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To what extent do cultural distinctions account for disparities among nations? Potential HRM Implications

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Introduction

Human resource management (HRM) practices vary widely from country to country, and this conceptual paper argues that these disparities matter and may be explained by cultural and institutional theories. In this article, we take a quick look at the various theoretical frameworks and some of the criticisms that have been leveled at them. We contend that institutional factors account for the bulk of the variation in human resource management (HRM) across countries, that differences in national culture can be mitigated to a greater extent by management than institutional ones, and that tests should be designed to account for institutional rather than cultural differences whenever possible. Culture-specific variations may serve as a model in settings with less institutional restraints.

Keywords: balanced approach; cultural theories; human resource management; institutional theories; national differences

Differences in human resource management among countries

It is becoming more and more common knowledge that human resource management (HRM) is not the same everywhere; hence, one-size-fits-all strategies are ineffective (Brewster, 1999). Human resource management (HRM) is practiced differently around the world. This isn't because some countries are more progressive than others; rather, it's because people are attempting to accomplish varying goals under varying conditions. This theoretical study delves into the topic of cross-national disparities and their explanatory power, with a focus on the variations across countries' approaches to human resource management (HRM) philosophy, policy, and practice. The relevance of investigating the reasons of HRM's regional variations has grown as its existence as a distinct phenomenon has been more widely known. The two primary strands of explanations of difference in the international HRM literature are culture and institutions, and we aim to outline both succinctly to aid in this understanding. There are two major ramifications that might result from elucidating these reasons for variation. Firstly, it should lessen the pressure on national HRM professionals who aren't working in the dominant US-based setting to adhere to the 'received knowledge' about how HRM should be performed. Second, it should make it clear to globally active organizations where HRM activities can be conducted relatively independently of the host national environment (where culture is the defining difference) and where greater effort may be required to adapt (where institutional differences matter more).

This article is structured as follows. We look at many ways that culture has been defined and at the study frameworks that have been proposed to comprehend it. Some of the responses to and criticisms of that literature are discussed. After attempting to define it, quickly summarizing some significant strands, and weighing the defenses and criticisms of that literature, we go on to the institutional literature. Finally, we make an effort to draw out the HRM-specific implications of these studies.

Culture – definitions

The notion of culture, as recognized in the scientific community, has been around for a while. Before becoming relevant to the fields of psychology, education and management, it had been delineated and studied by archaeologists and anthropologists who focused mainly on languages, traditions and artefacts (Taras, Rowney and Steel 2009a). Culture is often depicted as an ‘onion’ with three layers: the outer layer embodies the explicit artefacts and products of the society, the middle layer symbolizes the norms and values that guide the society, and the inner layer represents all the implicit assumptions that guide people’s behaviour (Hofstede 1980; Trompenaars 1993). There are numerous definitions of culture, and taking into consideration different proxies used in social science literature (e.g. country of origin, world outlook, philosophy of life) to equate to culture, it is becoming increasingly difficult to come up with one definition that would satisfy everyone. For example, in their seminal work ‘Culture: A Critical Review of Concepts and Definitions’, Kroeber and Kluckhohn (1952) found more than 160 of such definitions. Among the most popular definitions are those by Hall (1977): a sum of a people’s learned behaviour, patterns and attitudes; Hofstede (1984): the collective programming of the mind that differentiates members of one social group from another; and Trompenaars (1993): a shared system of meanings, the way a societal group tends to solve the problems related to relationships with others, time and the environment.

For the purposes of this paper we will define culture as acquired knowledge that shapes values, originates attitudes and affects behaviour, and which members of a society (or a social group) use to interpret experience and generate social behaviour (Luthans and Doh 2009). This definition is both precise and broad enough to help us understand different types of culture and frameworks used to describe it. In general, though, culture has a few distinct characteristics that most scholars agree on. For example, it is commonly agreed that culture is (1) a multi-layer construct (see ‘onion’ reference above), (2) shared among group/society members, (3) developed over a long period of time and (4) relatively stable (Taras et al. 2009a). National cultures are being shaped by a variety of forces, such as history, languages, religions and social calamities, to name a few. National culture, in turn, is interrelated with a number of other external factors within a country/nation – educational system, political regime, economic structure, technological development, legal infrastructure, etc. It is important to note that even though country is not necessarily a good proxy for culture (we will touch upon this issue later in the paper), it is still being used as such due to convenience in researching and explaining this phenomenon.

