

**"NATIONAL Vs. CORPORATE CULTURE;
IMPLICATIONS FOR HUMAN RESOURCES
MANAGEMENT"**

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N° 88 / 04

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Printed at INSEAD,
Fontainebleau, France

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Implications for Human Resource Management

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An earlier version of this paper was presented at the conference on International Personnel and Human Resource Management, in Singapore, December 14-17, 1987.

National vs. Corporate Culture: Implications for Human Resource Management

Corporate culture has been described as the "glue" that holds organizations together by providing cohesiveness and coherence among the parts. Multinational companies are increasingly interested in promoting corporate culture to improve control, coordination and integration of their subsidiaries. Yet these subsidiaries are embedded in local national cultures wherein the underlying basic assumptions about people and the world may differ from that of the national and corporate culture of the multinational. These differences may hinder the acceptance and implementation of human resource practices, such as planning, appraisal and compensation systems, and selection and socialization. This paper discusses the assumptions about people and about the world underlying these HRM practices as they may differ from those of the national culture of the subsidiary. Finally, some issues concerning the use of corporate culture as a mechanism for globalization will be raised.

Corporate culture has received a great deal of attention in the last five years. Popular books such as In Search of Excellence (Peters & Waterman, 1982) and Corporate Cultures (Deal & Kennedy 1982), have sold millions of copies to eager executives in many countries. Although the academic community has taken a more cautious approach, they too are interested (Schein, 1985; Smircich, 1983; see also ASQ September, 1983). While the popular press has implied that excellent companies have strong corporate cultures, the link between strong culture and performance can be challenged. Different environments require different strategies; the corporate culture needs to fit that strategy (Schwartz & Davis, 1981). In the case of the MNC, there is the need to address the fit of corporate culture with the different national cultures of their subsidiaries to assure strategy implementation, particularly HRM strategy.

Corporate culture has been discussed as a means of control for headquarters over their subsidiaries (see special issue JIBS, 1984; in particular Baliga & Jaeger; Doz & Prahalad). In this view, corporate culture serves as a behavioral control, instilling norms and values that result in following "the way things are done around here". The corporate culture is in fact managed through the HRM practices (Evans, 1986). The methods by which this is accomplished are: recruiting "like-minded" individuals, i.e. those that share the values of the company; socialization through training and personal interaction; and developing strong

organizational commitment through various HR policies such as life time employment, stock option plans, recreational and housing facilities, expatriate rotation, etc. These methods are frequently used by Japanese firms but also the so-called excellent companies such as IBM, Hewlett-Packard, Digital Equipment (Pascale, 1984). Some of these practices, however, may not be appropriate given the beliefs, values and norms of the local environment, i.e. the national culture wherein the subsidiary is embedded. More attention needs to be paid to the possible clash of assumptions underlying national and corporate cultures (Laurent, 1986; Adler & Jelinek, 1986).

The purpose of this paper is to explore the potential clash of the corporate culture of a multinational organization and the national culture of the local subsidiary paying particular attention to human resource practices. First, the construct of culture will be reviewed. Then the assumptions underlying human resource management practices will be discussed questioning their fit within different national cultures. Specific attention will be paid to the implications for human resource management practices such as career planning, performance appraisal and reward systems, selection and socialization, and expatriate assignments. Case examples are used to illustrate the problem. Finally, the paper will raise an issue often expressed by multinational companies - what does it mean to be a truly international company? What does "global" really look like? It will also question the use of

corporate culture as a homogenizing force and as a control mechanism.

Culture

The construct of culture has caused much confusion. While there are multiple definitions, they tend to be vague and overly general. This confusion is added to by the multiple disciplines interested in this topic which while increasing richness does not necessarily increase clarity. Anthropologists, sociologists, psychologists and others bring with them their specific paradigms and research methodologies. This creates difficulties in reaching consensus on construct definitions as well as their measurement or operationalization.

The model developed by Schein (1985) helps to organize the pieces of the culture puzzle. According to this model, culture is represented at three levels: 1) behaviors and artifacts; 2) beliefs and values; and 3) underlying assumptions. These levels are arranged according to their visibility such that behavior and artifacts are the easiest to observe while the underlying assumptions need to be inferred. Also, while behavior and artifacts may be observable and beliefs and values can be articulated, their meaning may not be readily comprehensible. To understand what the behaviors or beliefs actually mean to the participants, the underlying assumptions have to be surfaced. This is most difficult as this level of culture is considered to be taken for granted and thus out of awareness.

