

16. Culture, organizations and human resources: Global versus less global HRM decision-making models

Abstract

This paper attempts to clarify further the relationship between culture, organizations and human resources. The main intention is to question the universalistic claims of human resource management (HRM) both in terms of its theoretical base as well as its applications.

Introduction

The main conjecture of this paper is that propositions of a local rather than globalistic order may be more appropriate to the study of industrial and labour relations in enterprises. The reason for this is that national legislation may be of considerable importance in regulating industrial and organizational level behaviour (see IDE, 1980; 1993) and a more critical variable than many social scientists had believed in the field to date.

HRM is a relatively new phenomenon and dates from the period after World War Two. It grew out of several sources, not withstanding early developments in organizational behaviour. French (1982) even includes scientific management, industrial psychology, and human relations and so on. The boundary between personnel administration and HRM is of course rather blurred but the latter more or less supplanted the former as the academic focus before very long. Even so, the term HRM is used rather uncritically by many writers on the subject and often no more than a synonym for personnel administration or industrial relations as

it is now more fashionable to do so. It is employed across a range of national contexts, as we shall see later, well beyond its core usage.

Today, HRM texts dominate the publishers' lists in what was formerly the personnel field and HRM job titles abound in many organizations. HRM has also replaced industrial and labour relations as a descriptor of courses in many business schools. Across the world, HRM has spread its wings and its international pretensions have expanded as so-called globalization has gathered pace. There is even a new journal called the 'International Journal of HRM'. Many of the articles submitted to it are in fact national but not a few are either comparative or across the board examples. Authors seem to believe that a mixture of national HR or HRM pieces constitutes an international mix, although there may be no over-arching conceptual framework.

It is clear that there are several processes which are ongoing simultaneously. First, there is an evolution of management practices and second, an academic understanding following. It would be logical to see the former nurturing the latter. Even so, it is possible to see concepts leaping ahead of practice and accordingly category-errors occurring. The main hypothesis of this paper is that this may well have frequently taken place. The way it occurs is that researchers are keen to be in the vanguard of their field and write about areas which may not have yet advanced to more modern practices to apply the latest conceptual schemes and variables to them.

Culture

The concept of 'culture' has come to the forefront in recent years, due to the efforts of several writers on organizations (see Maurice et al., 1980; Hofstede, 1980, 1991). These authors have focussed on 'national culture' rather than the 'corporate' variety. We are of course well aware of the limitations of using these concepts as Drenth's paper in this collection (1996) clearly demonstrates, but nonetheless the notion of 'national culture' has had useful applications to date. In this section, we point to

studies in the field where it has been fruitfully applied.

Within this body of research, the emphasis has been on the cultural determinants of organizational behaviour (see Warner, 1994a) and on taking the nation as the higher unit of analysis, or even a broader geographical area such as say, Europe (or part of it, such as the Latin, Southern sector) or East Asia. Much of the discussion which follows will involve comparing examples in the West with those in East Asia. The rationale for this is their place in empirical studies lately carried out by the present writer.

It is clear that nations may be grouped **a priori** or empirically in a cultural cluster. Some countries may be very large, both in the space they cover and/or the size of their population. Examples of these might be China or India. They may be more or less culturally homogeneous. Diversity may arise in small countries, like Switzerland. In addition, a large country with a strong culture may dominate its neighbours or may have colonized well beyond its frontiers. There may also be foreign investment where a firm or set of firms from one nation may transplant their cultural practices to firms, cities, or regions, such as Japanese automobile firms have done in the UK or USA.

So, the problems of matching culture and nation is not necessarily straightforward. There can be an apparent conjuncture at several levels, where the hierarchy of analytical levels fits together very well at first sight, namely: culture, nation, organizations, human resources (including groups and individuals).

The case of Japan comes to mind here as a possible candidate, but no doubt an expert anthropologist on that country might well think otherwise. The fit in any case would be relative rather than absolute. There are probably few countries where the match will be clear-cut. There may be many overlapping cultures within national boundaries or layers of cultural influence over historical time. Cultures may slowly change over time or there may be clear breaks due to war and occupation, where official values may change.