Other common characteristics of culture are more difficult to generalize, since different fields of study tend to concentrate on different levels of culture: national, organizational, professional, or individual, for instance. To complicate the issue even further, there are also different layers of culture, such as values, beliefs and implicit assumptions, that are usually studied separately. According to Taras et al. (2009a), with the introduction of quantitative inquiry, the focus has shifted to the study of values that apparently regulate human behaviour and, as a result, values have become central to the cross-cultural management literature. In the next section, we will present the four most influential frameworks of cross-cultural differences – those of Hofstede (1980), Schwartz (1994), Trompenaars (1993), and the GLOBE study (House, Hanges, Javidan, Dorfman and Gupta 2004).

Culture – different frameworks

The first, perhaps most prominent and most cited quantitative cross-cultural study was by Hofstede (1980). His research collected and analysed empirical data based on the value orientations of more than 100,000 IBM employees in over 70 countries. From this, Hofstede came up with four (and later five) cultural dimensions: Power Distance, Uncertainty Avoidance, Masculinity versus Femininity, Individualism versus Collectivism and Long-term versus Short-term Orientation.

Though Hofstede never claimed that his research was the only correct approach, many of the later studies mentioned above did not really depart from the model he described (Taras and Steel 2009b). These later studies – briefly noted below – share a similar understanding of a country/culture as having a shared set of values, norms and traditions that guide their representative's behaviours and attitudes.

A less cited but also popular study was by Schwartz (1994) who, through a series of empirical investigations using a sample of 35,000 teachers and students in 45 different countries, came up with seven cultural values that were different from those of Hofstede. Schwartz then combined these seven individual-level values into three societal-level dimensions that illustrate the differences in approaches to the following items: Conservatism versus Autonomy, Hierarchy versus Egalitarianism and Mastery versus Harmony. While Hofstede used factor analysis to achieve independent (orthogonal) factors, Schwarz used a multidimensional scaling approach to capture the full content space of cultural values (and hence his factors are not independent). The idea behind Schwartz's study was to assess cultural values and their impact on work, somewhat in contrast with Hofstede's apparent objective of demonstrating different behaviours and practices that vary in accordance with his cultural dimensions.

Perhaps inspired by both Hofstede and Schwartz, Trompenaars (1993) and then Trompenaars and Hampden-Turner (1998) concentrated their efforts on attempting to explain how cultural differences affect workplace behaviour across nations. Taking five of Parsons' (1951) dimensions of cultural systems and two from Kluckhohn and Strodtbeck (1961), Trompenaars and Hampden-Turner reformulated seven dimensions that explain cultural differences. These dimensions are: Universalism versus Particularism, Individualism versus Communitarianism, Neutral versus Affective, Specific versus Diffuse, Achievement versus Ascription, Sequential versus Synchronic (time) and Internal versus External Control. Although very popular among practitioners and consultants, these dimensions have not been fully validated through rigorous empirical studies, and therefore have not been completely accepted in academia.

The most recent study has been done by a group of scholars headed by Robert House under the research project GLOBE (Global Leadership and Organisational Behaviour Effectiveness). Based on the review of extant literature on cross-cultural and organizational theory, multiple interviews and focus groups in more than 60 countries, the group developed nine independent cultural dimensions (House et al. 2004). These dimensions are Power Distance, Uncertainty Avoidance, Assertiveness, Institutional Collectivism, In-group Collectivism, Future Orientation, Performance Orientation, Humane Orientation and Gender Egalitarianism. Even though the GLOBE study is, in part, based on research done by Hofstede, it goes further by measuring both cultural practices and values at both the organizational and societal levels. In addition, the GLOBE study attempted to look at cultural values and practices from two perspectives – how their respondents thought things are, and how they thought they should be – which undoubtedly added to the study's academic and practical significance.

As organizations contend with cultural diversity at a workplace, the importance of culture and its dimensions is clear. However, this research is not uncontentious.

