

The Cross-Cultural Puzzle of International Human Resource Management

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INTERNATIONAL HUMAN RESOURCE MANAGEMENT: A FIELD IN INFANCY

As noted by Tichy (1983), the human resource field appears to be in a process of gradual and uneven transformation, where different companies may be experiencing different phases of transition: "endings," "in-between," "new beginning." Against this background, what can be said as to the status of the emerging field of International Human Resource Management which is the topic of this Symposium? Is there such a field?

Interestingly, the international dimension of HRM was apparently not retained among the important themes resulting from the previous HRM Symposium held at the University of Michigan two years ago. While the "importance of cultural phenomena" was selected (Tichy, 1983), this theme was framed more in terms of corporate cultures than in terms of national cultures and international implications.

The organizers of this Fontainebleau Symposium must be credited for creative leadership in launching a symbolic event that calls the attention of both executives and researchers on an emerging reality that is neither systematically managed nor extensively researched.

Recent labels like "Human Resource Management" or newer ones like "International Human Resource Management" obviously do not emerge by accident. Even though they often precede our understanding of what they mean, they are social productions that reflect some shared awareness of something important that has not been given enough attention in the past. When the new label is coined, it has the power of inviting people to wonder what it means and to inquire into the underlying reality which the label may be attempting to describe. In the field of organization studies, the concept of organizational culture seems to share a very similar history.

From a more practical point of view, there are some indications sug-

gesting that we are not all caught into some collective illusion. Many organizations are indeed confronted with the issues of managing human resources internationally. "Human Resource Managers" in such organizations are entitled to expect "Professors of HRM" to provide some useful insight on such processes. Yet these new international processes are so complex and so poorly defined and ill-understood at the moment that superficiality remains the mark of most current treatments, including the one attempted during this Symposium. As an illustration of this primitive state of affairs, would it be unfair to suggest that in many cases during this Symposium, participants have made a point of finishing their sentences with the four magic and official words: "within an international context." It remains to be assessed whether the former part of the sentences would have differed in the absence of that ending. If the field of HRM is in a stage of adolescence, International HRM is still at the infancy stage. The intent of this paper is to contribute to the framing of this new domain in building upon the author's inquiry into the cultural diversity of management conceptions across nations.

HRM PRACTICES AS INSTITUTIONALIZED PREFERENCES FOR THE MANAGEMENT OF PEOPLE

Managers in organizations hold particular sets of assumptions, ideas, beliefs, preferences, and values on how to manage people toward the attainment of some organizational goals. Over time these various ideas get translated into particular policies, systems, and practices which in turn may reinforce or alter the original ideas. Furthermore, organizational members have sets of expectations related to those practices which may again reinforce or alter the existing policies. Through this complex process of mutual interaction between various actors' ideas and actions, certain preferred ways of managing people tend to emerge in some organized fashion which we may then call Human Resource Management.

As different organizations have developed different ways of managing their human resources that seem to have been more or less successful, this observation has reinforced the intuition that more strategic thinking was required in this area and that some competitive advantage could be acquired through some form of excellence. Future historians of work organizations may well have a hard time understanding why it took so long to realize the strategic importance of the management of human resources.

If HRM policies and practices reflect managers' assumptions about how to manage people, it becomes very critical to understand such assumptions in order to correctly interpret the meaning of particular policies and practices.

NATIONAL DIFFERENCES IN MANAGEMENT ASSUMPTIONS: A RESEARCH INQUIRY

In the past few years, we have been interested in systematically exploring management assumptions in an attempt to enrich our understanding of management and organizational processes. The initial research objective was not to explore national differences but to bring into focus some of the implicit management and organizational theories that managers carry in their heads (Laurent, 1981).

As it is very difficult to inquire into beliefs that individuals take for granted, our research strategy has consisted in writing up a large number of possible assumptions about the management of organizations which we inferred from discussing organizational issues with managers. These assumptions were expressed in the form of statements within a standard questionnaire that would seek from respondents their degree of agreement/disagreement with such statements.