This model can be applied to both corporate and national cultures. Laurent (1986) argues, however, that corporate culture may modify the first two levels but will have little impact on the underlying assumptions which will mostly reflect the national culture. This raises the issue as to whether the behaviors, values and beliefs prescribed by corporate culture are merely complied with or truly incorporated (Sathe, 1983). This is particularly relevant to concerns regarding motivation, commitment, and the possibility of employees sharing a common "worldview", i.e. the very reasons for promoting a strong corporate culture.

The underlying assumptions prescribe ways of perceiving, thinking and evaluating the world, self, and others. These assumptions include views of the relationship with nature and of human relationships (Schein, 1985; Kluckhohn & Strodtbeck, 1961; Wallin, 1972; Hall, 1960). The relationship with nature reflects several dimensions: 1) control over the environment; 2) activity vs. passivity or doing vs. being; 3) attitudes towards uncertainty; 4) notions of time; 5) attitudes towards change; and 6) what determines "truth". Views about the nature of human relationships include: 1) the importance of task vs. relationships; 2) the importance of hierarchy; 3) the importance of individual vs. group. For example, some cultures, often Western, view man as the master of nature which can be harnessed and exploited to suit man's needs; time, change and uncertainty can be actively managed. "Truth" is determined by facts and measurement. Other cultures,

often Eastern, view man as subservient to or in harmony with nature. Time, change and uncertainty are accepted as given. "Truth" is determined by spiritual and philosophical principles. This attitude is often referred to as "fatalistic" or "adaptive".

Assumptions regarding the nature of human relationships are also different. The importance of relationships over task, of the hierarchy, and of the individual vs. the group are clearly different not only between the East and West, but also within Western cultures. In Eastern cultures, for example, importance is placed on relationships over task, on the hierarchy, and on the group or collective (Hofstede, 1980). By contrast, in Western cultures, the focus is more on task, on the individual and the hierarchy is considered to be of less importance. However, research by Hofstede (1980) and Laurent (1983) demonstrate that along these dimensions there is variance between the U.S. and Europe as well as within Europe.

Human Resource Practices in MNCs

The differences described above have implications for human resource policies that are developed at headquarters and that reflect not only the corporate culture but the national culture of the MNC. Problems may arise when these policies are to be implemented abroad. According to Schuler (1987), MNC's can choose from a menu of human resource practices that concern: planning and staffing, appraising and compensating, and selection and socialization. Within this menu there are several options which

need to be in line with the overall corporate strategy and culture. They also need to take into account the differences in the national cultures of the subsidiaries where they are to be implemented. This section will describe how national culture may affect these choices. In many cases, the description and examples of both corporate and national culture are exaggerated and/or oversimplified. As this is done for purposes of demonstration, it must be remembered that there remains variance within national and corporate cultures as well as between them.

Planning and staffing

Planning can be considered along several dimensions such as formal/informal, and short term/long term. Career management systems represent formal, long term human resource planning. These systems may be inappropriate in cultures where "to look into the future is insane or irreligious. What good is a plan if God decrees otherwise?" i.e. "Inshallah". In this view, man's control over nature is considered minimal if not sacrilege, reflecting a basic tenet of Islamic belief. Trying to implement career management systems may run into difficulties here, but also in Western countries for other reasons. Derr (1987) found that national culture was a key determinant of the type of career management systems found within Europe.

The very notion of career management systems can be interpreted differently. For example, one approach may be based on the

following assumptions. First of all, this approach assumes that people can be evaluated, that their abilities, skills and traits (i.e. their net worth to the company) can be quantified, measured and fed into a computer. As one British human resource manager said, "A lot of that material is highly sensitive; You just don't put it into a computer." On the other hand, Derr (1987) found that the French used highly complex, and sophisticated computerized systems. This may reflect differences in concern for people (i.e. relationship) vs. task.