Culture – critiques

Hofstede's work and his framework of cultural dimensions is favoured by cross-cultural experts for a variety of reasons that include convenience, popularity and the limited availability of viable alternatives (Taras et al. 2009a). We therefore use it as an example of the criticisms to which the cultural management literature has been subjected. Despite its obvious merits, Hofstede's framework has received plenty of criticism over the years, visibly more than other cross-cultural scholars (see Reiche, Lee and Quintanilla 2012 and Weller and Gerhart 2012 for detailed analyses). First, some researchers questioned the general validity of Hofstede's dimensions, since they were derived from an existing survey developed without much theoretical background (McSweeney 2002). McSweeney also criticized Hofstede's treatment of culture as being territorially unique, implicit and systematically causal. Other scholars question whether Hofstede's model correctly reflects the present day and changes that happened over time, since his model was based on data collected before the 1980s (see, for example, Sondergaard 1994).

There are also some experts who challenge Hofstede's approach to look at predominant societal values as the only important measures of culture. Due to this prevalent approach in Hofstede's as well as many later studies, the true nature of relationship between different layers of culture still remains unknown (Taras and Steel 2009b). Another side of the same coin is the tendency of attributing any difference in values to cultural differences. Gerhart and Fang (2005), in a carefully controlled study using Hofstede's own data, showed that in fact the Hofstede dimensions generally accounted for only a small percentage of the differences between countries, meaning that well more than 90% of the differences have to be explained by other factors, and organizational size or sector may be significantly more important. Extending the analysis to other studies of culture gave similar results. This is supported by Durvasula, Netermeyer, Andrews and Lysonski (2006), who argue that the mean difference between any two nations may be due to reasons other than culture, such as, different experience or emotional state of respondents and characteristics of the sample.

One of the major criticisms of Hofstede's approach to cultural differences concerns his use of countries as substitutes for national cultures. One of the outcomes of his original study was a set of country clusters, in which certain countries were clustered based on the proximity of their cultural values. Many experts now agree that a country, which is a political entity, is not an appropriate proxy for culture (House et al. 2004; Maznevski and DiStefano 1995; Taras and Steel 2009b). First, there are some intra-country cultural variations (Bennet 1998), for example East- and West-coast subcultures in the USA, or French-, German- and Italian-speaking subcultures in Switzerland, which Hofstede's research did not consider. Second, and perhaps, more importantly, other individual and environmental characteristics, such as occupation, social status, wealth and level of globalization, may provide more meaning behind clustering of national cultures into certain cultural entities.

Among the assumptions underpinning Hofstede's model, the one of cultural stability is still raising some eyebrows. Essentially, Hofstede believes in unconditional stability of cultures over time (Hofstede 2001). This presumption has been fiercely criticized, especially in the last few years, when a number of studies have demonstrated that cultural values do change and go hand in hand with the socio-economic development of a nation

(Taras and Steel 2009b). One very personal example of such transformation is offered by one of the authors of this paper who points readers' attention to a nearly total change in cultural values of Russia from the 20-year period between 1991 and 2011, where the predominant values have transformed towards more individualistic, more masculine and less uncertainty avoidant society.

There are also some methodological questions, mostly concerning the generalizability of findings, subjectivity of responses, the method of data collection, as well as a possible cultural predisposition of the researcher (Chiang 2005). The generalizability concern comes from the fact that Hofstede's study and outcomes are based on a single multinational enterprise (MNE). Subjectivity and bias of respondents are also mentioned in a few early critiques (Banai 1982; Merker 1982), since nearly all survey participants come from the similar background, of sector, class, gender and corporate culture. Possible problems in data collection were first addressed by Triandis (1982) and then McSweeney (2002) who mention that the use of a single method of data collection may be too limited to arrive at valid results. Lastly, some criticism has been aimed at Hofstede's culture boundedness, especially in regard to his predisposition towards Asian cultures (Chiang 2005).

Beyond these exemplar critiques of one of the authors, recent work (Filippaios and Avloniti 2012) has shown that different authorities among these experts have very different scores for the same countries even where they have similar dimensions, so that the scores and the rankings between the various authorities show little correlation.

