



Managing cross-cultural differences: Testing human resource models in Latin America [☆]

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ABSTRACT

This study examines whether firms should adapt their Human Resource Management (HRM) practices to cross-cultural differences. The authors introduce three different positions, namely, the culturalist, the universalist, and an integrated position that reconciles the former two named the culturally-animated universalist position. The study compares the effectiveness of these three positions in a sample of 138 firms located in Latin-America. Results suggest that, contrary to common wisdom in the International HRM literature, firms following a universalist approach outdo those using a culturalist one. However, the effect of universal HR practices on HR performance is also contingent on the country's performance orientation. The authors advocate the culturally-animated universalist position.

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1. Introduction

Should firms adapt their human resource management practices to cross-cultural differences? A review of the literature on International Human Resource Management (IHRM) reveals two opposite and apparently mutually exclusive answers to this question. The first answer, which the authors term hereafter as the *culturalist position*, argues for HRM practices that are adapted to the local environment. This position assumes that employees prefer practices that conform to local usages and that, as a result, such practices lead to higher performance. In simpler words, “When in Rome, do as the Romans do” (Newman & Nollen, 1996).

In contrast, the second answer represents a view that is antagonistic to the first one, arguing that prevailing HRM practices are not necessarily the most effective ones. Indeed, this *universalist position* maintains that firms should ensure that their HRM practices conform to a set of principles – known as High Performance Work (HPW) principles – whose effectiveness has been empirically supported by several studies

both in the US (e.g., Arthur, 1994; Delaney & Huselid, 1996; Huselid, 1995; Huselid, Jackson, & Schuler, 1997; Lawler, Anderson, Buckles, Ferris, & Rosen, 1995) and elsewhere (Bae & Lawler, 2000; Guthrie, 2001; Hartog & Verburg, 2004; Katou & Budhwar, 2007). The underlying assumption is that these principles have universal reach and should help us manage people regardless of national environment.

A third answer, that can be named as the *culturally-animated universalist position*, is more nuanced than the previous two. This third position defends the existence of a set of globally applicable HRM principles but, unlike the universalist position, the culturally-animated universalist position maintains that culture interacts with HRM practices in ways that prevent the same practices from having identical results in different countries. The culturally-animated position represents a way of thinking that has already been influential in sociology (Weber, 1904; Fukujama, 1995) and in global leadership (Javidan, Dorfman, Sully de Luque, & House, 2006).

The present study compares and contrasts these three theoretical positions (i.e., culturalist, universalist, and culturally-animated universalist) through an empirical test conducted in a Latin American context. Differently from other areas of the world such as North America, Europe or Asia, HRM research in Latin America is scarce and often theoretical (Montaño, 1991; Sanchez, Gomez, & Wated, 2008), and has tended to focus on single countries and on comparisons to the US (Davila & Elvira, 2009; Elvira & Davila, 2005a, 2005b; Gómez & Werner, 2004; Wated, Sanchez, & Gomez, 2008). Multi-country empirical HRM research capable of providing broad guidance regarding the effectiveness of various HRM practices across Latin America is lacking. This paucity of empirical evidence is particularly

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troubling for multinational corporations (MNCs) wishing to operate in Latin American markets. Foreign MNCs play a crucial role in Latin America (Casanova, 2005), and scholarly research in the area is much needed (Brenes, Metzger, & Requena, 2011). The study described herein joins an emerging stream of multi-country studies focused on Latin America that should begin to fill this gap (e.g., Bonache, Sanchez, & Zarraga-Oberty, 2009).

2. Literature review

In essence, each of the three positions to be compared here represents a different answer to the so-called diversity thesis. This thesis is descriptive, simply registering the fact that people's values differ across societies. This thesis seems undisputable and is backed by a number of research streams (e.g., Fukujama, 1995; Hofstede, 1984; Inglehart & Baker, 2000; Trompenaars, 1993). Next, the authors review the theoretical underpinnings of each one of these three positions (see a summary in Fig. 1).

2.1. Theoretical underpinnings of the culturalist position

The culturalist position, as its name indicates, emphasizes culture as the essential situational element that stands in the way of global homogeneity in HRM principles or practices. This position does not only acknowledge differences in practices and values, as stated by the diversity thesis, but also argues that everything depends on the local context and, therefore, that universal management principles do not exist.

Three theoretical premises in the culturalist position distinguish this position very clearly from the universalist view: the persistence, the dependence, and the adaptation premises. These premises have a parallel in relativist philosophy (e.g. Putman, 1981; Rorty, 1991), where they are used in regard to cognitive (“there are no universal truths”) or ethical issues (“there are no universally valid moral principles”). Next, the authors further discuss each one of these premises.