Secondly, it assumes that this evaluation reflects past performance and predicts future performance, which means that evaluation is based on DOING rather than BEING (active vs. passive). In other words, evaluation is based on what you achieve and what you know (achievement), and not on who you are (a person of character and integrity) and who you know (ascription). In the U.S., concrete results are the criteria for selection and promotion (Derr, 1987). An American general manager of the U.K. region complained that people around there got promoted because of the schools they went to and their family background, not on what they accomplished. This is also common in France where ties with the "grandes écoles" and the "grands corps" are important for career advancement.

Third, it assumes that data banks can be created of "skills" that can then be matched to "jobs". This assumes that jobs can be

clearly defined and that specific skills exist to fit them. One Dutch HR manager said that the major problems of long term planning in high technology industries is that the nature of the job in 3 to 5 years is unpredictable. IBM says it hires for careers not jobs; Olivetti says potential not skills is most important. These differences may reflect underlying assumptions regarding uncertainty and the relationship between the individual and the group (here, organization), e.g. careers vs. jobs. For example, in Japan job descriptions are left vague and flexible to fit uncertainty and to strengthen the bond between the individual and the company. In the U.S. and France, job descriptions tend to be more specific in order to reduce uncertainty but which permits more job mobility between organizations.

Also, the nature of the skills acquired is a function of the national educational system and company training and development programs. In many European countries, particularly France, mathematics and science diplomas have status and engineering is the preferred program of further study. This system encourages highly technical, narrowly focussed specialists. This may make functional mobility more difficult. In the U.S. and the U.K., psychology and human relations is valued and more generalists are welcomed. Derr(1987) found these country differences in what was valued in identifying high potentials. The French valued technical and engineering expertise whereas the British preferred "the classical generalist" with a broad humanistic perspective. Knife

and fork tests, assessment of table manners and conversation skills as well as personal appearance were considered to be important criteria for selection in the U.K.

Fourth, career management systems assume geographic mobility of the work force. Geographic mobility may reflect assumptions regarding the importance of relationships vs. task, the group vs. the individual, quality of life, and ethnocentrism. Although most cultures tend to be ethnocentric, American foreign service employees stationed at regional headquarters, according to one HR staff member, never saw themselves as staying in Europe; it was considered "unthinkable". While it may be true that Europeans are more internationally oriented than Americans (Tung, 1987), one Belgian general manager stated that the biggest problem in developing leadership was getting people to move. "Belgians," he said, "would rather commute 2 hours a day to Brussels than to leave their roots. How can you get them to go abroad?" In a survey done in one MNC, the British were most likely to be willing to relocate, while the Spanish were less so perhaps reflecting salary scales in Britain and importance of family in Spain. Derr (1987) found 70% of Swedish sample reporting it difficult to relocate geographically due to wives' careers. This is congruent with Hofstede's (1980) findings that Sweden has the least difference in roles between men and women.

Finally, fifth, these systems assume that people want to be

promoted. While self-actualization needs are supposedly the same in all countries, just more or less satisfied in different ones (Haire, Ghiselli & Porter, 1966), it is not clear that self-actualization means promotion. Nor is it certain that Maslow's hierarchy of needs is universal, as McClelland (1961) found different levels of need for achievement in different societies. In collective societies, wherein the emphasis is on the group over the individual, need for affiliation may be much more important (Hofstede, 1980). In Sweden, egalitarianism and the tax structure make promotion and bigger raises less important, as well as the desire to keep a low profile to avoid "royal Swedish envy" (i.e. others covetting your possessions).

Overall, the notion of career management systems in which people are evaluated in terms of skills, abilities and traits that will be tested, scored and computerized may appear impersonal, cold and objective. These systems may be seen as treating human beings as things, instrumental towards achieving company goals, with no concern for their welfare or for their "soul". Employees should be like family and friends, you don't evaluate them, they are to be unconditionally loved. Even seeing them as "human resources" may be considered questionable.

The criteria for career success vary across corporate as well as national cultures. Yet despite corporate culture, managers of different nationalities have different views regarding the

criteria for success (Laurent, 1986). In the management of high potentials, the vision of the external career (company view) needs to be congruent with the visions of the internal career (view of professional self), the latter mostly determined by national cultures; "...a career has different meanings in different cultures and, therefore, different dynamics can be expected" (Derr & Laurent, 1987, p.5). This challenges the notion of standardized career practices and calls for a "variety of career oriented alternatives". In general, career planning systems will need to take into account the underlying assumptions discussed above.