Typical survey statements read as follows:

- The main reason for having a hierarchical structure is so that everyone knows who has authority over whom.
- Most managers seem to be more motivated by obtaining power than by achieving objectives.
- 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.
- In order to have efficient work relationships, it is often necessary to bypass the hierarchical line.
- Most managers would achieve better results if their roles were less precisely defined.
- An organizational structure in which certain subordinates have two direct bosses should be avoided at all costs.

Successive groups of managers participating in executive development programs at INSEAD (The European Institute of Business Administration) were surveyed. These managers came from many different companies and many different countries.

When their responses were analyzed, it appeared that the most powerful determinant of their assumptions was by far their nationality. Overall and across 56 different items of inquiry, it was found that nationality had three times more influence on the shaping of managerial assumptions than any of the respondents' other characteristics such as age, education, function, type of company . . . etc.

One of the most illustrative examples of national differences in management assumptions was reflected in the respondents' reaction to the following 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.

As indicated in Figure 1, while only a minority of Northern American and Northern European managers agreed with this statement, a majority of Southern Europeans and South-East Asians did. The research results indicated that managers from different national cultures vary widely as to their basic conception of what management is all about (Laurent, 1983).

Conceptions of organizations were shown to vary as widely across national cultures as conceptions of their management did. Across a sample of 10 Western national cultures, managers from Latin cultures (French and Italians) consistently perceived organizations as social systems of relationships monitored by power, authority, and hierarchy to a much greater extent than their Northern counterparts did.

American managers held an "instrumental" view of the organization as a set of tasks to be achieved through a problem-solving hierarchy where positions are defined in terms of tasks and functions and where authority is functionally based. French managers held a "social" view of the organization as a collective of people to be managed through a formal hierarchy, where positions are defined in terms of levels of

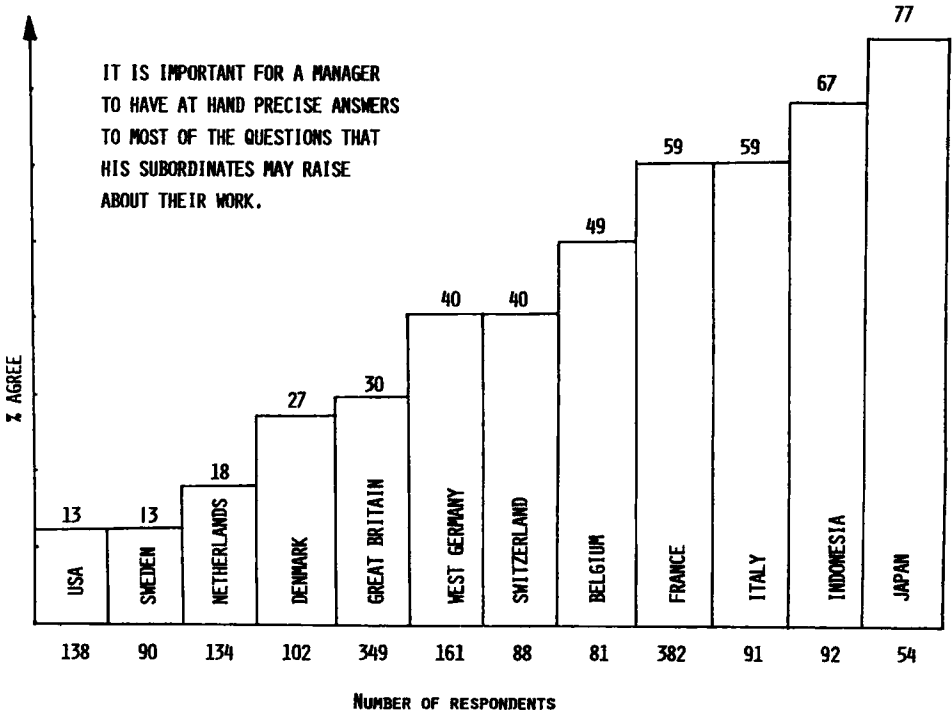


Figure 1.

authority and status and where authority is more attached to individuals than it is to their offices or functions (Inzerilli and Laurent, 1983). Once these results were obtained, the question arose as to whether the corporate culture of multinational organizations would reduce some of the observed national differences and therefore bring some more homogeneity in the picture.