Organizations

The national, cultural context of organizational behaviour has been set out in several publications. Organizations often fit a national mode. Management 'software' appropriate to such contexts has developed over time, and indeed has been exported. Sometimes this has been transferred in the form of managerial theories or techniques. If we ask whether there is fertile ground for the transfer to take root, we may find that a corporate or organizational culture has also been taken along. With technology transfer often comes management culture transfer, as will be exemplified later.

In any case, there is usually a stereotypical pattern of organizational behaviour in a national, cultural context and the importations are normally an aberration. They may however affect the domestic organizations and there may be a feedback-loop. The very idea of bringing them in in the first place may be to change the local organizational functioning not only for the one organization involved but for the organization-set, or even for a wider range of organizations and industries.

In the case of nineteenth century Japan, this was known as *WAKON YOSEI*, meaning Japanese spirit, Western learning. Cross-cultural adaptation takes place. Taylorist ideas were specifically absorbed by the Japanese, for example, and the later form of these managerial notions were absorbed to shape the so-called Japanese management model, now well-known and exported in its own turn (see Warner, 1994b). It is interesting to see Western ideas exported and then re-imported back modified, even transformed, as in the Taylor example and later with the ideas of Deming and Juran vis-a-vis Total Quality Management.

Human Resources

The organizational behaviour involving human resources may relate to group and individual levels, and may follow national patterns. Hofstede (1980, 1991) has allocated scores on each of his four dimensions for individuals across the over 50 countries covered in his original

study, albeit within one company, named HERMES (1980) (i.e. IBM). In spite of the strong corporate culture, there were distinct national differences. The employees were however selected to fit into IBM and there is no evidence in the study that the variations in values had much affect on the level of local organizational effectiveness, although there is variation in the company's success in different countries which can be gleaned from other sources. In any case, IBM is not a typical organization for any of the countries in the study, with the US being the closest fit possibly. In many cases, it is highly atypical and its values far from the dominant ones in the national culture, as in the case of China, for example. As a high-tech company, it is not typical even in many advanced economies and it is also a paternalistic company with some fairly strict constraints on employee behaviour.

Human Resource Management

There is historically, we may hypothesize, a fit between culture, nation, organizations, and human resources in the setting where HRM practices developed. There is also a consonance between the concepts derived from the latter and this fit, but with a time-lag. Practices develop empirically, followed by social scientists later developing descriptions or concepts, even theories, to fit them. Experiments happen in real-life organizations and generate generalizations, sometimes written-up by practitioners but normally by academics.

Management concepts as well as practices evolve over historical time and from a specific national cultural context. Industrial and Labour Relations, Personnel Administration and HRM occupy points in a time-continuum. If we admit Dore's (1987) concept of late development, we can see how this leads to differentiation of organizational forms and how, say, Japan in its time and China now have evolved in distinct ways with greater rather than less state influence, consensual managerial decision-making and paternalistic employment practices. The role of the state may create a national model or at least a coherent framework which

may have not occurred in the West HRM context to the same degree, although as we have seen national IR legislation may have an effect.

If HRM is used in Japan, it is mostly in foreign-owned subsidiaries and in a few very large indigenous, international companies. In China, something similar seems to be the case. Stereotypical Japanese corporations have developed their own personnel model. Similarly, Chinese foreign-trade corporations have used the term HRM for their practices and job-descriptions, as have large joint-venture firms. It is hard to find examples beyond these organization-sets.

Conversely, in large and medium-sized stereotypical mainland Chinese state-owned enterprises (SOEs) investigated by the present writer recently (see Warner, 1994c) the term was virtually unknown. The enterprises were large SOEs in the North-East, the original industrial heartland of the PRC, but which were now undergoing reform. Although the main changes were in the personnel areas, there was virtually no reference to Western HRM. Modern management for these enterprises was a stage beyond classical Scientific Management but fell well short of the state of the art of current practices in North America, Europe or Japan. The latest reforms were set from above and related to personnel contracts, performance-based wages and social insurance protection.

By contrast, Western HRM thinking has moved onto a higher plane. Schuler and Huber's (1993) treatment of the HRM field echoes Storey's (1989) characterization. It emphasizes the global, multinational and strategic focus of the discipline. A priori, there may be no objection to extending the usage to different geographical and cultural locations for example covering: scanning, staffing, appraising, compensating and support.