Appraisal and compensation

Performance appraisal and compensation systems are also examples of cultural artifacts that are built upon underlying assumptions. As mentioned before, performance appraisal implies that "performance", i.e. what is "done" or "achieved", is important and that it can be "appraised", i.e. measured objectively. What is appraised is thus behavior and not traits. In Japanese firms however, there is more concern with judging a person's integrity, morality, loyalty and cooperative spirit than on getting high sales volume. Furthermore, the notion of "objectivity" is culturally determined. For the Japanese, the notion of "objective" truth is usually neither important nor useful; "objectivity" refers to the foreigners' point of view while "subjectivity" refers to the host's viewpoint (Maryuama, 1984).

Also, the very act of giving direct feedback does not take into account the idea of "saving face" so crucial to many Eastern cultures. To confront an **employee** in discussing "failure" in an open, direct manner would be considered to be very tactless. This often necessitates the intervention of a third party. Appraisal also assumes that the feedback given will be used to correct or improve upon past performance. This requires that individuals receiving the feedback are willing to evaluate themselves instead of blaming others or external conditions for their performance (or lack thereof). This assumes a view of man as having control over the environment and able to change the course of events. It also assumes that what will happen in the future is of importance, that the present provides opportunity, and/or that the past can be used as an indication or guide for future behavior. This may run counter to attitudes as expressed in the proverbs "Don't cry over spilt milk"; "Don't put off until tomorrow what can be done today" or "manana".

Appraisal and compensation systems are often considered to be linked in Western management thinking, as in the case of management by objectives (MBO). Here it is espoused that people should be rewarded based on their performance, what they do or achieve, or for their abilities and skills and not on their traits or personal characteristics. Management by objective (MBO) assumes the following:

- 1) goals can be set (man has control over the environment;

- 2) with 3, 6, 12 or 18 month objectives (time can be managed);
- 3) their attainment can be measured (reality is objective);
- 4) the boss and the subordinate can engage in a two-way dialogue to agree on what is to be done, when and how (hierarchy is not absolute);
- 5) the subordinate assumes responsibility to meet the agreed upon goals (control and activity); and
- 6) the reward is set contingent upon this evaluation (doing vs. being).

Problems with the transfer of MBO to other cultures have been discussed before (Hofstede, 1980; Laurent, 1983; Trepo, 1973). In Germany, MBO was favorably received because of preference for decentralization, with less emphasis on the hierarchy (allowing two-way dialogue), and formalization (clear goals, time frames, measurement and contingent rewards). In France, however, this technique was less successfully transferred (Trepo, 1973). Due to the ambivalent views towards authority (Crozier, 1964), MBO was viewed suspiciously as an exercise of arbitrary power and a manipulative ploy of management. Given that power is concentrated in the hands of the boss (importance of hierarchy), subordinates would be held responsible without having the power to accomplish goals. Within this perspective, the notion of the boss and subordinate participating in reaching a decision together is quite foreign. Also, although the French have a preference for formalization, e.g. bureaucratic systems, things tend to get

accomplished outside the system rather than through it - "systeme D" or management by circumvention (Trepo, 1973). Other European managers complain that use of **MBO** is particularly American as it encourages a short term focus and, as it is tied to rewards, encourages setting lower, more easily attainable goals than necessarily desirable ones.

Tying performance to rewards is also suspect. It would be difficult for most Western managers to consider implementing a system at home whereby the amount that family members are given to eat is related to their contribution to the family income. Family members - infants, adolescents, adults - eat according to need. Yet in the workplace the notion of pay for performance seems quite logical. In African societies which tend to be more collective, the principles applied to family members applies to employees as well; nepotism is a natural outcome of this logic. Also, it is believed that employees should be taken care of, fed according to need. People with bigger families should be paid more whether by way of tax structure or bigger compensation packages. One multinational, in an effort to improve the productivity of the work force by providing nutritious lunches, met with resistance and the demand that the cost of the meal be paid directly to the workers so that they could feed their families. The attitude was one of "how can we eat while our families go hungry?"

