THE HOME-COUNTRY CULTURE AS ONE OF THE FACTORS OF HUMAN RESOURCE MANAGEMENT: A CASE OF MNCs IN POLAND

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Abstract:
Human resources management (HRM) does not operate separately from the environment and the rest of the activities in the enterprise. Various factors, both inside and outside the enterprise, influence the HRM policy and practices. Currently, external environments in particular are increasingly complicated due to rising complexity of business operations. The purpose of this article is to investigate the role of host country culture among HRM factors in MNCs (multinational companies) in Poland. This article presents data from case study research on 14 enterprises from five different countries. Data was collected in the course of semi-structured personal interviews with managers, analysis of documentation, and observations. Moreover, a survey was conducted among the managers of each enterprise. The results indicate that country of origin cultures are important, but do not constitute the main contextual factor influencing company’s HRM practices and policies. The paper also outlines the role of other factors impacting HR practices.

Keywords: human resource management, national culture, subsidiaries, MNCs
1. **THEORETICAL BACKGROUND**

It is widely acknowledged that internal and external factors are important determinants of human resources management policies and practices (Aswatthappa, 2007, pp. 28). A number of theoretical perspectives have been developed to explain how these factors affect human resources management practices. In recent years, the attention has been focused on the fact that considering these factors and adopting the policies and practices of human resources management to them is a prerequisite for efficient and effective actions in this managerial area. Hence the identification of organizational and environmental factors that predict the adaptation of different human resources practices meets the growing interest of researchers and practitioners (Shaw, Tang, Fisher, Kirkbride, 1993).

The simplest classification of HRM factors is their division into external and internal factors (Schuler, Jackson, 2007, p. 28), although the literature contains more elaborate classification, which allows a better understanding of HRM context, especially in international environment (Budhwar, Sparrow, 2002, p.387).

In the recent years there has been a substantial rise in the number of publication on the impact of national culture on human resources management. Mainly, it is associated with the increasing complexity of business operations connected with globalization, which cause that national culture on many levels - the home-country and the host country culture, country of origin of employees, or even cultural roots of implemented solutions - should be added to the list of previous included factors. In consequence, companies must meet greater challenges posed to them by HRM factors.

All determinants of human resources management are interrelated and their impact on human resources management is not isolated, but complex. In consequences to understand the context of HRM, the influence of each factor on the management of this area and the interplay between them should be considered. What is more, the degree and influence of these factors is context-specific and should be considered in national or even regional context in which enterprises operate (Jackson, Schuler, 1995, Locke, Thelen 1995).

### 1.1. National HRM factors

Legal and political factors are primarily government policy, economic policy, and any regulation in terms of human resources management. The most significant laws, which employers are obliged to fulfil, are national labour laws influencing the level of organizational autonomy (Brewster 1995, Sparrow 1995), health and safety regulations, and regulations in the field of social policy (for example, concerning minimum wages). Any government regulations concerning the activities of trade unions could also be included in the legal factors which have a definite influence on the human resources management,

The characteristics of the existing labour market consist of the processes and phenomena that reflect the relationship between existing supply and demand for labour. The situation on both national and regional market affects human resources management within the organization especially in the face of globalization and the increasing mobility of workers within the international market. For example, the recruitment strategies vary depending on unemployment levels. In the case of a market with low labour supply, the enterprises use more expensive recruitment methods. The enterprises operating within a market with tight labour supply improve wages and work condition in order to attract and retain employees (Schuler, Jackson, 2007, 33; Weinstei, Oboj, 2002, p. 647). The situation of the external labour market influences also the consideration given to the development or performance of management (Budhwar, Sparrow, 2002, 390).

The determinants of human resources management also include the existing educational and vocational systems, which constitutes the implication used law regulations and education policy undertaken by the government. To a large extent, it determines the level of competences and quality the potential employees on the labour market (Sparrow, 1995).

### 1.2. Internal factors

According to Torrington, Hall and Taylor (Torrington, Hall, Taylor, 1995, p. 33-28), taking into account the strength of the relationships between business strategy and HRM strategy, five models of this relationships can be distinguished:
- The separation model, in which there is no relationship between organizational and human resources strategy (an approach often used in small businesses),
- The fit model, in which employees are seen as very important in implementing organizational strategy, for this reason HR strategy has to meet the requirements of organizational strategy connected with the employees, their qualifications, etc.,
- The dialogue model, in which there are bilateral relations between the company strategy and personnel strategy, with some elements of business strategy proposed by the personnel managers,
- The holistic model, in which the concept of human resources management is accepted and people are seen as a factor of competitive advantage; corporate strategy and human resources are developed simultaneously, and the links between them are consistent and comprehensive,
- HR-driven model, in which human resources are recognized as a leading factor to be considered in the development of the organizational strategy, with particular attention is paid to raising employees’ skills and obtaining profits through their competence.

