INTERNATIONAL HUMAN RESOURCE MANAGEMENT AND NATIONAL CULTURAL CHALLENGES

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Abstract

A number of researchers have investigated the role of and importance of national culture on international human resource management and it is named as the major challenge that human resource management should be aware of when going global to achieve its organizational goals. Getting individuals from different ethnic backgrounds working together may be difficult in some parts of the world and international human resource management professionals should be aware of this cultural difficulty. This paper studies the influence of national cultural challenges on international human resource management which is investigated commonly by Hofstede’s cultural dimensions, achievement motivation theory, equity theory, expectancy theory, job design, work centrality, and rewards.

Key Words: International Human Resource Management, National Culture and Cultural Challenges.

ULUSLARARASI İNSAN KAYNAKLARI YÖNETİMİ VE ULUSAL KÜLTÜREL ZORLUKLAR

Özet

Bir kısım araştırmacılar tarafından uluslararası insan kaynakları yönetimindeki rolü ve önemi araştırılan ulusal kültür; uluslararası alanda örgütel hedeflere ulaşılmasında farklılaşmış gereklenmiş önemli bir sorun olarak adlandırılmıştır. Uluslararası insan kaynakları yönetimi dünyanın farklı ülkelerindeki uygulanmalarda farklı etnik kökenlerden gelen kişilerin birlikte çalışması ile oluşan kültürel zorlukun farkında varmalıdır. Bu çalışmada, Hofstede’nin geliştirildiği kültürel boyutlar kavramının yanısıra; motivasyon teorisi, eşitlik teorisi, beklenti teorisi, iş tasarım, iş merkeziliği, ve ödüller kavramlarının uluslararası insan kaynakları yönetimi üzerindeki etkisi incelemiştir.

Anahtar Kelimeler: Uluslararası İnsan Kaynakları Yönetimi, Ulusal Kültür ve Kültürel Zorluklar.

1. INTRODUCTION

More effective management of human resources is increasingly being seen as positively affecting performance in most of organizations, as a result of dramatic increases in international activity in the past decade have raised attention on the management of human resources in firms operating across borders. In addition, international human resource management differs from domestic HRM and it is more difficult than domestic HRM because of macro environmental factors such as cultural, socioeconomic and political. This contingency perspective of the practice culture fit model emphasizes that cultural context is important to explain the consequences of human resources management (Chow vd., 2008; Wang. vd, 2011). Managing human resources in different cultures, economies, and legal systems presents some challenges. HR professionals find that their nationality, training and experience lead them to make assumptions that are cultural based (Hofstede, 1991). For instance, in Asia and the Middle East, employees often readily accept inequitable treatment in order to preserve group harmony. Additionally, in countries like Japan and Korea, men and women typically receive different pay for doing the same work, yet because of years of cultural conditioning these women may not feel they are being

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Differences in cultural expectations can be particularly frustrating for women, who may not be considered “appropriate” for senior or professional level positions by the senior management of an international employer (Golesorkhi, 1991).

Other researchers found that the greater the cultural differences are the more decentralized approach for rapid and customized responses will be (Boyacigiller, 1990). Complex local customs and laws also favor a decentralized approach, allowing the local HR department to adapt its policies and practices to local realities (Correy, 1991). The increasing internationalization and globalization of business makes it more pressing than ever to understand how to establish HRM procedures that can deal with considerable cultural and national differences. A number of international researchers have investigated the role of and importance of national culture on human resource management and it is named the major challenge that Human resource management should be aware when going global to achieve its organizational goals. This paper studies the influence of cultural challenges on international human resource management.

2. INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Human resource management has been identified as a potentially powerful strategic tool that helps firms formulate and implement their business strategies and further improve their performance (Lengnick-Hall & Lengnick-Hall., 1988; Schuler & Jackson, 1987; Taylor v.d., 1996). Human Resources are usually considered as one of the most valuable assets in an organization, but only a few organizations generate real benefit out of this resource (Preffer, 1998). Human resources and HR techniques are considered to generate and sustain competitive advantage in the increasingly globalized market because they are not easily and quickly replicated or imitated by competitors (Barney, 1991). However, a growing body of empirical research has found that HRM aligned with cultural and other contextual factors arising from the global operating environment of MNCs (Ahmed & Schroeder, 2003). In particular, International Human Resource Management has been increasingly considered a key differentiating factor between the winners and losers in MNCs since the 1990’s (Schuler v.d., 1987; Taylor v.d., 1996). Shen (2005:83) explains international human resource management in terms of a system: “a set of distinct activities, functions and processes that are directed at attracting, developing, and maintaining the human resources of a multi-national corporation.” In addition, different countries and nations, cultural values and attitudes influence HRM practices in organizations (Tayeb, 2005; Sparrow & Wu, 1998). Differences in approaches to HRM would most likely be the result of the interconnection between the culture and structure of a particular society (Claus, 2003). Issues to do with the diversity of the workforce are becoming increasingly important in HRM (Mayrhofer & Larsen, 2006; Choy, 2007). The issues at the societal level specifically relate to the changing nature of the workforce. Increasing numbers of women are entering the labour market, ethnic minorities will be forming an increasing part of the workforce and the working population is aging (Linehan & Hanappi, 2006). It has been noted that few organizations know how to manage HR effectively in a dynamic international environment because best practices in one context do not always translate to other contexts with differing socio-economic conditions and cultures (Chilton, 1993). National culture has become a major concern for international human resource management.

3. NATIONAL CULTURE

The concept of national culture has received considerable attention in the general management literature. National culture is defined as the values, beliefs and assumptions learned in early childhood that distinguish one group of people from another (Beck & Moore 1985; Hofstede, 1991). This definition is consistent with Hofstede’s notion of national culture as software of the mind and with Jaeger’s “common theories of behavior or mental programsthat are shared”(Jaeger, 1986: 179). National culture is embedded deeply in everyday life and is relatively impervious to change. Another observation that national culture was woefully underdeveloped conceptually for comparative research has been addressed in recent years with several attempts to conceptualize and measure...
differences in cultures among nations and to relate cultural differences to differences in management practices (Child, 1981).

Cultures that value and reward such behavior promote a propensity to develop and introduce radical innovation, whereas cultures that reinforce conformity, group interests, and control over the future are not likely to show risk-taking and entrepreneurial behavior (Herbig & Miller, 1992; Herbig, 1994; Hofstede, 1980a). There is empirical evidence that national cultures vary and that a variety of management practices, including strategic decision making (Schneider & DeMeyer, 1991), leadership style (Dorfman & Howell 1988; Puffer, 1993), and human resource management (Luthans et al., 1993) differ by national culture. Management practices that reinforce national cultural values are more likely to yield predictable behavior (Wright & Mischel, 1987), self-efficacy and high performance (Earley, 1994) because congruent management practices are consistent with existing behavioral expectations and routines that transcend the workplace. The competitive advantage derived from correctly adapted management practices comes from alignment between key characteristics of the external environment, national culture, internal strategy, structure, systems, and practices (Burns & Stalker, 1961; Chatman and Jehn, 1994; Powell, 1992; Prescott, 1986).

Getting individuals from different ethnic or tribal backgrounds working together may be difficult in some parts of the world and international human resource management professionals should be aware of this cultural difficulty. The influence of national cultural challenges on international human resource management is investigated commonly by Hofstede’s Cultural Dimensions.

4. HOFSTEDE’S CULTURAL DIMENSIONS

Geert Hofstede in his seminal work started with 116,000 questionnaires completed by executives of the technology of IBM across 40 different countries in 1980, he found that there are four cultural dimensions of culture that explains how and why people from various cultures behave as they do: 1. Power Distance, 2. Uncertainty Avoidance, 3. Individualism/Collectivism, 4. Masculinity/Femininity (Hofstede, 1980a). His work has had a significant influence on the management literature. Later Hofstede (1993) added another dimension based on further study termed as Long-Term/Short-Term Orientation (Shown on Figure 1).

