.001$).

Table 5.6. Hypothesis 2 ANOVA table for testing relation between high power distance and centralized decision making

Stub head	df	F	Mean squares	P
Between Groups	3	15.537	124.505	0.000
Within Groups	1681		8.013	

5.3 Hypothesis Three (H3)

H3: *In collectivistic countries we expected that staff category (management, professional technical, clerical, manual) are most frequently filled internally and in individualistic countries filled through recruitment agencies, advertisement and direct from educational institution.*

Based on section 2 of the CRANET questionnaire, parts A and D which are internally and word of mouth represent informal recruitment methods. Parts B, C, and G which are recruitment agencies/consultancies, advertisement, and direct from educational institution indicate formal recruitment methods. In countries where collectivism is high, using more informal recruitment methods are expected. Similarly, in countries where the individualism is high, using more formal recruitment methods are anticipated. In this hypothesis culture is independent variable and way of recruiting people (externally or internally) is dependent variable.

5.3.1 Comparing All Countries

To find the relation between individualism and formal recruitment methods regression analysis was run on the data. Referring to table 5.7, individualism significantly predicted formal recruitments methods ($\beta=0.216$, $\rho<0.001$) and it explains 21.5% of the variance ($R^2 = 0.046$)

Table 5.7. Hypothesis two regression table for testing relation between collectivism and way of recruiting employees

Model	B	SE B	B	P
Individualism	0.015	0.001	0.216	0.000
Logarithm Size	-0,016	0.031	-0.007	-0.601
Industry	-0.018	0.036	-0.007	0.609

Note: $R=0.215$, $R^2 = 0.046$

5.3.2 Comparing Four Selected Countries

The ANOVA test was done to comparing the individualism and formal recruitment method among four selected countries. The Hofstede score of individualism of selected countries and world average, and the mean of formal recruitment are provided in table 5.8. Results show that UK has the highest mean of formal recruitment. UK also has the highest score of individualism, thus this is in line with the hypothesis.

Table 5.8. Hofstede individualism score and mean of formal recruitment in selected countries for testing relation between collectivism and way of recruiting employees

Dimension/Country	Belgium	France	Germany	UK	World Average
Individualism	75	71	67	89	43

Mean of formal recruitment	1,8696	1,8286	1,9135	2,6885	-
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Table 5.9 indicates that the individualism has a considerable effect on use of formal recruitment methods ($F=61.43$, $df=3$, $p<0.001$).

Table 5.9. Hypothesis three ANOVA table

Stub head	df	F	Mean squares	P
Between Groups	3	61.434	94.200	0.000
Within Groups	1814		1.533	

5.4 Hypothesis Four (H4)

Hypothesis 4 is: *In low masculinity countries we expected that organizations have action programs for women.*

Part D of section II, question 5 of CRANET questionnaire inquires regarding if companies have actions program covering: minority ethnics, old workers (aged 50 plus), people with disabilities, and women. The positive answer represents low masculinity and the negative response indicates high masculinity. In this hypothesis culture is dependent variable and having action program for women is dependent variable.

To identify the relation between the masculinity and the items mentioned above, a t-test was done. Table 5.10 illustrates that the mean country masculinity score in

countries that do not have action programs for women is 50.42 (SD=26.04), whereas the mean country masculinity score for the companies that have action programs to encourage and empower women is 47.15 (SD=27.53). Influence of masculinity score on having action programs for women is significant ($t=3.93$, $p<0.001$).

Table 5.10. Hypothesis four t-test table for testing relation between masculinity and action program for women

	Women - action programs	Mean	SD	S.E Mean
Masculinity	NO	50.4238	26.04221	0.40528
	Yes	47.1547	27.52558	0.75420

Note: $t=3.928$, $p<0.001$

5.5 Hypothesis Five (H5)

H5: In collectivistic countries variable pay will be based on Team/department performance and in individualistic countries will be based on Individual performance.

Based on section IV, question 3 of the questionnaire, the surveyed companies were asked to determine that do they offer variable pay to the management, professional/ technical, clerical/ administrative, and manual. If the answer is yes, on what basis they pay, based on team/ department performance, or individual performance, or company-wide performance. In this hypothesis culture is independent variable and base of pay and benefits is dependent variable.

The companies were categorized into four groups. One group of companies that use none of the incentive methods. Group two companies that use only individual incentives. Third group companies that use only group incentives, and group four companies that use both incentives.

The mean of individualism score for the countries in which these companies operate was measured by doing an ANOVA analysis. The results do not show that companies in highly individualistic countries to use more individual incentives. Infact the group with the highest level of individualism score was the group which used no incentive methods at all (table 5.11).

