



The effects of 'language standardization' on the acceptance and use of e-HRM systems in foreign subsidiaries

Jukka-Pekka Heikkilä¹, Adam Smale^{*}

Department of Management, University of Vaasa, P.O. Box 700, 65101 Vaasa, Finland

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ABSTRACT

Electronic human resource management (e-HRM) systems are argued to be transforming the role of HR by facilitating the transfer of transaction processing responsibilities to employees, managers and other third parties. In multinational corporations, e-HRM systems must achieve this whilst accommodating regulatory and cultural differences, one of which being language. In light of scant empirical research on the role of language in the information technology and international HRM literature, this study investigates the effects of language standardization on the acceptance and use of e-HRM systems in foreign subsidiaries. The findings are based on 18 in-depth interviews with subsidiary HR managers from two European MNCs.

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1. Introduction

According to company surveys on the use of information technology (IT) in providing HR services, generally referred to as electronic human resource management (e-HRM), the scope and extent of usage have been increasing rapidly in both US and non-US firms (e.g. CedarCrestone, 2007; CIPD, 2005; Florkowski & Olivas-Luján, 2006). In terms of scholarly activity, however, surprisingly little research has been conducted on the impact of IT on HR. In two separate reviews of the literature, Hoobler and Johnson (2004) show that as few as one percent of HRM articles published in the top HRM journals focus on this topic, and Strohmeier (2007) identifies only 57 relevant studies in peer-reviewed journals since 1995.

Whilst extant research has mostly focused on whether e-HRM is having a transformative effect on the HR function (e.g. Shrivastava & Shaw, 2003) or on HR professionals (e.g. Bell, Lee, & Yeung, 2006), few studies have examined the implications of delivering e-enabled HR services across different cultural and institutional contexts. More than a decade ago Hannon, Jelf, and Brandes (1996) commented that global HR information systems needed to better address the challenges involved in spanning social norms, customs and cultures. Examining the role that context has played in e-HRM research since then, still little is known about the effects of national and cultural differences (Bondarouk & Ruël,

2009; Strohmeier, 2007). Ruta (2005) suggests that this is an important omission since adapting e-HRM implementation plans to fit the local context will increase user acceptance and actual system usage. One culture-related issue that is likely to influence technology acceptance, but has attracted little research attention to date, is the issue of language.

It is now commonplace for MNCs to adopt English as their corporate language in order to facilitate "in house" communication, especially between headquarters and subsidiaries. Despite the increasing significance of language barriers as MNCs pursue greater levels of global co-ordination (Feely & Harzing, 2003), the difficulties presented by 'language standardization' and the implications for HR have not received much scholarly inquiry (Marschan-Piekkari, Welch, & Welch, 1999). Indeed, the subject of language is non-existent in recent reviews of research on user acceptance of information technology (Venkatesh, Morris, Davis, & Davis, 2003), Enterprise Resource Planning (Moon, 2007), human resource information systems (HRIS) (Ngai & Wat, 2006), HR outsourcing (Cooke, Shen, & McBride, 2005) and e-HRM (Strohmeier, 2007).

In light of this, the aim of the present study was to analyze the effects of language standardization on the acceptance and use of e-HRM systems in foreign subsidiaries. The specific users in this study are subsidiary HR managers from two European MNCs. The effects of language standardization on acceptance and use are explored using the four constructs of Venkatesh et al.'s (2003) Unified Theory of Acceptance and Use of Technology (UTAUT) – effort expectancy, performance expectancy, social influence and facilitating conditions – as a conceptual framework and guide in the analysis. Actual e-HRM system use is captured by examining the responses of the HR managers to the specific challenges presented by language standardization.

^{*} Corresponding author. Tel.: +358 6 324 8519; fax: +358 6 324 8195.

E-mail addresses: jpheik@gmail.com (J.-P. Heikkilä), adam.smale@uwasa.fi (A. Smale).

¹ Tel.: +358 445 670 144; fax: +358 6 324 8195.

The next sections provide a brief overview of e-HRM research and briefly discuss corporate language usage in MNCs, which lead into the presentation of the UTAUT conceptual framework. Following a description of the study's methods, the paper presents its findings of the qualitative analysis and concludes with empirically derived suggestions of how language standardization affects IT acceptance and use.

2. Literature review

2.1. Introduction to e-HRM

Firms using e-HRM technology can be said to have adopted at least one of the following 'innovations': HR functional applications, integrated HR suite applications, interactive voice responses (IVR), HR Intranet applications, Employee Self-Service (ESS) and Manager Self-Service (MSS) portals, HR extranet applications, or HR portals (Florkowski & Olivas-Luján, 2006). Reflecting the breadth and rapid development of these technologies, the concept of e-HRM has been defined in several ways. In line with Martin, Reddington, and Alexander (2008), we distinguish between the use of IT in HRIS and e-HRM. Whilst HRIS refers to the automation of systems for the sole benefit of the HR function, e-HRM is defined as the application of Internet and web-based systems to change the nature of interactions between HR professionals, line managers and employees from face-to-face relationships to ones that are increasingly mediated by technology.