In Northern Europe, attitudes regarding pay for performance are

ambivalent. In one MNC's Danish subsidiary, a proposal for incentives for salespeople was turned down because it favored specific groups, i.e. ran counter to their egalitarian spirit. However, in the Volvo plants that were organized by autonomous work groups, the workers began to demand that pay be tied to group not company performance (Stymne, personal communication).

Preferences for compensation systems and bonuses are clearly linked to cultural attitudes. In Africa, savings are managed or bonuses conferred by the group in a "tontine" system wherein everyone gives part of their weekly salary to one group member. Although each member would get the same if they saved themselves, it is preferred that the group perform this function. Also, the relative importance of status, money or vacation time varies across countries and affects the motivating potential of these systems. One HRM staff in charge of compensation and benefits explained that for the Germans, the big Mercedes wasn't enough; a chauffeur was also needed. On the other hand, in Sweden, due to quality of life concerns as well as the tax structure, monetary rewards were less motivating than providing vacation villages. One personnel manager of a Danish subsidiary, a former secretary to the president, felt that everyone should get the same amount of bonus, not 5% of salary; nor, in fact, should there be differences in pay reflecting the egalitarian views in Danish culture. Also there were differences in expectations regarding pensions, in part a function of the government and inflation. In Latin European

countries the pension expected was 40% of salary, while in the Nordic countries up to 85% which may reflect different roles of government in society as embedded in the "civic culture" (Almond & Verba, 1963).

Selection and socialization

One of the major concerns of many multinational companies is the training and development of their human resources. This includes concern for the level of skills at the operating levels, the development of indigenous managerial capability and the identification and nurturing of "high potentials", i.e. those who will play major future leadership roles. At every level, this requires not only acquiring specific skills, e.g. technical, interpersonal or conceptual (Katz, 1974), but also acquiring the "way things are done around here" - the behaviors, values and beliefs and underlying assumptions of that company, i.e. the corporate culture. This section will focus on promoting the corporate culture through selection, socialization and expatriate transfers.

Selection is one of the major tools for developing and promoting corporate culture (Schein, 1985). Candidates are carefully screened to "fit in" to the existing corporate culture, assessed for their behavioral styles, beliefs and values. IBM, for example, may be less concerned with hiring the "typical Italian" than hiring an Italian who fits within the IBM way of doing things. One

HRM manager from Olivetti said that those Italians who want more autonomy go to Olivetti instead of IBM. He described the culture of Olivetti as one in which there was more freedom, no constraints, open environment, informal, non-structured, and low discipline. Recruitment is based on personality and not "too good grades". "Good grades" was taken to reflect not being in touch with the environment. This encouraged hiring of strong personalities, e.g. impatient, more risk-taking and innovative people, which made confrontation more likely and managing more difficult. Furthermore, as IBM attempts to avoid power accumulation of managers by moving them every two years (it's said that IBM stands for "I've Been Moved") this may not suit the Italian culture wherein organizations are seen as more "political" than "instrumental" (Laurent, 1983).

Socialization is another powerful mechanism of promoting corporate culture. These practices are embedded in training programs. In-house company programs and intense interaction during off-site training creates an "esprit de corps", a shared experience, an interpersonal or informal network, a company language or jargon which bewilders outsiders, as well as developing technical competencies. These training events often include songs, picnics and sporting events which provide feelings of togetherness. These rites of integration are also accompanied by rites of initiation wherein personal culture is stripped, companies uniforms are donned (t-shirts) and humiliation tactics employed, e.g.

"pie-in-the-face" and "tie-clipping" (Trice & Beyer, 1984). This is supposed to strengthen the identification with the company. Other examples are to be found in Japanese management development "Hell Camps" wherein "ribbons of shame" must be worn and instruction must be taken from "young females" (International Management, January 1985). IBM management training programs often involve demanding, tension-filled, strictly prescribed presentations to "probing" senior managers (Pascale, 1984). These "boot camp" tactics are designed to create professional armies of corporate soldiers. These military metaphors may not be well accepted particularly in Europe or other politically sensitive regions.