There is a general consensus that company strategy should be integrated with human resources management strategy.

It is important to emphasize the fact that corporate strategy constitutes the factor which integrates other factors, both internal and external.

Also, each type of organizational structure faces some unique challenges of human resources management. It is important in choosing recruitment techniques, human resource planning in terms of quality and quantity, promotion, and development (Listwan (ed.), 2005, 148-149). For example in organizations with flat structure employees have greater autonomy than in hierarchical ones. Changes in organizational structure have implications in the job content and employees motivation. (Frimshaw et al., 2001, 25-54)

Industry characteristic largely determines the demand for certain workers, their professional qualifications (from general to very specific) and personal characteristics. Also, seasonality of certain types of businesses will affect the management of human resources. Furthermore, some types of production regimes cause higher levels of workers’ life or health hazard, and in consequence necessity of developing social services, protection programs, and company implementation of a wide range of preventive health care.

The market and the economical position of the company constitute other important HRM factors. To gain position in competitive markets, skilled employees responsible for designing, producing, and marketing of the products and services are indispensable. They have to be constantly trained to learn the required or new skills. They also need to have autonomy and discretion. This requires also appropriate motivation policies and compensation schemes. (Tayeb, 2005, p. 36) According to Balkin (1988) and Dimick and Murray (1978) economic forces influence HRM, only wealthy firms can afford more sophisticated HR practices.

For human resources management, the importance of the technology used in the company is evident. A historical perspective shows how over the years, simultaneously with technology development, the approach to employees in an organization has been changing, with reference to the required competencies or organization of work. The changes towards modernization of the used techniques and technologies cause increasing complexity of work, which creates a demand for better qualified workers, with higher education level and specialist skills, more motivated and responsible. The

\[ \text{The organization strategy need to be supported by HRM practices (Schuler 1989) and in consequence depends on human resources. For example, Janowska (2002, p. 3) stresses the reciprocity of relations between corporate strategy and strategy of human resources management and demonstrates how the level of competence of the employees influences the type of company strategy and its subsequent implementation. The company has formulated a strategy to identify their own possibilities of meeting environmental requirements, and the workers (their qualifications and skills and, above all, their commitment to the executed tasks) are one of the guarantor of the success of the implementation of the chosen strategy. However, some authors (p. ex. Gunnigle, Moore, 1994) point to the lack of conclusive evidence, which might indicate that achieving a fit between organizational strategy and HR practices contributes to greater organizational effectiveness.} \]
evolution of technology entails changes in the work organization, adapting it to the requirements of using new machinery and new manufacturing technologies, and changes in the profile of employees from whom a lesser degree of predisposition to physical labour, and greater competence needed to handle increasingly complex machines or tools is required (Schuler, Jackson, 2007, p. 28).

Internal labour market is also the factor affecting the human resources management, which is directly linked to the participants of the organization. It includes both the number of employees and the structure of employment in terms of age and seniority, and the direction and level of education, skills, psychological qualities, and attitudes of the employees. It determines intensity of further improvement of qualifications and acquiring new ones. These factors largely affect the behaviour and attitudes of workers and should be taken into account in arranging human resources management strategy. Particularly in view of the fact that this factor is difficult to change, because people entering the organization are basically formed.

Unions operating in the enterprise also have a considerable impact on human resources management, especially their expectations, attitudes, and performance of collective bargaining.\(^2\) This impact on HRM practices in different companies is not the same, because it depends on the real division of roles and the nature of the relationship between employers and trade unions, professional structure of union members, their personality and level of preparation for fulfilling the functions of union leaders. (Weinstein, Oboj, 2002, p. 651).

### 1.3. Cultural factors in HRM

According to the definition proposed by Schein (2004, p. 17), culture can be understood as “a pattern of shared basic assumptions that was learned by group at it solved its problems of external adaptation and internal integration, that has worked well enough to be consider valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relations to those problems”. The culture is a particular factor of human resources management. First, it often determines the other factors (for example, it can affect national law regulations or educational system). Secondly, the culture also determines the effectiveness of used HRM practices (Sims, 2007, 76). The culture may be considered as an external factor (at the level of national culture) and internal (at the level of organizational or occupational culture).

Organizational culture is a shared symbols values, meanings specific for one organization. The results of research presented in the literature suggest that a some kinds of organizational culture are associated with specific HR practices (Ashkanasy, Wilderom, Peterson, 2011, 214). Shared values of the members of the organization will result in making specific decision in areas of HRM. For example, Chow and Liu (2007, 47-55) found significant correlation between organizational culture and HRM practices.