2.1.1. The persistence premise

Culturalists emphasize the divergence and persistence of traditional values despite economic, organizational and political changes.

As stressed by authors such as Schuman and Scott (1989), generations have collective memories acquired during adolescence and youth, and such memories persist throughout their life cycle. These collective memories are hard to change and are also relatively independent of economic conditions (DiMaggio, 1994) and organizational practices (Hofstede, 1983).

Drawing on these arguments, culturalism predicts that convergence around some set of “modern” practices and values is ineffective and that, even when economic and institutional conditions change a great deal, traditional values and practices will continue to exert their independent influence upon local usages. This prediction is not without empirical support. For example, longitudinal analysis of the World Values Surveys (Inglehart, 1977, 1990, 1997) indicates that although values do change, they also show the cultural heritage of a particular society. And this is so because despite facing different economic conditions and institutional pressures, those countries with a similar cultural heritage (e.g., Anglo-Saxon, Protestant, English-Speaking), continue to cluster around similar value systems.

2.1.2. The dependence premise

According to this premise, all HR principles and practices derive their effectiveness from cultural acceptance (e.g., Newman & Nollen, 1996). Therefore, the most widely accepted practices in a given culture are those that best suit the national culture. The logic behind this dependence premise implies that (a) culture determines those HRM practices that are prevalent in a society, (b) these culturally derived practices are widely viewed by the members of that society as the correct way to perceive, think and feel (Schein, 1985), and (c) when HRM practices are at odds with the national culture, employees are likely to feel dissatisfied and uncommitted and, as a result are less able or less willing to perform well (Newman & Nollen, 1996; p. 755).

2.1.3. The local adaptation premise

According to this premise, universally effective principles or practices do not exist, because the most sensible and effective ones are always those that best fit local values and norms. For instance, as known by any minimally perceptive traveler, driving in England

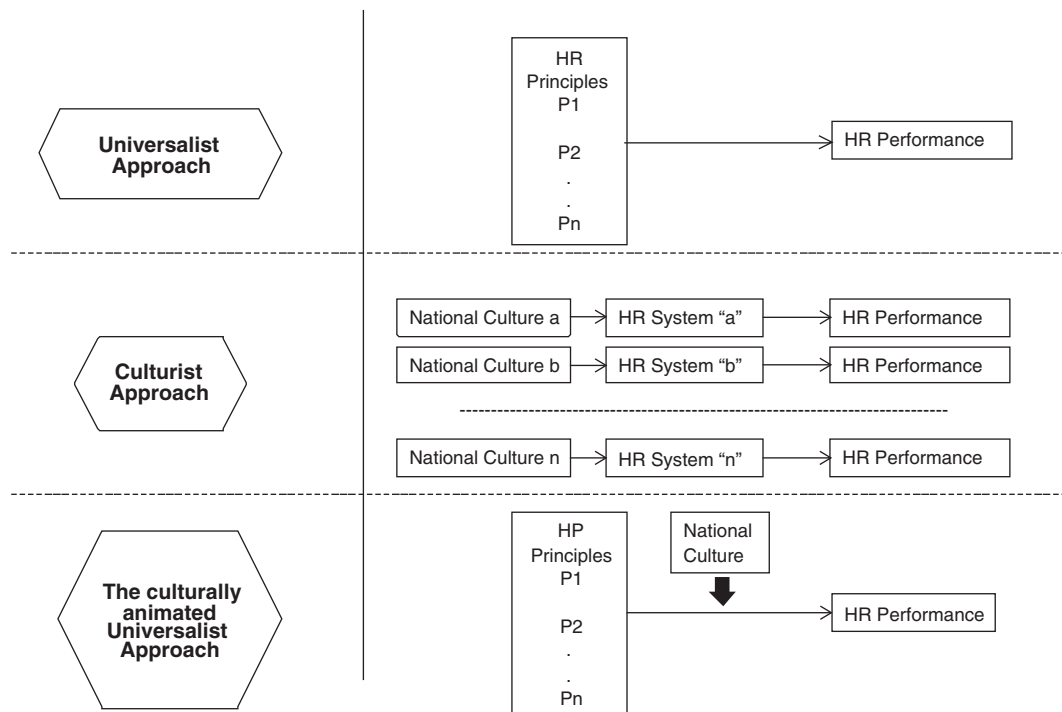


Fig. 1. Culture and HR effectiveness.

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