Figure 1. Hofstede’s Cultural Dimensions

| Power Distance (High vs. Low) | Individualism (vs Collectivism) | Masculinity (vs Feminity) |
| Uncertainty Avoidance (High vs. Low) | | Long-Term Orientation (vs. Short-Long Term) |

Source: (Hofstede, 1980a; 1993).
4.1. Power Distance

The dimension of power distance refers to the inequality among the people of a nation. One way in which differences on this dimension affect international human resource management activities is that the reactions to management authority differ among cultures. Participation is an important dimension of work unit management. It is found that among firms in the U.S. (which has low power distance) that “involvement” was one of four cultural dimensions that delineated organizations and that those organizations with more employee involvement were more efficient and faster growing than others (Denison & Mishra, 1995). Similar results are found in other large-scale studies of management practices and financial performance among U.S. firms (Hansen & Wernerfelt, 1989; Denison, 1990). The efficacy of participation in high power distance cultures is doubtful. Employees in high power distance cultures are likely to view participative management with fear, distrust and disrespect because participation is not consistent with the national culture. Managers who encourage participation in these countries are likely to be seen as weak and incompetent. For example, it is found participative management to be related positively to performance in the U.S. but not in Mexico (Morris & Pavett, 1992). More authoritarian management practices were effective in Mexico but not in the U.S. Jaeger argues that management initiatives such as team building are not effective in high power distance cultures because employees from different levels in the organization are not comfortable interacting face-to-face in a group (Jaeger, 1996). In a study among 630 employees in a Chinese context, indeed showed that managerial practices intended to empower employees backfired in high power distance cultures (Wang vd., 2011). Organizations in high power-distance countries will have a large proportion of supervisory personnel, and the people at the lower levels of structure often will have low job qualifications (Peterson, 1995). The summary of power distance dimension is shown below.

<table>
<thead>
<tr>
<th>High</th>
<th>Low</th>
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<tbody>
<tr>
<td>It indicates that society accepts an unequal distribution.</td>
<td>It means that power is shared and well dispersed. It also means that society members view themselves as equals.</td>
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Source: (Hofstede, 1991:26)

4.2. Uncertainty Avoidance

Hofstede acknowledged that the linear notions of right, wrong and truth implicit in the dimension are characteristic of Western thought and are not seen as strongly in Eastern philosophies (Hofstede, 1991). It is reported that a nearly monotonic relationship between uncertainty avoidance and the proportion of managers that agree with the statement, “It is important for a manager to have at hand precise answers to most of the questions that his subordinates may raise about their work.” He also found that managers from the high uncertainty avoidance countries of Latin Europe are more likely to see the organization as an authority structure than others (Laurent, 1983). “Consistency” and “mission” dimensions of corporate culture are related to uncertainty avoidance, the former with respect to predictability and the latter with respect to vision and direction (Denison & Mishra, 1995). However, they reported a weak but positive relationship between consistency and performance in U.S. firms and a strong positive relationship between mission and performance in U.S. firms, contrary to the expected congruence effect (the U.S. is a low uncertainty avoidance country). Organizations that operate within a society scoring high on uncertainty avoidance rely on clear procedures and rules to reduce uncertainty among their employees (Kats et al., 2010). Crozier’s (1964) classic study of French organizations is illustrative of the effect of uncertainty avoidance at the organizational level. Crozier noted that French firms are more hierarchical and more rule governed than American firms, yet no more or less effective rules, as integrating and control mechanisms,
are more efficacious in France than in the U.S. (Slocum & Lei, 1993). Countries with high uncertainty avoidance cultures have a great deal of structuring of organizational activities, more written rules, less risk taking by managers, lower labor turnover, and less ambitious employees; however, low uncertainty-avoidance societies have organization settings with less structuring of activities, fewer written rules, more risk-taking by managers, higher labor turnover, and more ambitious employees (Hodgetts & Luthans, 2003: 117). The summary of uncertainty avoidance dimension is shown below.