A new research study was designed to test this hypothesis. Carefully matched national groups of managers working in the affiliated companies of a large U.S. multinational firm were surveyed with the same standard questionnaire. The overall results gave no indication of convergence between national groups. Their cultural differences in management assumptions were not reduced as a result of working for the same multinational firm. If anything, there was slightly more divergence between the national groups within this multinational company than originally found in the INSEAD multi-company study. These findings were later replicated with smaller matched national samples of managers in several American and European multinational corporations.

The overall research findings led to the conclusion that deep-seated managerial assumptions are strongly shaped by national cultures and appear quite insensitive to the more transient culture of organizations.

Further exploration was conducted with different methods of inquiry in order to better assess the validity of the findings. In one research study, a large U.S.-based multinational corporation was approached because of its high professional reputation in human resource management. This corporation has implemented for years a standardized worldwide system for the multiple assessment of managerial potential and performance. Open-ended interviews were conducted across a number of affiliated companies in an attempt to identify what managers perceived as being important to be successful in their career. This led to a list of 60 criteria mentioned by managers as being most important for career success. Matched national groups of managers were later asked, in a systematic survey, to select among these 60 criteria those they saw as most important for career success within the firm.

For the American managers, the single most important criterion in order to have a successful career with the company was “Ambition and Drive”—a pragmatic, individualistic, achievement-oriented, and “instrumental” reading of the assessment system. The French managers saw things quite differently. For them the single most important criterion was “Being labelled as having high potential,” a more “social” and political reading of the same system. The degree of consensus on what it takes to be successful was significantly higher within the American Affiliate—culturally closer to the designers of the HRM system—than it was in the British, Dutch, German, and French Affiliates.

In spite of the convergence effects that could be expected from a similar and global administrative system of assessment and reward, managed by the U.S. Headquarters on a worldwide basis, a remarkable

degree of cultural diversity was observed again across countries in managers' perceptions of the determinants of career success. In a later part of the study, the same national groups of managers were asked to list what they thought were the features of a well-functioning organization, the attributes of effective managers, and the most important things that effective managers should be doing.

The analysis of some of the results can be summarized as follows:

German managers, more than others, believed that creativity is essential for career success. In their mind, the successful manager is the one who has the right individual characteristics. Their outlook is rational: they view the organization as a coordinated network of individuals who make appropriate decisions based on their professional competence and knowledge.

British managers hold a more interpersonal and subjective view of the organizational world. According to them, the ability to create the right image and to get noticed for what they do is essential for career success. They view the organization primarily as a network of relationships between individuals who get things done by influencing each other through communicating and negotiating.

French managers look at the organization as an authority network where the power to organize and control the actors stems from their positioning in the hierarchy. They focus on the organization as a pyramid of differentiated levels of power to be acquired or dealt with. French managers perceive the ability to manage power relationships effectively and to "work the system" as particularly critical to their success.

From the perspective of these various results, international human resource management may only be international in the eyes of the designers.

DISCUSSION

Naive parochialism has plagued the field of Management and Organization Studies for a long time. The societal and cultural context of theories and practices has long been ignored or overlooked by both researchers and practitioners (Hofstede, 1980). Management approaches developed in one particular culture have been deemed valid for any other culture. Models of excellence (Peters and Waterman, 1982) are still being presented with virtues of universality.

A comparative analysis across national cultures brings the startling evidence that there is no such thing as Management with a capital M. The art of managing and organizing has no homeland.

Every culture has developed through its own history some specific and unique insight into the managing of organizations and of their

human resources. At the same time, any single cultural model may become pathological when pushed to its extreme, an illustration of the fact that every culture has also developed specific and unique blindspots in the art of managing and organizing. There lie the still largely undiscovered opportunities and threats of international management.

The emerging field of Human Resource Management is not compelled to fall into the trap of universalism. It has the opportunity and the challenge to integrate cultural relativity in its premises. In fact, and given the global context of international business, this field has no choice but to take into full consideration the international dimension of the organizational world.