From the existence of differences in the HRM practices in organizations in societies, which differ in terms of cultural characteristic, it follows that national culture also differs human resources management\(^3\). Moreover, research carried out in enterprises from different countries operating in one host-country show the differences in HRM policy and practice (Brewster, Hegewisch, 1994; Rosenzweig, Nohira, 1994) related to the country-of-origin of the companies. It leads to conclusions on the impact of home-country culture on the company practices in human resource management in the host-country. There has been considerable interest in the impact of national culture on management. However, there are not many studies performed among companies operating in Poland, and considering the extent to which the home—country culture influences human resources management. The important question which arises is whether country-of-origin influences also play an important role in foreign enterprises operating in Poland; or rather managers should focus on other factors which have a stronger influence on human resource management.

In addition, the question should be posed if the country-of-origin culture is an important determinant when compared to other factors, and to which extent it influences human resource practices. Taking

\(^2\) Collective bargaining still plays important role in some countries in establishing pay rates, especially for manual workers (Wright, 2004, 44-45).

\(^3\) More about cultural influences on work-related attitudes, values, and HRM practices and policies: Hofstede, 1980; Trompenaars,1996; Gatley et al., 1996; Schneider, 1998.
under consideration the importance attributed to, for example, corporate strategy and structure in policy-making in HRM area, it appears likely that country-of-origin culture will not have such a large influence as the other elements of the external and internal environment.

2. METHODOLOGY AND RESULTS OF RESEARCH

A key question for research was the extent to which in MNCs (multinational companies) operating in Poland human resource management policy and practices are determined by the home-country culture.

The methodology of this research is based on case studies relaying on multiple sources of data, including interviews, direct observation, internal documents, and survey among managers. The case study was choose because this approach is better for exploring complex qualitative relationship than solely using a survey (Brewster, Tragaskis, Hegewisch, Mayne, 1996, p. 587).

To limit the differences arising from non-cultural determinants, only the manufacturing companies were chosen. An important criterion for selecting the country-of-origin of analyzed enterprises was “cultural distance”, which allows indicating countries with cultural environments sufficiently different for future analysis.4

Request for permission to conduct the research was sent to 274 enterprises from five different countries operating in Poland. The research on the HRM factors was conducted in 14 companies, including two from Japan and Sweden, three from the US and Germany, and four from France.

Data was collected during semi-structured personal interviews with mainly the human resource manager/professionals and CEOs or other top executives. At minimum, one person was interviewed in each company. Each interview lasted between one and a half and two and a half hours. When possible, the interviews were recorded for later revision and reanalyzing. Qualitative analysis of the interview data focused on identifying major current HRM practices, how they depend on parent company, and to which extend they are determined by other factors. The questions allowed the interviewee to project own perception of cultural and other factors influencing human resource management practices.

Moreover, direct observation method was also conducted to gain supplementary information about human resource management, such as communication with employees, relationships in the enterprise, and work organization. The research was also supplemented by documentation analysis. The chief data sources were both the internal documents (for example, labor regulations, documents used in appraisal systems, organizational charts), as well as public information about the company (for example, corporate web sites, leaflets, or folders).

Additionally, to examine the degree of impact of each factor on human resource management in the researched enterprises, managers were asked in the survey to indicate the strength of impact of human resources management factors, both internal and external. In answers to survey questions a five-point Likert scale ranging from “not at all important factor” (1) to “extremely important factor” (5) was used. It enabled examining the intensity of the impact each of the studied HRM factors. In the case of survey study, the managers constituted the target group due to their participation in the development of strategy at different levels. They are the group with the widest range of knowledge concerning the impact of HRM factors. To reduce differences in interpretation of each factor, they were described to explain their meanings to surveyed managers. The survey covered a total of 121 managers. The mean scores of the factors examined in the survey in all researched enterprises and distinguishing between investments Greenfield (6 enterprises) and Brownfield (8 enterprises) type are shown in Table 1.