**Figure 3. The Summary of Uncertainty Avoidance Dimension**

<table>
<thead>
<tr>
<th>High</th>
<th>Low</th>
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<tr>
<td>It refers the level of uncomfortable feelings in the different unusual situations (stress anxiety when they face risks, uncertainty, or ambiguity)</td>
<td>Members are less concerned about ambiguity and uncertainty, and more tolerant of variety of opinions. Also, there are very few rules and people are encouraged to discover their own truth.</td>
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</tbody>
</table>

*Source:* (Hofstede, 1991:13)

### 4.3. Individualism and Collectivism

This dimension is the extent to which people in a country prefer to act as individuals or collectivist. On this dimension, people in Asian countries tend to be less individualistic and more group-oriented, whereas those in the United States score the highest in individualism (Hofstede, 1980a). An implication of these differences is that more collective action and less individual competition is likely in those countries that deemphasize individualism. For example, attitudes about individualism are more common in the United States than in Japan, where the culture stresses the harmony of the group, for example (Moffat, 1990). Individualism-collectivism is the extent to which identity derives from the self versus the collectivity. Countries with high individualism tend to have greater support for the Protestant work ethic, greater individual initiative, and promotions based on market value; on other hand, countries with low individualism tend to have less support for the Protestant work ethic, less individual initiative, and promotions based on seniority (Hodgetts & Luthans, 2003: 117). The individualism-collectivism dimension is an important way of differentiating among national cultures (Kluckholn & Strodtbeck 1961; Triandis, 1989). Morris vd., (1994) found that entrepreneurial attitudes increased as individualism increased in the U.S. (up to a point) while just the reverse was found in Portugal, a more collective society. Earley’s (1994) study of training and performance is particularly instructive. Comparing the U.S., Hong Kong and China, he found that individually based training led to improved self-efficacy and higher performance for U.S. managers while group-based training led to improved self-efficacy and higher performance for Chinese managers. The summary of individualism, versus collectivism dimension is shown below.

**Figure 4. The Summary of Individualism, versus Collectivism Dimension**

<table>
<thead>
<tr>
<th>Individualism</th>
<th>Collectivism</th>
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<tbody>
<tr>
<td>It stands for society in which the ties between individuals are loose: Everyone is expected to look after him/herself and her/his immediate family.</td>
<td>It stands for a society in which people from birth onward are integrated into strong cohesive in-groups which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty.</td>
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*Source:* (Hofstede, 1991:53)
4.4. Masculinity-Feminity

The cultural dimension masculinity/feminity refers to the degree to which “masculine” values prevail over “feminine” values. Masculine values identified by Hofstede (1980a) were assertiveness, performance orientation, success, and competitiveness, whereas feminine values included quality of life, close personal relationships, and caring. Masculine cultures are characterized by doing and acquiring rather than thinking and observing, similar to the “orientation toward activity” dimension identified by Kluckhohn and Strodtbeck (1961). Masculine cultures value achievement and abhor failure while feminine cultures value affiliation and view failure as much less important. Masculine countries include Japan, and the Germanic countries; moreover, feminine countries are typified by Nordic countries such as Denmark, Norway and Sweden (Hofstede, 1980a). Employees in a feminine society tend to prefer a high quality working environment with fewer working hours in which they can achieve a better work/life balance (Katsvd., 2010; Singh & Mohanty, 2011). The research on performance contingent rewards in the U.S. is indicative of the efficacy of congruence between management practices and a masculine national culture. There is no doubt that performance-contingent rewards, properly allocated, produce higher performance in U.S. work units (Lawler, 1990). Management by objectives is another management technique that is better suited to masculine cultures than feminine cultures (Jaeger, 1986; Hofstede, 1991). International human resource management professionals should be aware of advancement of women in higher level positions may be more difficult in masculinity cultures. The summary of masculinity, versus femininity dimension is shown below.