Table 5.11. Hypothesis five ANOVA table for testing relation between collectivism and base of pay and benefits

Stub head	df	F	Mean squares	P
Between Groups	3	50.917	16033.430	0.000
Within Groups	6186		314.895	
Mean: None 70,7884; Individual 64,8106; Group 66,9088, Both 64,1915				

5.6 Hypothesis Six (H6)

Hypothesis six states: *In low power distance countries we expected that the way employees communicate their views to management will be the combination of Direct to senior managers, Through immediate superior, Through trade union representatives, Through works council, Through regular workforce meetings, Team briefings, Suggestion schemes, Attitude surveys and Electronic communication.*

For this analysis, section V, question 9 of CRANET questionnaire is considered which is "Has there been a change in the way employees communicate their views to management in the past three years?". If the response was 1, 2, or 3 this was coded as "the communication technique is used" (1). If response was 4 this was coded as "the communication technique is not used" (0). In this hypothesis culture is independent variable and communication way of employees to their managers is dependent variable.

This study is focused on the item that measured communication "A. Direct to senior managers". It is expected that in low power distance countries the use of "A. Direct to senior managers" will be more. By comparing the mean power distance score between companies that have direct communication and companies that do not have direct communication, It is expected higher Power Distance (PD) in companies that do not have direct communication. So companies that do not have direct communication are more likely to be in high power distance countries.

According to table 5.12, Results show that companies that have direct communication have mean power distance (PD) of 40,92 and companies that do not have direct communication have mean power distance of 53,89. This shows that the power distance is higher in companies that do not have direct communication. This table indicates that power distance significantly influence having direct communication with senior managers as the amount of p is less than 0.001 ($t=11.98$).

Table 5.12. Hypothesis six t-test table for testing relation between power distance and way of communication to managers

	Communication to management	Mean	SD	S.E Mean
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Power	No direct communication	53.9896	24.22910	1.23323
Distance	Direct communication	40.9344	20.44333	0.27441

Note: $t=11.976$, $\rho<0.001$

Chapter 6

CONCLUSION AND RESEARCH IMPLICATIONS

6.1 Conclusion

This study addressed that how HRM practices in different countries shaped and influenced by cultural dimensions. While this attitude is worthy by the increasing number of conceptual discussion and empirical research and it is obvious that national culture has a significant role in shaping HRM practices but it is not the only factor and other elements like rules and regulations, socioeconomic, business environment, etc have influence on that.

This research investigated the impact of four cultural dimensions which recognized by Hofstede on implementing and designing HRM practices and had a general overview of 24 countries which their data was available on CRANET and focused on 4 European countries.

This thesis comprised six hypotheses, some of them were approved and some unexpected results which deserve further researches were found.

Hypothesis 1 investigated the impact of high uncertainty avoidance on using of written documents. The findings of study on all countries showed the negative correlation ($\beta=-0.147$) between high uncertainty avoidance and less using of written documents. However the results of analyzing the data of four selected countries did

not support this hypothesis. For instance in case of Belgium with the highest score in uncertainty avoidance (94) between other selected countries had a highest score of less using documents.

Hypothesis 2 inquired that centralized decision making on pay and benefits, recruitment and selection, training and development, industrial relations is one of the characteristics of high power distance societies. The findings of study on all countries showed a weak relationship ($\rho = 0.067$) and hypothesis was not confirmed when look at the results of four selected countries. For instance, Belgium which had the second highest power distance score (65) among four selected countries, but had the lowest mean in centralized decision making, so it did not support the hypothesis.

Hypothesis 3 investigated that the way of selecting employees in collectivistic countries is internally and in individualistic countries filled through recruitment agencies, advertisement and direct from educational institution. The results from regression and ANOVA supported our hypothesis. For instance UK which had a highest individualism score (89) among four selected countries also had the highest mean of formal recruitment.

Hypothesis 4 stated that organizations in low masculinity countries have action programs for women. The result from T-test significantly confirmed our hypothesis. It showed that countries which did not have action programs for women had a mean score of masculinity 50.4238 and countries which had action programs for women had a mean score of masculinity 47.1547. It means that countries which had action programs for women had a lower score of masculinity.

Hypothesis 5 contended that in collectivistic countries variable pay is based on Team performance and in individualistic countries is based on Individual performance. At first companies categorized into four groups, first one was companies that used none of the incentive methods. Second group was companies that used only individual incentives; third group was companies that used only group incentives and group four was companies that used both incentives. The results of ANOVA test indicated that countries with high individualism score utilized neither individual nor group incentives and it did not confirmed our hypothesis.

Hypothesis 6 stated that employees in low power distance countries contact to their managers through direct communication. According to the results of T-test analysis in countries which employees did not have direct communication to senior managers had the higher mean of power distance (mean=53.99) in compare with countries in which employees had direct communication with superiors (mean=40.93) and the relation was significant as significance rate was less than 0.001.

6.2 Research Implications

For further studies the following recommendations are suggested:

- By the reason that this research is limited and just applied Hofstede cultural dimensions for cultural differences analysis investigating deeply and further analysis in to cross cultural HRM is highly recommended
- Doing further researches on the impact of cultural dimensions on the HRM practices.
- Considering other things which have effect on HRM practices like rules, regulations and legislations, political and social environment.

- Focusing on more countries and comparing nations from different continents which have huge differences at the point of view of culture.
- Expanding cultural dimensions with another dimension of culture (long term orientation) which Hostede added later.
- Measuring cultural dimensions on a new basis and making comparison with Hofstede scores

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