Periodic reward ceremonies also serve as occasions for socialization. Rites of enhancement reaffirm the person's worth within their new corporate identities or roles. Mary Kay diamond bee pin awards and pink cadillacs showcase the saleswoman of the month or year who then serves as a role model for other members (Trice & Beyer, 1984). IBM sets sales targets that most salespeople can meet to provide encouragement and motivation to pursue sales (i.e. company) goals (Peters & Waterman, 1982). Stickers, posters, cards and pins plaster company walls and members reminding them of the visions, values and corporate goals. "Smile" campaigns at SAS, Phillips "1 Billion" goal, and G.M. corporate culture cards carried by managers in their breast pockets, are byproducts of these development campaigns, and come

to represent the artifacts of the corporate culture.

Many Europeans view this "hoopla" cynically. It is seen as terribly "American" in its naïveté, enthusiasm and childishness. It is also seen as controlling and as an intrusion into the private or personal realm of the individual. Statements of company principles plastered on the walls are often referred to sardonically. One HR manager thought that it was "pretty pathetic to have to refer to them". Others feel that it is very American in its exaggeration and lack of subtlety. According to Evans (1986), this explicit management of corporate culture characteristic of companies such as IBM and Hewlett Packard represents a global highly centralized approach to HRM. Polycentric approaches to HRM are more decentralized and differentiated. This approach in which simple basic guidelines (what vs how) are set is used by companies like Nestle, AGA, GEC. The tradeoffs are considered in terms of need for integration or corporate consistency and costs.

Expatriate transfers involve selection (who?) and socialization (for what purpose?). These transfers create a flow of information and managers between headquarters and subsidiaries which is thought to achieve control through socialization as well as through formal reporting (Edstrom & Galbraith, 1977). The rotation of expatriates from headquarters through subsidiaries and the shipping of local nationals from the subsidiaries to headquarters occur for different reasons such as staffing, management

development and organization development. These reasons tend to reflect different orientations of headquarters towards their subsidiaries: ethnocentric, **polycentric** and geocentric (Ondrack, 1985; Edstrom & Galbraith, 1977; Heenan & Perlmutter, 1979).

For example, in transfers for staffing purposes, expatriates are rotated from headquarters to subsidiaries in order to transfer skills, knowledge and technology. The subsidiaries are seen as not possessing the required skills which must be provided by headquarters. These managers return to headquarters after 2 - 3 years in American firms often to be replaced by another expatriate who leaves again after 2-3 years. This has earned American expatriates the name "birds of passage"; European expatriates tend to stay longer and rotate through other subsidiaries before returning to the "home" office (LaPalombara & Blank, 1977; Tung, 1987). These policies, while perhaps necessary given the stage of development of local managerial talent, often reflects fairly ethnocentric orientations in which the purpose is to socialize the locals to the "head office" culture. Host country managers more often receive international transfers for management development rather than staffing purposes. However, this often creates an illusion of international careers which in reality may not extend beyond the regional level, given a polycentric orientation. The lack of world career opportunities can create motivation and morale problems (Ondrack, 1985).

Transfers for organizational development reflect more geocentric orientation in which the goal is for the manager to acquire general management skills and adaptability, and to develop an informal network. Managers are not expected to return home but to regard the business as home. This development and socialization of an international cadre or network of managers is thought to provide a dependable informal control system (Edstrom & Galbraith, 1977). This reflects a more geocentric orientation which is used more frequently by European MNCs. However, this cadre often consists of headquarter country managers, while transfers of host country nationals remain regional creating a sense of second class citizenship (Ondrack, 1985). In the case of a U.S. based MNC, this feeling was echoed by regional HR staff who reported that foreign service employees sent to the States from Europe felt like second class citizens; European regional headquarters was seen as the training ground for American high potentials who, wanting to prove something, were demanding. This created unwelcomed pressures on the more permanent (local) regional headquarter staff.

Differences between American, European and Japanese firms have been found in the use of transfers for purposes of socialization or as a system of control. U.S. firms rely more on local managers using more formal, impersonal numbers controls, while the European firms rely on the use of the international cadre of managers using more informal, personal control (LaPalombara & Blank, 1977; Ondrack, 1985). The Japanese rely heavily on frequent visits of

home and host country managers between headquarters and subsidiaries, using both socialization and formalization (Ghoshal & Bartlett, 1987).