Culture – not the only explanatory factor

It is very difficult, both theoretically and empirically, to prove that all values related to human behaviour and attitudes at a workplace are determined by culture: 'A simple test of significance of the difference between group means is not sufficient to conclude that differences between the entities are indeed cultural' (Taras et al. 2009a, p. 370), a point reinforced by the work of Gerhart and Fang (2005). Moreover, most cross-cultural studies suffer from a failure to demonstrate a causal link between cultural dimensions of a nation and its specific behaviours and actions (see, for example, McSweeney 2002). In other words, not all actions can be explained by cultural motives, since there might be other reasons – non-cultural causes such as institutions and structures – behind these actions. Generally speaking, most cross-cultural frameworks described above, and especially that of Hofstede, imply that human values and subsequent actions are instigated almost exclusively by national cultures, while other scholars contend that such an approach tends to ignore potentially significant influence by a host of other external or contextual factors. For instance, Cullen, Parboteeah and Hoegl (2004) proved that such seemingly exclusive cultural factors as achievement, individualism and universalism positively relate to four institutional factors: economy, welfare socialism, family strength and the level of education. Also, in one of the more recent studies, Chiang (2005) found that employee preference for individual/group rewards was in part caused by a perceived link between performance and rewards, and not purely by the national culture of the respondents. Similarly, the relevance of job security was affected by factors other than culture, such as downsizing and lay-offs (institutional practices) and a current recession (external environment). To summarize, national culture, albeit an important concept, is not the only explanatory factor behind differences in behaviours across nations.

Tsui, Nifadkar and Ou (2007) reviewed 93 articles published in 16 leading academic journals between 1996 and 2005 in the area of cross-national and cross-cultural research and concluded that very few studies even considered non-cultural variables, either

theoretically or empirically. So what other factors may be in play? Kostova (1996) suggests that it is not the national culture but rather the institutional environment – its regulative, normative and cognitive components (Scott 1995) – that is ‘responsible’ for differences in organizations’ behaviours in different national markets. Perhaps a more balanced approach is needed.

Institutions – definitions

In contrast to the psychologically based cultural approach, the institutional approach emphasizes the more clearly measurable differences in practical, generally physically existing or written differences between countries. Less emphasized in most accounts, but important nonetheless, is the basic physical environment: the size, infrastructure, age profile, wealth, formalization and even natural climate of the nation. These affect the ways in which businesses can function in that particular environment. Then there are the ways that society is structured: its systems of politics, education, labour markets, class structures and social relationships. And these feed into the differing business systems within each country (Mayrhofer and Brewster 2012; Wood, Psychogios, Szamosi and Collings 2012). Each of these relationships, factors and systems directly affects the way in which businesses operate and they manage their people. In what has become a classic definition, Meyer and Rowan (1977, p. 341) state that institutionalization is the means ‘by which social processes, obligations, or actualities come to take on a rule-like status in social thought and action’.

Institutions – different frameworks

Citing Scott (1987), Wood et al. (2012, p. 28) argue that ‘although new institutionalism has many faces and indeed has taken on a number of guises, its central tenets remain consistent’. The focus is on the factors that make for isomorphism within society (Kostova and Roth 2002) as organizations search for legitimacy or the support of external agencies within a society (DiMaggio and Powell 1983; Strauss and Hanson 1997). The early proponents (Kidger 1991; North 1990) predicted that this isomorphism would occur on a worldwide basis, but recent accounts have argued that it may be national societies that have the most influence.

In the extant literature prominence is given to the ownership of businesses, with distinction drawn between those societies where shareholders are relatively unfettered versus those where other stakeholders are able to limit their autonomy (Jackson and Deeg 2008; North 1990). There have also been attempts to distinguish between legal systems on the basis that the kinds of common law systems found in, for example, the Anglo-Saxon countries encourage shareholder rights and are therefore linked to efficient businesses and successful national economies (Botero, Djankov, La Porta, Lopez-de-Silanes and Shleifer 2004; La Porta, Lopez-de-Silanes, Shleifer and Vishny 1997, 1998). Others have argued that politics may be the key determining factor, either as a result of the political leanings (right or left) of the party in government (Roe 2003) or as a result of the electoral system (majoritarian or proportional representation) in use (Pagano and Volpin 2005). In both cases the former is seen to privilege individual owners of businesses and the latter to favour other stakeholders thus constraining the owners.