There is little doubt that large enterprises in many diverse locations carry out all these personnel-related functions, but they may not all have the same philosophy or system or scope of such activities. The 'devil may be in the details', as the phrase goes. As a general framework, the above may have some merits but it begs too many questions when we come to specific applications. The 'couleur local' is missing in such wide categorization.

The main problematic issues may well be connected to the cultural and organizational assumptions upon which the personnel system, or in this case HRM itself, is built (see Warner, 1993). HRM stems from its own cultural base. Guest (1992) sees it as essentially American and finds its fullest exemplification in non-unionized US Multinational Companies (MNCs). Even where transmitted across the water to an Anglo-Saxon setting, it may not be easily assimilable (see Storey, 1989).

Not only strategy but also structure builds on cultural specifics. For example, much organizational structure, using the Aston measures, represents personnel-related factors. Centralization reflects decisionmaking, which in turn hinges on values as does decentralization. Lower tolerance of uncertainty will mean more formal rules and constraints.

MNCs now have to operate in increasingly diverse environments and their HRM has to accommodate a wide range of values. Schuler and Huber (1993) believe this is consonant with the practice as defined in a single country. The difficulty here is that in many countries their managers may only be a handful in number in each country on a 'real' HRM basis, with the rest of the work-force receiving 'lip-service' HRM. There may well be a fictional or mythic HRM in operation world-wide. A few expatriate managers are included, much of the workforce is excluded, as far as the study of such HRM practices are concerned. If there are private businesses, they may well be of yet another cultural cluster, namely small scale overseas Chinese ones.

One of the problems here is that we often cannot be sure what the appropriate local values are. Hofstede's (1980) research upon which many generalizations are founded in the discussion in hand may be misleading in that his sub-sample in many countries was very small, self-selected and/or organizationally-selected and because of the nature of the employing MNC may be very atypical of the labour force as a whole. It may only amount to a few managers in some cases, as we have pointed out above. Even where technicians for example were included, they may be specially selected to fit into the IBM mould or even US trained overseas.

Having globally-based HRM practices may not be sufficient to ensure stable adjustment for personnel where-ever they are assigned. Many US-based MNCs have elaborate HRM policies and structures, but seem to have more problems with expatriate managers than firms from smaller countries. A high percentage of US managers working abroad express dissatisfaction with their postings. They are often ill-prepared and possibly ill-selected for the assignment. The costs of repatriation are of course very high. Their values often do not seem to mesh well with local values, even if it concerns managerial values. They are often housed in luxurious housing ghettos, and live apart from the rest of the community. There is often no attempt at social integration even with local business or political or social elites. Such MNCs believe they are acting 'rationally' and they may well be.

Such policies may appear to be appropriate for global usage, but in reality are based on a specific cultural set of assumptions. Taking for a moment the four Hofstede dimensions: power distance, uncertainty avoidance, individualism and masculinity.

These respectively are built into the stereotypical US-based HRM strategy. The scores for the US may predominate here. If the strategy is to be applied globally either it will face severe strains if it is too US-bound or it will be meaningless if too diffuse.

The decisionmaking model built into the above stereotypical HRM strategy should optimally be value-appropriate and, in turn, generally phrased to apply widely. It will be in Schuler's terms, 'strategic', 'bottom-line', 'generalist', 'team-based' and so on (Schuler, 1994). The present author stresses that there may be a continuum of participation, high to low or zero, but that there should be consistency between involvement by employees in the formulation and implementation stages.

Culturally-based decision-making

HRM in its US guise developed in the 1960s and 1970s, yet UK/European IR model(s) continued in parallel but did not fully converge with it.