Comparative research shows that managers from different national cultures hold different assumptions as to the nature of management and organization. These different sets of assumptions shape different value systems and get translated into different management and organizational practices which in turn reinforce the original assumptions. Among such practices, human resource management practices are likely to be most sensitive to cultural diversity as they are designed by culture bearers in order to handle other culture bearers. Thus the assumptions and values of the local designers are likely to be amplified by the expectations of the natives to create a cultural product that may be highly meaningful and potentially effective for the home country but possibly meaningless, confusing, and ineffective for another country.

If we accept the view that HRM approaches are cultural artifacts reflecting the basic assumptions and values of the national culture in which organizations are imbedded, international HRM becomes one of the most challenging corporate tasks in multinational organizations.

With varying degrees of awareness, such organizations are confronted all the time with strategic choices that need to be made in order to optimize the quality and effectiveness of their very diverse human resources around the world. In order to build, maintain, and develop their corporate identity, multinational organizations need to strive for consistency in their ways of managing people on a worldwide basis. Yet, and in order to be effective locally, they also need to adapt those ways to the specific cultural requirements of different societies. While the global nature of the business may call for increased consistency, the variety of cultural environments may be calling for differentiation.

Faced with such a high degree of strategic complexity in managing human resources internationally, corporations have become increasingly seduced by a new and highly attractive dream called corporate culture, that would encapsulate on a worldwide basis their own genuine and unique ways of managing people. What if our corporate culture could act as a "supra-culture" and be expected to supersede some of the annoying specificities of the different national cultures in which we operate?

Indeed different organizations from the same country develop differ-

ent organizational cultures over time and there is no doubt that the recent recognition of the importance and reality of organizational cultures represents a step forward in our understanding of organizations and of their management. However, and in spite of the interest of the concept, it would probably be illusionary to expect that the recent and short history of modern corporations could shape the basic assumptions of their members to an extent that would even approximate the age-long shaping of civilizations and nations. Indeed the comparative research reported above indicates that the corporate culture of long established large multinationals does not seem to reduce national differences in basic management assumptions across their subsidiaries.

Our tentative interpretation of this finding is that a conceptualization of organizational cultures in terms of basic assumptions (Schein, 1985) may be searching for the reality of organizational culture at a deeper level than it really is. To a certain extent, it may be useful to interpret the current appropriation of the concept of culture in the field of organization studies as a modern attempt at increasing the legitimacy of management in business firms by calling upon a higher order concept of almost indisputable essence. Who can deny the existence of an IBM culture?

Instead of locating the roots of organizational culture at the deepest level of basic assumptions, an alternative and possibly more realistic view would be to restrict the concept of organizational culture to the more superficial layers of implicit and explicit systems of norms, expectations, and historically-based preferences, constantly reinforced by their behavioral manifestations and their assigned meanings. Under this view, organizational members would be seen as adjusting to the behavioral requirements of organizational cultures without necessarily being so deeply immersed into their ideological textures.

Consistent with the previous arguments on the deep impact of national cultures upon organizational theories and practices, our proposed interpretation of the concept of organizational culture probably reflects the Frenchness of the author through his eagerness to differentiate "actors and systems" (Crozier and Friedberg, 1977).

Thus on the international scene, a French manager working in the French subsidiary of an American corporation that insists on an open-door policy may very well leave his office door open—thus adjusting to the behavioral requirements of the corporate culture—without any modification whatsoever of his basic conception of managerial authority. In the French subsidiary of a Swedish firm, whose corporate values include an almost religious reliance upon informality, French shopfloor employees were recently observed as addressing their managers by their first names and using the intimate "tu" form within the boundaries of the firm. The same individuals immediately reverted to "Monsieur le Directeur" and the more formal "vous" form whenever meeting outside the firm.

Similarly the degree of ingenuity and creativity that can be observed

in order to recreate private space and status out of open space offices probably expresses some of the same dynamics whereby organizational members may very well play the expected game without abdicating their own personal values.

Deep-rooted assumptions could then be better understood as the historical result of broader cultural contexts like civilizations and nations. Organizations would only select from the available repertory of their larger cultural context a limited set of ideas that best fit their own history and modes of implementation. This would be called their organizational culture and would strongly reflect national characteristics of the founders and dominant elite of the organization (Hofstede, 1985).