The comparative capitalisms literature is synthetic, encompassing all these options and other differences between market economies. The most cited model is the simple dichotomy offered by Hall and Soskice (2001). They distinguish between liberal market

economies (LMEs), called elsewhere the Anglo-Saxon, compartmentalized, calculative, shareholder or stock market economies, and the coordinated market economies (CMEs), or Rhineland, Continental European, regulated, collaborative, or stakeholder economies. LMEs focus on maximizing short-term returns and shareholder value, with weaker systems of employee voice and a more 'hands-off' legislative employment framework (Almond, Edwards and Clark 2003; Brewster, Wood, Croucher and Brookes 2007). There is a significant reliance on external recruiting to meet skills gaps, and a prioritization of profits over reinvestment (Ahmadjian and Robbins 2005, p. 452). In CMEs employment regulation is characterized by closer integration between legislation, institutions and stakeholders (Boselie, Paauwe and Richardson 2003); employees have more rights and more access to relevant vocational skills (Kalleberg 2008). Rather than the interests of shareholders, in CMEs the focus is on balancing the demands of multiple stakeholders in order to achieve legitimacy. Hall and Soskice (2001) argue that at either end of the scale, economies can be successful but that those in between will be under pressure to move towards one ideal type or the other.

Such dichotomous models have been critiqued and authors like Amable (2003) and Whitley (1999) have identified other market economies. They identify the social democratic economies (SDEs) of the Nordic states, which have features in common with the CMEs but have less employment protection and yet a much stronger state role in continuous skills development, ensuring that employees are employable throughout their working lives. SDEs also have well-supported and influential trade unions. There are the mixed market economies (MMEs) of the Mediterranean countries and Portugal with limited state employment policies, extensive family ownerships and a clear distinction between large organizations, where extensive regulation of employment is high and enforced, and smaller ones, where job protection is not enforced. Then there are the ex- communist countries of Central and Eastern Europe: the 'transforming' states (Stark and Bruszt 1998). These countries face competing pressures from liberalization and the European social model, which generally reflects aspects of the CMEs. The more successful and wealthy countries may move towards the European social model, and the poorer ones to adopt more LME-type features (Bandelj 2009; Buchen 2007; Lane 2007).

There have been calls for more research into international HRM to take more account of these frameworks (Delbridge, Hauptmeier and Sengupta 2011) and as we shall see in the next section that is already being done.

Institutions – critiques

These institutional models are themselves not without their critics. It has been pointed out that they are very focused on what have entertainingly been called the WEIRD (Western, Industrialised, Educated, Rich Developed) countries (Henrich, Heine and Norenzayan 2010) which are largely untypical of the nations in which most people live, and they therefore miss vast swathes of the world (Jackson and Deeg 2006). These theories find it difficult to explain variations within different market economies (Crouch 2005; Walker, Brewster and Wood 2014). Furthermore, they tend to be static. As societies are deemed to consist of reinforcing complementarities, such theories tend to be static and it becomes difficult to explain change in the systems (Boyer 2006; Streeck and Thelen 2005).

There have also been critiques of the match between the levels of analysis and the evidence on which these theories are based. While the theories attempt to explain firm- level practice, much of the evidence adduced to support these approaches has been external to the firm, considering broad labour market trends and national differences in

such areas as law and regulations drawn somewhat eclectically from various non-comparable sources or from global evidence such as the broad OECD databases (Thompson and Vincent 2010).

A caveat

We are well aware that all we have been able to do in this article is to offer ‘short-hand’ descriptions and critiques of work that has been for many decades in the making and could now easily fill several small libraries. We are also intrigued that many of the proponents and opponents of particular approaches to or frameworks for cultural or institutional studies are very committed to their favoured approach and defend it with much more than the usual academic passion. We do not want to join those debates. Our objective here is to compare and contrast the various approaches and to draw implications for research and practice.