Models' characteristics	a) Western traditional IR Model ¹	b) Western HRM Model ²	c) Japanese Model ³	d) Chinese Model ⁴
1. Values	Collective	Individual	Neo-Confucian	Confucian-Leninism
2. Economic system	Market	Market	Market	Market Socialism
3. Political system	Pluralistic	Unitaristic	One-party in effect	One-party Marxism.
4. Frame of reference	Pluralistic	Unitary	Unitary	Unitary
5. Management hierarchy	Tall	Broad	Well-defined	Little accountability
6. Corporate culture	Conflictual	Non-conflictual	Non-conflictual	Non-conflictual
7. Employment policy	Short-term	Long-term	Long-term	Long-term
8. Labour market	External	Dual	Moderately dual	Marginally dual
9. Life-time employment	Not Formal	Sometimes, in effect	Mostly normal	Normal
10. Turnover	High	Low	Low	Almost zero
11. Unionization	High	Low	Medium	High
12. Form of worker participation	Bargaining organization	Consultative bodies	Consultative bodies	Workers' congresses
13. Collective bargaining	Normal	Mixed	Normal	Recent
14. Human resource planning	Weak	Strong	Strong	Weak
15. Training and development	Limited	Extensive	Extensive	Limited
16. Careers	Unplanned	Planned	Planned	Less planned

¹ Wide range of large firms & SMEs in Western economies (see Guest, 1992)

² Large multinational companies, often US-owned (see Storey, 1989)

³ Large industrial corporations in Japan (see Ballon, 1992)

⁴ Large state industrial enterprises in the PRC (see Tung, 1991)

Fig. 1. Summary of family resemblances in HRM characteristics in different countries' models

Even what is called European HRM shows distinct traits (see Cressey, 1993). US principles have, according to this view, been refined in Europe, but 'vary in detail across countries' (1993, p3).

Bournois and Brewster (1993) in turn discount both the model of a converging practice across Europe, as well as the school that sees fragmentation due to societal/cultural differences. They construct a geographical model with contrasting Scandinavian and Mediterranean poles.

We have also outlined in Figure 1 several characteristics which suggest that the US and Europe differ in their practices in rather more major respects than the above would imply, for example degree of unionization, worker participation, and others. We have set out what we call the Western Traditional IR model and the Western HRM model (with the US MNC type in

mind). These are 'ideal' types and we concede that some might make the Euro-HRM model overlap with the US one. This may well be true for many large cross-national firms.

These two types are contrasted with two non-Western ones, namely from Japan and China. The Japanese model is based on typically large corporations (with international operations, but not wholly operating abroad) and the Chinese one on the large state-owned enterprises (but not the Western funded joint-ventures).

The four types are compared and contrasted on sixteen variables. Figure 1 is only a first exploratory attempt at an approximation of differences. We can see that calling the Chinese model a HRM one is very questionable for there are most points of difference on the sixteen variables in that instance. The Chinese values as well as the economic and political system in which firms operate are very different from the

Western cases, let alone the deeper cultural matrix. Confucianism and later Maoism played down the role of the individual vis-a-vis society for example. Clan, family, work group still govern allegiances. 'Guanxi' or connections rules the roost. Who you know is as important as what you know. China is still an ascriptive society, as is Japan. Managers' informal links count for a lot. HRM, by contrast is predicted on Weberian bureaucratic values. In the PRC, personnel managers have in the past been rather more 'red' than 'expert'. There may be less army influence these days in big firms as younger better trained managers come to the fore.

The 'iron rice bowl' employment system has its roots in the 1950s. This typical Chinese state enterprise jobs model (see Tung, 1991; Warner, 1994c) has its parallels with the Japanese 'jobs for life' practice. Both are now in doubt, but may take a long time to go. Chinese workers are now on contracts of fixed duration, but often only lip-service is paid to this norm. As the 'socialist market economy' is extended, there will be more of a labour market. This however does not necessarily lead to a HRM model. In Figure 1 we see some elements of a 'dual labour-market' shared between the HRM model and the East Asian ones however.

In the Japanese model, there are points of overlap with the HRM practices, such as relatively high unionization, formal participative bodies, collective bargaining and so on. There are also the distinct East Asian features, which have more in common with the Chinese and other Little Dragon value systems. US MNCs operating in Japan have had to adapt to the local traits considerably (see Ballon, 1992).

Concluding remarks

We have tried to show in this paper how concepts in HRM have often leapt ahead of practice. The former are often less robust than they look. The latter are frequently presented as linked to them but in reality misdescribed or misapplied. Often the use of HRM notions could pay more attention to local contexts.

The following conclusions may be now derived from the above. First, that a closer link be

forged between organizational theory and HRM. Second, that HRM be more rooted in cross-cultural theory. Third, that HRM applications and practice pay more attention to and be more specific with respect to local circumstances and detail.

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