STEPS TOWARD THE INTERNATIONAL MANAGEMENT OF HUMAN RESOURCES

In dealing with other cultures than their home-based culture, international organizations need to recognize more explicitly that they are dealing with different "fabrics of meaning" (Geertz, 1973). Therefore, whatever can be the strength, cohesiveness, or articulated nature of their corporate cultures, the same HRM policy or practice is likely to be attributed quite different meanings by different cultural groups. Behavioral adjustment may occur at a superficial level and provide the designer from Headquarters with an illusory feeling of satisfaction in front of apparent homogeneity across subsidiaries. The dances will appear similar while their actual meaning may be quite different and thus lead to very different outcomes than anticipated. Fortunately, in many other cases, the dances will also be different enough across subsidiaries so as to effectively remind Headquarters that the rest of the world is different from "home."

In the Italian subsidiary, the introduction of a Management-by-Objectives system may be experienced as follows: "We used to be rewarded for our accomplishments and punished for our failures. Why should we now sign our own punishment even before trying?" For the Indonesian affiliate company, the inclusion of negative feedback in performance appraisal interviews may mean "an unhealthy pollution of harmonious hierarchical relationships." The introduction of a matrix-type multiple reporting relationship system may be experienced as a horrible case of divided loyalty in the Mexican subsidiary. Unlike many others, the subsidiaries of Swedish multinational corporations may complain that they do not receive enough "help" from Headquarters. Participative management may mean very different things to Scandinavians and North Americans.

To a large extent, Human Resource Managers who operate internationally know these things and multinational organizations have accumulated wisdom from experience and developed skills to handle cul-

tural diversity. Yet, more often than not, such organizations must have learned by accident or out of necessity how to cope with cultural differences. Only on rare occasions have they explicitly and consciously set out to develop a truly multinational identity by building upon cultural differences in their human resources. How many headquarters genuinely believe that they can learn from their foreign subsidiaries? How many implement such a rare belief by internationalizing headquarters' staff and top management? It may be that recent trends toward multinational cooperative ventures and networks (Lorange, 1985), characterized by a lesser degree of centralized power, will accelerate such development processes.

A truly international conception of human resource management would require a number of critical and painful steps that have not occurred yet in most instances:

- an explicit recognition by the headquarter organization that its own peculiar ways of managing human resources reflect some assumptions and values of its home culture.
- that as such these peculiar ways are neither universally better or worse than others, they are different and they are likely to exhibit strengths and weaknesses particularly when travelling abroad.
- an explicit recognition by the headquarter organization that its foreign subsidiaries may have other preferred ways of managing people that are neither intrinsically better nor worse but that could possibly be more effective locally.
- a willingness from headquarters to not only acknowledge cultural differences but also to take active steps in order to make them discussable and therefore usable.
- the building of a genuine belief by all parties involved that more creative and effective ways of managing people could be developed as a result of cross-cultural learning.

Obviously such steps cannot be dictated or easily engineered. They have more to do with states of mind and mindsets than with behaviors. As such, these processes can only be facilitated and this may represent a primary mission for executives in charge of international human resource management. They may also represent some of the prerequisites and foundations for the development of forward-looking international corporate cultures.

Such cultures could then provide the impetus and the proper framing to address important strategic issues in the area of international HRM such as: how much consistency and which similarity in policies and practices should be developed? How much variety and differentiation and what adaptation should be encouraged? Which policies should be universal and global? Which ones should be local? Which HRM practices should be designed at the center? Locally? By international teams?

Which processes can be invented to reach agreement on objectives and allow variable paths to achieve them? Which passports should key managers have in the headquarter organization and in the main subsidiaries? Home office nationals? Country nationals? Third nationals? How much and which expatriation should occur? How to manage the whole expatriation process? How to properly assess management potential when judgment criteria differ from country to country? How to orchestrate the management of careers internationally? All of these issues require strategic choices that cannot be left to an obscure function as they need to be fully integrated in a global vision of the firm and as they feed and shape that vision.

The challenge faced by the infant field of international human resource management is to solve a multi-dimensional puzzle located at the crossroad of national and organizational cultures. Research is needed on the various strategies that international firms are using as their own attempts at solving the puzzle.

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