4 More about the classifications of cultures (Ronen, Shenker, 1985, pp. 444-445; Gupta, Hanges, Dorfman, 2002, p. 1)
Table 1: The impact of various factors on the HRM (survey results)

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean (N=121)</th>
<th>Mean Greenfield (N=66)</th>
<th>Mean Brownfield (N=55)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Politic and legal system</td>
<td>2.93</td>
<td>2.91</td>
<td>2.95</td>
</tr>
<tr>
<td>Educational system</td>
<td>2.76</td>
<td>2.82</td>
<td>2.70</td>
</tr>
<tr>
<td>Country of origin culture</td>
<td>2.99</td>
<td>2.97</td>
<td>3.02</td>
</tr>
<tr>
<td>The impact of trade union</td>
<td>2.34</td>
<td>1.60</td>
<td>3.31</td>
</tr>
<tr>
<td>Market position of organization</td>
<td>3.89</td>
<td>3.79</td>
<td>4.02</td>
</tr>
<tr>
<td>External labour market condition</td>
<td>3.46</td>
<td>3.51</td>
<td>3.40</td>
</tr>
<tr>
<td>Type of industry</td>
<td>3.35</td>
<td>3.24</td>
<td>3.51</td>
</tr>
<tr>
<td>Internal labour market</td>
<td>3.31</td>
<td>3.46</td>
<td>3.10</td>
</tr>
<tr>
<td>Organizational strategy</td>
<td>3.71</td>
<td>3.77</td>
<td>3.62</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>3.41</td>
<td>3.52</td>
<td>3.26</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>3.71</td>
<td>3.67</td>
<td>3.75</td>
</tr>
<tr>
<td>Economic condition of subsidiaries</td>
<td>3.97</td>
<td>3.86</td>
<td>4.11</td>
</tr>
<tr>
<td>Level of technology used in enterprise</td>
<td>3.48</td>
<td>3.46</td>
<td>3.50</td>
</tr>
</tbody>
</table>

Source: on basis of surveys research.

The assessments on five-point scale: 1 means “not at all important”; 5 – “extremely important”. To eliminate differences in sample sizes of individual enterprises mean scores of each enterprise were used as a base for calculations present in the table.

3. DISCUSSION OF FINDINGS

According to the survey study, among the external factors, the biggest impact on human resource management has the financial position of the enterprise. This is caused by the surveyed companies’ need to cover their own costs and achieve profit at the level set by parent companies. In consequence, the activities in the field of human resource management, involving financial outlay such as training and remunerations, must be justified by a sufficiently high economic outcome, which is also influenced by the situation of the market.

Organizational culture constitutes another of the determinants noted by the surveyed managers. Such high assessment of the impact of this factor on HRM is not surprising. The organizational culture results from the country-of-origin culture, Polish culture, as well as from cultural background of managers and employees, if they are from another country. Furthermore, it constitutes a sort of a lens that focuses the action of other factors, such as the nature of the business or used technology (Aniszewska, 2007, p. 22).

The external labor market has also significant impact on HR practices in researched companies. It is a strong differentiating element of the surveyed companies. The study examined companies located in small towns, where market supply was limited (due to the small number of companies) and in consequence the demand for labor was high, as well as companies that operate within special economic zones, with a large number of companies. Occasionally, there were difficulties with respect to finding employees with specific skills, especially when these zones were located long distance from agglomerations. In the research anticipated also the enterprises located in large cities where are a lot of potential employees. But on the other hand there is the competition between companies to attract the best employees. Each of these situations requires the companies to use different approaches in order to maintain staff. In particular, the importance of this factor in the studied companies may be observed in the remuneration system, where the level of wages on the labor market and the availability of workers were the main determinants taken into account in projecting salary levels for various positions.

According to the surveyed managers, the organizational strategy is on the fourth position among the factors evaluated, but it should be noted that this assessment may be the consequence not perceiving its impact on other internal factors of human resource management and in consequence its additional indirect influence on the management in this area.
The characteristic impact of the industry on human resource management was rated by managers relatively low compared to other determinants. Also, the impact of this factor on the differentiation in HRM practices between enterprises can be considered negligible. This is due to the fact that most of the surveyed companies were typical manufacturing companies, where blue-collar workers were the largest group of employees. On the other hand, one area of HRM was identified as depending strongly on the type of industry; namely, work conditions. In enterprises where the type of production constitutes a hazard to the health or life of the workers, special importance was paid to employees’ compliance with safety regulations. Food industry constitutes another example as medical care was provided for workers in the workplace due to the need to stay in adverse conditions (fumes) resulting from specific production.

The surveyed managers attached less importance to another of examined factors - the technology within the enterprise. The impact was not highly assessed by the respondents, but the in-depth study allowed observing that this factor also shapes human resource management practices to the same degree. Firstly, mechanization of the production process had an effect on the number of employees and the skills necessary to perform work and, in consequence, on selection and training. In addition, the introduction of advanced technology resulted in changes in the remuneration system. For example, during the interviews the managers noted that it would be impossible to use individual performance remuneration system on some positions. In their opinion, automated production restricted the ability of individual workers to influence the rate and quality of manufactured products.