Implications

The cultural and the institutional approaches are paradigms in the sense that their proponents tend to take them for granted and to assume that they explain much and that other explanations are illogical. However, they are not full paradigms since they are also paradoxical: the proponents of each recognize at some level that the other approach also has explanatory value. How that translates into their discourse appears to be largely a matter of personality. There is much literature discussing how national culture and institutions are related. Some authors distinguish between formal and informal institutions with the latter referring to aspects of culture (e.g. Slangen and Beugelsdijk 2010). Others argue that culture is actually a part of institutions (e.g. Berry, Poortinga, Bruegelsmans and Sam 2011). For our purposes, we are not interested in participating in this discussion directly, but instead want to compare the implications of the two explanations. We believe that both the cultural and the institutional paradigms have important implications for HRM in internationally operating organizations, but that they differ in their effect.

Using the cultural lens, there are aspects of the cultural environment that are obviously beyond the control of the employing organization: for example, levels of corruption in a society, respect for hierarchy and the importance of networking between key elites. Organizations, however, can do something to affect even these factors. The plethora of anti-corruption policies, the introduction of consultative programmes and the attempts that MNCs make to integrate themselves into significant networks, or to hire people who have those links, can ameliorate the impact of the cultural environment, though only to a limited degree. Other aspects of the normal distribution curve of cultural beliefs in the country, however, can be relatively easily off-set. Any organization, but MNCs in particular, can ensure that they do not recruit employees ‘typical’ of the culture or cultures of that country. MNCs can perhaps look for locals who share some of the values and beliefs of their home culture. The extensive induction and training programmes about the organization and its philosophies and ways of working, and the widespread ‘corporate culture change’ programmes, are designed to modify employees’ national cultural beliefs. And, if they do not work, extensive monitoring and appraisal programmes attempt to force employee behaviour into a common mould, despite cultural differences.

Using the institutional lens, there are similarly key elements of the institutional environment in which businesses are located that they can do little about. In any society, the size of the landmass of the country and the population and the general infrastructure

will affect the way business can operate and HRM can be conducted. The wealth of the country and the mix of formal and informal economies, the basic education system, the role of the government through tax and other fiscal regimes, social security programmes, the healthcare system, skills levels and the labour market in general are all largely beyond the control of individual businesses, however dominant they may be in the local economy. The nature of the legal system is fundamental to the way society works and businesses have to adapt to that and to the legislation that exists. The kind of politics and the political leanings of the government are critical factors. This goes beyond any simplistic capitalist/ communist distinctions and beyond the enduring configurations of the comparative capitalisms literature: organizations have to adapt to the party and the programme of the existing government, while also being conscious that they do not want to get caught on the wrong side if the government changes.

And beyond all these embedded general institutional factors there are specific issues applying to HRM more directly. Employment laws differ between countries so that, for example, the laws on equal opportunities for women require different behaviours from organizations in the USA and the European Union – what is required on one side of the Atlantic is unlawful on the other. If we add in Latin American countries or some of the Gulf states the picture changes again. Trade unions are illegal in some countries, required in others and may be more or less supported in yet others. Their role, their objectives, their structures and their activities vary from country to country (Hyman 1999). Government- provided child care, training and employment support, and a range of other programmes vary significantly between countries.

Of course many of these aspects are not completely beyond the control of the organization. Businesses can and do build roads to their locations, lobby governments on tax or employment legislation, recruit only from educated elites or import labour – although all of these are at the cost of losing some of the financial advantages that may have drawn them to those countries in the first place and at the cost of local competitiveness. Businesses can work hard to avoid having to deal with trade unions: though generally, in countries where the unions are stronger only by offering terms and conditions of employment largely on a par with or better than those the unions would have negotiated.

In many cases, however, the business, or its subsidiaries in other countries, has little choice but to cope with the institutional setting in which it operates. In a somewhat counter-intuitive way this may impact the subsidiaries of foreign multinationals more than local businesses – they are often under much more scrutiny from pressure groups and trade unions than local businesses are and legitimacy and acceptance may be more important to them. It is easier for local businesses to ‘find ways round the legislation’ or to become overtly involved in political processes than it is for MNCs.