<table>
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<th>High</th>
<th>Low</th>
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<tr>
<td>It stands for a society in which male gender roles are clearly distinct. Men are supposed to be assertive, tough and focused on material success. Women are supposed to be more modest, tender, and concerned with the quality of life.</td>
<td>It stands for a society in which gender roles overlap. Both men and women are supposed to be modest, tender, and concerned with the quality of life. Because the respondents were mostly men.</td>
</tr>
</tbody>
</table>

Source: (Hofstede, 1991:84)

4.5. Long-Term Versus Short-Term Orientation

The dimension of long-term orientation refers to values people hold that emphasize the future, as opposed to short-term values, which focus on the present and the past. Long-term values include thrift and persistence, while short-term values include respecting tradition and fulfilling social obligations. Hofstede’s last dimension refers to a country’s time orientation, long term or short term (Hofstede & Bond 1988; Hofstede 1991). Long-term oriented cultures are characterized by patience, perseverance, respect for one’s elders and ancestors, and a sense of obedience and duty toward the larger good (Hofstede, 1991). Countries like Japan, according to Hofstede’s dimensions, score very high in long-term orientation, while the United States, France, and Russia score low. People scoring the highest on long-term orientation were China and Hong Kong, while people in Russia, the United States, and France tended to have more short-term orientation. While Japanese managers believe that “a company exists as much to enhance employee welfare as stockholder welfare, for Americans the firm’s goal is to maximize shareholder’s interest (Taylor, 1991).

Besides Hofstede’s cultural dimensions challenges in international human resource management, a number of international researchers have investigated the role of and importance achievement motivation theory, equity theory, expectancy theory, job design, work centrality, and rewards as cultural challenges in international human resource management. The summary of long term, versus short term dimension is shown below.
4.6. Achievement Motivation Theory

This theory is based on the idea that individuals may have a need to get ahead, to attain success, and to reach objectives. It has been suggested that people from different national cultures are likely to be motivated by different factors (Boyacigiller & Adler, 1991) and national culture plays an essential role in determining the conditions for motivating people. A number of international researchers have investigated the role and the importance high achievements needs in human resource management. International human resources managers have found that employee relations vary significantly from country to country are sometimes useless in another country (Katz & Elsea, 1997: 18). It is convincingly argued that Maslow’s need hierarchy was not universally applicable across countries due to variations in national culture across countries (Hofstede, 1980b, Tayep, 1988). United States and those of former Soviet-bloc Central Europe have high needs for achievements; however, China is a good example of a country where a high need for achievement has traditionally been absent (Hodgetts & Luthans, 2003: 393).

5. EQUITY THEORY

Equity theory was first developed by Adams (1976) and states that individuals compare themselves continuously to their peers. Equity theory focuses on how motivation is affected by people’s perception of how fairly they are being treated. Equity theory asserts that motivation is increased if the individuals believe they receive fair treatment with respect to others (Fey, 2005). The theory holds that if people perceive that they are being treated equitably, this will have a positive affect on their job performance and satisfaction and there is no need to strive for equity. There are numbers of studies that cast doubt on the relevance of equity theory in explaining in an international setting. Perhaps the biggest shortcoming is that theory appears to be culture bound. For example, in Asia and the Middle East, employees often readily accept inequitable treatment in order to preserve group harmony. Mueller and Clarke (1998) showed that people in Central and Eastern Europe score high on equity sensitivity indicating that they feel it is equitable to get more output than they put in. Additionally, in countries like Japan and Korea, men and women typically receive different pay for doing the same work yet because of years of cultural conditioning these women may not feel they are being treated inequitably (Hodgetts & Luthans, 2003: 394).

6. EXPECTANCY THEORY

Expectancy theory postulates that motivation is largely influenced by a multiplicative combination of a person’s belief that effort will lead to performance, that performance will lead to specific outcomes, and that these outcomes are valued by the individual (Vroom, 1964). Expectancy theory is about the mental processes regarding choice, or choosing. Expectancy theory is based on employees having considerable control over their
environment; however, this condition does not exist in many cultures around the world especially in Asian countries. In short, the theory seems culture bound and international human resource managers must be aware of this in their efforts to apply this theory to motivate human resources (Hodgetts & Luthans, 2003: 395). For example, Welsh vd., (1993) showed that positive feedback can lead to increased job performance among Russian factory workers.