There seems to be some convergence of these trends. Some external conditions affect the use of expatriates such as local regulations requiring indigenous management and increasingly limited mobility due to the rise of dual career and family constraints. Also, willingness to make work vs. family tradeoffs differ between countries, the Europeans less likely to do so than the Americans (Schmidt & Posner, 1983). It is also reported that the young Japanese managers are less willing to make the same sacrifices to work than their parents were. Therefore, there may be convergence but for different reasons, e.g. task vs. relationship orientation in one case and individual vs. group orientation in another.

This section discussed the assumptions underlying various HRM practices and explored their possible clash with the assumptions of the national cultures of subsidiaries. This clash can cause problems in implementing HRM practices designed at headquarters. The differences in underlying assumptions, however, may provide only the excuse. The extent to which these practices are seen as flowing in one direction, down from headquarters to subsidiaries, may influence the extent to which these practices are adopted and to what extent the behavior, beliefs and values of the corporate culture are incorporated or even complied with. What is needed is

two-way socialization processes. The use of transfers for the development of home country vs host country personnel reveal ethnocentric vs geocentric attitudes. It is these attitudes that will determine whether there is hope for going global and whether "truly international" is really possible. The next section will discuss some important concerns regarding the use of corporate culture in realizing this global vision.

Going global

Many American multinationals are moving from having international divisions to embracing a "global" or "worldwide" perspective, i.e. stage II to stage III development (Scott, 1973). This seems easier said than done. Even European multinationals having longer history of international business due to smaller domestic markets, a colonial heritage and greater proximity of "foreign" countries, are asking "how can we become more international?" One EVP International Division of a large American MNC was reported to have said that he hoped to have the U.S. soon reporting as one of those divisions. Another executive asks, "Can a Heineken be anything but Dutch?" Does moving European regional headquarters of an American oil MNC from London to New Jersey (U.S.A.) mean going global?

What does international or global really look like? Do they mean the same thing? Some companies point to the reduced number of expatriates in local subsidiaries, the use of third country nationals and the different nationalities composing their top

management team as evidence of their "internationalization" (Berenbeim, 1982). Many are clamoring for "corporate culture" to provide the coordination and coherence sought. One president of European regional headquarters of an American MNC saw himself vis a vis the national affiliates as "a shepherd that needs to let the flock wander and eat grass but get them all going in one direction - to the barn. You don't want to end up alone in the barn at the end of the day". Is corporate culture the answer? Will socialization work as a control strategy? Several issues are raised that need careful consideration:

1. Differentiation vs integration. To what extent can corporate culture override national culture differences to create a global company? and Is that desirable or even possible? This raises the issue of the extent to which global vs. local HRM practices is needed. In the case of global, care must be taken so that "geocentric" looks different from "ethnocentric". In the case of local, what needs to be done differently?

Marketing and HRM have traditionally been functions left decentralized in multinational-subsidiary relationships. Yet, global marketing has been proclaimed the wave of the future (Levitt, 1983) despite obvious local market and customer differences. Global HRM runs along similar logic with similar risks. Does competitive advantage derive from global HRM? Homogenized HRM may weaken competitive advantage by trying to

ignore or minimize cultural differences instead of trying to utilize them (Adler, 1986).

Contingency arguments abound. Doz & Prahalad (1984) argue that the simultaneous need for global integration and local responsiveness must be managed. Evans (1986) argues for the product/market logic to determine the socio-cultural strategy for adaptation. Ghoshal & Nohria (1987) argue that the level of environmental complexity and the level of local resources should determine the levels of centralization, formalization or socialization used for control in headquarter - subsidiary relationships. These prescriptions are all quite rational but may overlook important resistances arising from control and boundary issues.

2. Control vs autonomy. Visions of going global with corporate culture as a strategy for control may have some unforeseen consequences. While Schein (1968) has likened socialization to brainwashing, Pascale (1984) says the maligned "organization man" of the 1960's is now "in". At what point will the push to conform be met with an equal if not stronger push to negate. Dostoyevsky (1864) said that man would even behave self destructively to reaffirm his autonomy. What reactance may be provoked by socialization efforts? Are those managers selected out or who "drop out" not valuable by providing their expertise as well as by providing an alternative perspective?