The business case for the adoption of e-HRM technology has been argued on three main fronts (see, e.g. Martin et al., 2008). First, e-HRM can increase efficiencies by reducing HR transaction costs and headcount. Second, e-HRM can substitute physical capability by leveraging digital assets. That is HR information can be used flexibly on an infinite number of occasions at little or no marginal cost. And lastly, the effective use of integrated e-HRM systems can transform the HR "business model" by freeing up the HR executive to provide strategic value to the business that they previously could not do.

Perhaps due to its relative infancy in academic terms and the heightened interest amongst HR consultants, the e-HRM literature is described as mainly non-theoretical. It often draws on managerial rhetoric or 'pro-innovation bias' about the expected transformational impact of e-HRM adoption (Strohmeier, 2007). Indeed, perceptions regarding whether e-HRM is an 'innovation or irritation' (Ruël, Bondarouk, & Looise, 2004) will depend on where one stands. For example, HR headcount reduction can have potentially damaging consequences for knowledge transfer, line managers expecting personal HR service, and for those HR staff displaced by the reduction (Reddington, Martin, & Bondarouk, 2008).

e-HRM research also suffers from a strong national focus on the U.S. with limited empirical findings from other countries (Strohmeier, 2007). This has prompted calls for more comparative research that investigates how the local idiosyncrasies of specific host-country institutional and cultural environments, affect the use and effectiveness of e-HRM (e.g. Olivas-Luján, Ramirez, & Zapata-Cantu, 2007). The present study responds to this call by investigating the effect of language, a subject to which we now turn.

2.2. Corporate language usage in MNCs

Corporate language has been defined as "an administrative managerial tool" which is derived from the need of an international board of directors and MNC top management to run global operations (Piekkari, Vaara, Tienari, & Säntti, 2005). The decision to use a common corporate language in MNCs can be justified on

many grounds. For instance, facilitating internal communication between units by using one common language is intended to overcome mistakes, reduce costs, avoid time-consuming translation. It also creates a sense of employee belonging to the firm (Fredriksson, Barner-Rasmussen, & Piekkari, 2006). From a managerial perspective, corporate language can facilitate formal reporting between foreign units, minimizing the potential for miscommunication and allowing for ease of access to company documentation. From an HR perspective, a common corporate language might also send an implicit message to employees that in order to climb up the corporate career ladder one is required to be fluent in English (Marschan-Piekkari et al., 1999). The intended effect is to put pressure on employees to adopt the corporate language because all internal communication, including international meetings, training and development programs are held in English.

The benefits of a common corporate language notwithstanding, the spread of the English language may contribute to the perception that language is not a problematic issue. As Harzing and Feely (2008, p. 50) state, "one cannot escape the conclusion that in some way these problems of increasing communication intensity, increasing linguistic diversity, and increasing scale of operations must aggravate the problems presented by the language barrier." The more extensive use of English is unlikely to remove the language barrier in light of the persisting need to use the local language for most local operations (Welch, Welch, & Marschan-Piekkari, 2001). Although top management may reinforce the use and adoption of a common language through strict policies, internal language diversity, or the "multilingual reality", in the form of home and host-country languages remains (Fredriksson et al., 2006).

The perception that language is not problematic would appear to be dominant insofar as the issue of language is widely neglected in the field of international business and international HRM in particular (Piekkari, 2006). Instead, language has been viewed as a medium of communication, aggregated under the umbrella concept of culture and not subjected to theoretical investigation (Piekkari et al., 2005; Welch & Welch, 2008). Harzing and Feely (2008, p. 52) suggest that one of the most serious obstacles to research on language in business has been the lack of systematic analysis concerning the problems associated with language differences and insufficient answers to the question of "what exactly is it about language that creates the problem?". This study seeks to address this question by investigating what it is about language standardization that affects the acceptance and use of e-HRM systems in foreign subsidiaries.

3. Conceptual framework

Several competing models have been developed that try to explain the conditions under which individuals will adopt new information technologies. One group of these, collectively referred to as acceptance models, focus on identifying users' reactions to IT, their intention to use IT and/or the actual use of IT (e.g. Davis, 1989). The conceptual framework adopted in this study is Venkatesh et al.'s (2003) Unified Theory of Acceptance and Use of Technology (UTAUT). UTAUT differentiates between intention to use (behavioral intention) and actual usage (use behavior) where the former is argued to influence the latter. The validated model, based on a broad review of constructs in the user acceptance literature, argues that there are four main determinants (or predictors) of technology use—*effort expectancy*, *performance expectancy* and *social influence* are direct determinants of behavioral intention, and *facilitating conditions* is a direct determinant of use behavior.

In broad agreement with the claims of Venkatesh et al. (2003, p. 467) themselves, UTAUT was adopted since it is "a definitive model

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