The structure of the organization was indicated by the surveyed managers as constituting a significant factor of human resource management. The interviewed individuals highlighted its impact on the possibility, or rather lack, of vertical promotion. Moreover, the degree of hierarchy determined the methods of communication within the company to a great extent.

Among the determinants of internal human resource management, less importance was attributed to the internal labor market, even though in the analyzed companies the impact of this factor on a number of HRM activities, such as the selection of workers and remuneration systems, was seen during in-depth study. However, it was noted as not being particularly significant, especially in view of the demographic structure of the employees. However, the diversity of HRM practices between surveyed enterprises, which depended on workers’ skills structure, did not possess a crucial significance because most of them shared a similar specificity.

Another element of the external environment - the system of education - also had to some extent the impact on HRM in every surveyed enterprise; although, it did not possess a significant effect on the diversity of HR practices in the examined companies. Moreover, the influence of this factor was rated low by respondents.

As all of the examined companies operated in Poland, the political and legal environments constitute determinants that have a bigger effect on the unification of practices in the surveyed companies than on their differentiation. The only differentiating factor that can be considered in this area is the regional policies and regulations issued by local authorities. Local laws on environmental protection, as well as all types of facilities and incentives offered by municipalities, functioning in special economic zones founded to encourage investors to locate their activities in the area, should been taken into account. Nonetheless, it can be assumed that this would not have a significant impact on human resource management, certainly much smaller than the legal and political solutions at the national level, which have been assessed as minor by surveyed managers.

The respondents assessed the activities of trade unions within the company as having a low impact on human resource management. This follows from the fact that trade unions do not operate within a number of the examined companies. Among the surveyed companies, unions were active mostly in investments of the Brownfield type, transformed from the former state companies. In enterprises where trade unions had an active role, their significant impact on human resource management was often emphasized during the interviews and scored as high in the survey. One of the consequences of strong unions was need to respect the regulations contained in the collective agreements. This factor had an outstanding effect on the remunerations systems.
Moreover, survey data showed the low impact, among other factors, of country-of-origin national culture on HRM but the result in-depth study, revealed the impact of this factor on HRM practices, particularly on employee relations, appraisal system, and employee development.

Studies have confirmed that home-country culture is not the main factor of HR practices in the examined companies. A number of reasons can be listed to account for this state of affairs. First, most of the surveyed companies did not employ managers or employees from the home country of these companies. Furthermore, in most of the companies during the interviews, the lack of pressure from the parent company with regards to imposing solutions in human resource management areas was highlighted. Moreover, even though home-country tools were implemented, they were very often modified to adjust them to the specific Polish conditions and their rigorous adherence was not enforced by the parent company. Such a situation occurred, for example, in some companies in the case of evaluation forms used in the appraisal systems. Even if they were directly sourced from the parent company, they were often transformed and designed to be company-specific (e.g. although the evaluation form was modeled on that from the parent company, the evaluation criteria were matched to local conditions).

HR practices under a strong influence of home-country enterprises were found especially in the areas whose functioning was connected with direct spending of money. In the case of recruitment, companies were found to possess significant freedom of actions. In contrast, employee development and remuneration system, the freedom was limited and main decisions in these areas were taken, or had to be approved, by top management or head office.

In addition, research shows that observation was the main source of transmission of HRM methods and tools from the home-country. The practices observed by managers during their visit in parent company were then transferred to their subsidiaries. In consequence, the similarities in HRM practices was greater in the subsidiaries that linked more closely ties with parent company.

4. STUDY IMPLICATIONS

Although the influences of home-country on HRM practices have been examined in previous research, the in-depth analysis of Eastern European countries is still missing. The purpose of this article is to fill this gap.

The results of research confirmed the influences of home-country culture on human resource practices. In the case of examined enterprises, the country of origin was the source of differences in human resources management; some of these differences may be explained by cultural diversity of home countries. However, the conducted research has also confirmed that country of origin does not constitute the strongest effect in comparison with other factors. The study also revealed considerable impact of internal economical factors and organizational culture on HRM. The high rank of this factors indicate the need for further research identifying the direction of their impact on HR practices. This paper improves the understanding of the complex process of implementing HRM practices in subsidiaries located in Poland and made a contribution to the HR literature from Polish’ perspective. However, the limitations of this study should be noted. First, data was mainly qualitative and based on small sample of industrial companies from five countries. It would be interesting to extend this study to other types of companies from other countries and compare the results. What is more, wider quantitative research on wider sample could complete and verify the results.

REFERENCE LIST


5 There were employees from the home country in two Japanese, one French, and one German enterprise.