Hofstede's (1980) research demonstrates that even within a large multinational, famous for its strong culture and socialization efforts, national culture continues to play a major role in differentiating work values. Laurent (1983) has demonstrated that there is greater evidence for national differences regarding beliefs about organizations in samples of single MNC's than in multicompany samples. These findings may point to a paradox that national culture may play a stronger role in the face of a strong corporate culture. The pressures to conform may create the need to reassert autonomy creating a cultural mosaic rather than a melting pot.

The convergence/divergence argument (Webber, 1969) states that economic development, technology and education would make possible globalization whereas differential levels of available resources and national cultures would work against this. A simple comparison of U.S. and Japanese management practices demonstrates that the level of economic development, industrialization or education is not going to bring about convergence. According to Fujisawa, Founder of Honda, "Japanese and U.S. management is 95% alike and differs in all important aspects."

Equal and opposing forces for unification and fragmentation coexist (Fayerweather, 1975) as seen within and between countries. The ongoing case of trade policies between Canada and the U.S. (Holsti, 1980) and the hopes for the future of the EEC trade

agreements in 1992 rest precariously on this tension. Issues of asymmetry and interdependence between multinationals and host country governments (Gladwin, 1983) and between multinational headquarters and their subsidiaries (Ghoshal & Nohria, 1987) make globalization efforts precarious. Therefore, attempts by headquarters to control subsidiaries through more "subtle" methods, such as corporate culture, should take into account the dependency concerns and autonomy needs of the subsidiary and anticipate their resistance.

For example, efforts to educate Western managers to "understand" Japan met with local resistance (Pucik, personal communication). Ignorance may provide the autonomy zone desired by the local managers. Socialization as a power equalizer as argued by Ghoshal & Nohria (1987) is suspect and will be rejected for precisely this reason. As one general manager for a national subsidiary said regarding the European regional headquarters of a U.S. based MNC, "As long as we give them the numbers they leave us alone". And U.S. headquarters? "They don't have the foggiest idea about what's going on really. They get the numbers. They get 100 million dollars a year in profit and that's probably about as much as they want to know about." Perhaps formal reporting also preserves autonomy and will thus be preferred regardless of the logic of globalization.

3. Boundaries: National vs. Corporate. In the 1960's

multinationals threatened to take over the world; host country government's sovereignty was at risk (Vernon, 1971; 1977). However, through the transfer of technology and managerial capacity, the power became more symmetrical, even tipping the scale in the other direction as seen at one point in the rash of nationalizations that occurred in the 1970's (Kobrin, 1982). While the balance has subsequently restabilized somewhat, larger forces, such as the rise of religious fundamentalism threaten this stability.

National boundaries are again threatened. Economic victory in lieu of military victory seems to have created "occupation douce". This is reflected in the anxieties of Americans as they see their country becoming owned by "foreigners" and the Japanese invasion of Wall Street. Mitterand, President of France, said recently that in the future the French might become the museum keepers relying on tips from Japanese tourists.

The vision of developing an international cadre of executives through frequent and multiple transfers designed to encourage the loss of identification with their country of origin and its transfer to the corporation (Edstrom & Galbraith, 1977) is frightening. In these global "clans", corporate identification may come to override community and even family identification (Ouchi & Jaeger, 1978). These citizens of the world, men and women without countries only companies, become corporate mercenaries. One story

has it that a French IBM executive arriving at JFK airport in New York while searching for his entry visa pulled out his IBM identification card. The customs official, seeing it said, "Oh, it's O.K., you're IBM, you can go ahead." Business schools train these corporate soldiers, dispatching them to multinationals to control the world through finance and management consulting. Perhaps now is the time, for academics and practitioners, to sit back and reflect about the possible consequences.

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Table 1

Cultural assumptions underlying HRM practices

Basic Assumptions of National Culture

	x		x
	x	Nature	x Relationships
<u>HRM Practices</u>	t	q	q
	x		x
PLANNING	x	Control of future	x Task oriented
	x		x Individual oriented
	x	Uncertainty reduced	x
	x		x
	x		x
	x		x
REWARD &	x	Control over events	x Task
APPRAISAL	x	Doing vs. Being	x Individual
	x		x
	x		x
	x		x
	x		x
	x		x
TRAINING &	x	Control	x Relationshipx
DEVELOPMENT	x	doing and being	x Group
	x		x Low hierarchy
	x		x
	q	q	q

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