Whitley (1999) analysed the internal firm-based aspects of business systems as being encompassed by the twin features of interdependence and delegation. Interdependence covers the extent to which the employment relationship is seen as a long-term arrangement. In the CMEs and the MMEs, for example, there is extensive legislation making it difficult and/or costly to sever that relationship. In the CMEs there is also considerable force put behind making sure that the laws are effective. This is much less the case in the MMEs. In the MMEs employment is more often seen as ‘familial’, where the firm operates more paternalistically but, as with families, it is expected that all will continue to cope with those who contribute less. In the SDEs, adherence to social norms is enforced more by a widespread consensus about what constitutes decent and proper behaviour by an employer, reinforced by influential trade unions. Interdependence in the

LMEs is much less – employment is easily terminated and employees are more mobile. Higher levels of interdependence mean that substantial investment in firm-specific training and development, from both firm and employee, becomes much more attractive – the ‘pay-off’ time is longer. In the LMEs training is likely to be less frequent or restricted to repeated short-term induction and technical skills programmes (Goergen, Brewster, Wood and Wilkinson 2012).

Delegation covers the extent to which managements within organizations share responsibilities with other employees. In some countries there are specific laws requiring managers to provide information to employees about their plans and their policies and about the outcome of such plans. There may be specific structures set up to receive such information. In some countries, indeed, they are required to consult with the employees through these structures before they can proceed with the plans. Trade union or collective bargaining arrangements are correlated with such individually focused employee-based structures: where one is strong the other tends to be strong as well (Brewster et al. 2007). Such delegation may or may not extend to employee control over the task they perform and how they perform them.

It is clear that Whitley’s analysis encompasses both cultural and institutional elements and, since they have a close resonance with HRM, so will the variations between the ways people are managed in the different countries. Thus, we might anticipate that in many areas of HRM, where the institutional environment of the country restricts and/or supports the organization directly, national differences in the way in which HRM is conducted will vary with the institutional arrangements. Since Tsui et al.’s (2007) article bemoaned the lack of comparative studies based on other than cultural factors, there has been a burst of activity. And there does indeed seem to be evidence that institutional factors matter in recruitment and selection (Wood, Brewster, Demirbag and Brookes 2014), training (Goergen et al. 2012), employment relations (Brewster, Brookes, Croucher and Wood 2007), flexible working practices (Richbell, Brookes, Brewster and Wood 2011), turnover (Croucher, Wood, Brewster and Brookes 2012) and downsizing (Wood, Goergen and Brewster 2013). It is also clear that these differences are relatively stable and continue over decades (Mayrhofer, Brewster, Morley and Ledolter 2011). The link between any of these practices and any of the societal cultural variations seems much less clear.

There are also, however, areas where the institutional base is less restrictive since there are either no, or more limited, legal requirements or the other actors in the system are either less coherent in their approaches and the limitations they impose or just have less power. Here, there is more scope for variation and the cultural differences may be more significant. Thus, there is evidence that in the use of appraisal systems it is the cultural differences that explain most variation (see, for example, Bailey, Chen and Dou 1997; Hempel 2001). Other examples of HRM processes where cultural differences play a significant and perhaps a decisive role include training and communication (Papalexandris and Chalikias 2002), performance management systems (Woods 2003), personnel selection (Huo, Huang and Napier 2002) and talent management (Vaiman and Holden 2013), among many others.

What this implies for researchers is that we need to be careful about the assumptions that we make about explanations for national differences in HRM and how they impact internationally operating organizations. The impact of country of origin, localization and the dominance of a (USA-based) best practice approach requires careful teasing out (Pudelko and Harzing 2007) and careless assumptions will be misleading. A careful theoretical analysis of the connections between either culture or institutions and HRM policies and practices is the first step, and only then can the researcher take the decision as

to what the most relevant explanatory factor is, so that the data area tested against the relevant measures. Where the institutional restrictions are more obvious it may make sense to test national differences in HRM against these measures. Where that is not the case, it may make sense to test national differences in HRM against one or more of the cultural measures. If we test cultural differences against any given HRM policy or practice we may find some correlations, but these are likely to be spurious and any conclusion drawn will be misleading. Equally, searching for correlations between institutional frameworks and HRM practices in areas where there are few institutional constraints may offer spurious but misleading findings. Ideally, HRM policies and practices should be tested against both the cultural and the institutional explanatory factors in a balanced and meaningful way. An example of an attempt to do just that can be found in Brookes, Croucher, Fenton-O'Creedy and Gooderham (2011). We clearly need more such studies.

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