7. JOB DESIGN

It consists of a Job’s content, the methods that are used on the Job, and the way in which the job relates to others in organization. For international human resource management there is a clear impact of culture on job design. Japan has strong uncertainty avoidance, individualism is low, power index is high, and the masculinity index for the Japanese is high; therefore, in designing jobs, the Japanese structure tasks so that the work is performed within these cultural confines (Hodgetts & Luthans, 1989). Earley (1994) found that individualism and collectivism have a significant impact on the way employees receive and use information used during training sessions. All job designs tend to reflect the cultural values of the country, the challenge for human resource management is to adjust job design to meet the needs of the host country’s culture.

8. WORK CENTRALITY

Work centrality can be defined as the importance of work in an individual’s life relative to his or her other areas of interest, provides important insights into how to motivate human resources in different cultures (Channey & Martin, 1995). Bhagat (1990) and associates found that Japan has the highest level of work centrality, followed by moderately high levels for Israel, average levels for United States and Belgium, moderately low levels for the Netherlands and Germany, and low levels for Britain. In recent years, the number of hours worked annually by German workers has been declining, while the number for Americans has been on the rise; moreover, some observers have explained it in cultural terms, noting that Germans place high value on lifestyle and often leisure to work, while their American counterparts are just the opposite (Hodgetts & Luthans, 2003: 398).

9. REWARDS

Managers everywhere use rewards to motivate their personnel. Sometimes these are financial in nature such as salary raises, bonuses, and stock options. Other times are nonfinancial such as feedback and recognition. National culture however, can have a very significant effect on an organization’s compensation and reward policy. The major challenge for international managers is that there are often significant differences between reward systems that work in best in one country and those that are most effective in another. For example, while many American companies like to use merit-based reward systems, firms in Japan, Korea, and Taiwan, where individualism is not very high, often feels this form of reward systems too disruptive of the corporate culture and traditional values (Hodgetts & Luthans, 2003: 401). Performance-reward contingency is found to be lower in high power distance cultures (Aycan, 2005). In countries with high individualism, employees are commonly motivated by financial incentives (Lavelle, 2001). For example, employees in France and Italy highly valued job security while for American and British workers it held little importance. (Hodgetts & Luthans, 2003: 402). Hofstede (1991), argued that people high in masculinity tend to prefer basing rewards on performance while those low in masculinity (high in femininity) prefer allocations based on need.
10. CONCLUSION

In conclusion, as globalization continues, international HRM becomes increasingly important. It is essential to remember that this globalization can only be accomplished effectively when managers possess a clear understanding of the role that cultural differences play. The increasing internationalization and globalization of business makes it more pressing than ever to understand how to establish HRM procedures that can deal with considerable cultural and national differences. Managing international human resources enables a business to compete more successfully in the world and is an essential development tool for its employees. Scullion & Starkey (2000: 1063) suggest that effective management of resources in a multinational corporation is a major determinant of success or failure in international business.

HRM practices may not generalize across different nations due to differing laws, policies and cultures. Managing human resources in different cultures presents some national cultural challenges. A number of international researchers have investigated the role of and importance of national culture on human resource management and it is named the major challenge that international human resource management should be aware when going global to achieve its organizational goals.

This paper tried to state the influence of cultural challenges on international human resource management. The influence of national cultural challenges on international human resource management is investigated commonly by Hofstede’s Cultural Dimensions. Besides Hofstede’s cultural dimensions challenges in international human resource management, a number of international researchers have investigated the role of and importance achievement motivation theory, equity theory, expectancy theory, job design, work centrality, and rewards as cultural challenges in international human resource management. National culture and its challenges have to be a major concern for international human resource management.
REFERENCES


