Cultural and Organizational Influences on HR and Technology

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ICM Conference Amsterdam - March 2, 2000

Objectives

⬇ Cultural influences on HR and information technology

⬇ The forces of globalisation and Europeanisation

⬇ Organisational structures to support HRIS and the changing workforce

⬇ The emerging "transnational" organisation for the 21st century

Cultural Influences on HR & Technology

What is Culture?

culture $(k\frac{1}{2}l'ch^2)$
n.

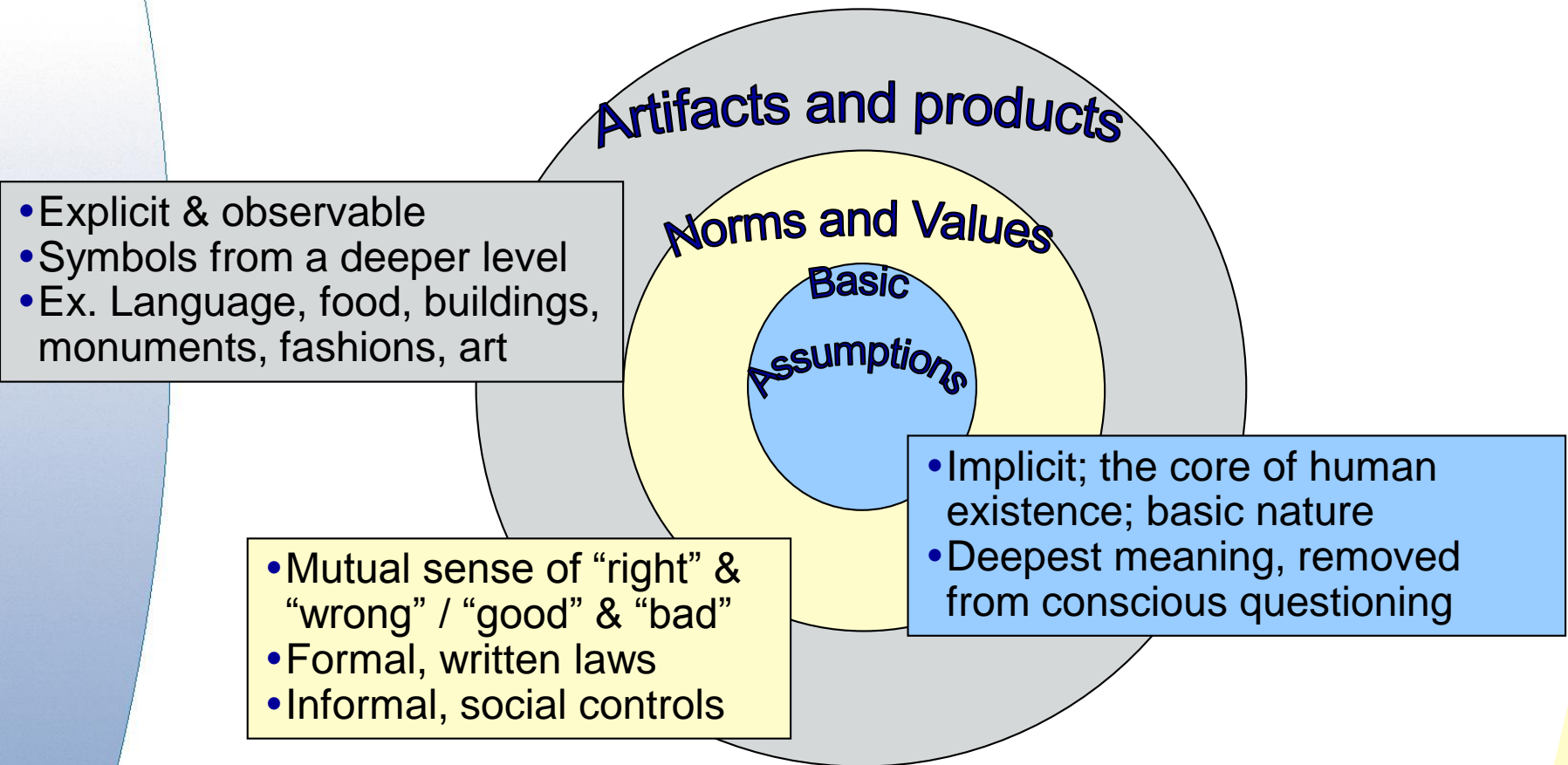*Source:* The Cassel Dictionary and Thesaurus. *Version 1.00a. 1989-1999.*

1 a state of intellectual and artistic development.
2 an ethos reflecting this (*enterprise culture*).
5 intellectual or moral training.

⬇ Permeates both our conscious and unconscious thoughts and perceptions

⬇ Learned and absorbed from our earliest childhood, reinforced by stories and heroes, expressed in our values and views

⬇ The way we judge events, respond to new situations, and interpret physical events

⬇ The language we use to describe daily phenomena

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A Culture Model

Artifacts and products

Norms and Values

Basic Assumptions

- Explicit & observable
- Symbols from a deeper level
- Ex. Language, food, buildings, monuments, fashions, art

- Mutual sense of "right" & "wrong" / "good" & "bad"
- Formal, written laws
- Informal, social controls

- Implicit; the core of human existence; basic nature
- Deepest meaning, removed from conscious questioning

Nine Dimensions of Culture

Source: Windham World

⬇ **Relationships** - importance of building relationships versus completing a job

⬇ **Time** - importance of personal relationships versus adherence to schedules

⬇ **Communication** - ways the society communicates, including gestures

⬇ **Hierarchy** - perception of rank in relationship to others and ways of interacting

⬇ **Status Attainment** - importance of personal achievement and sense of well-being
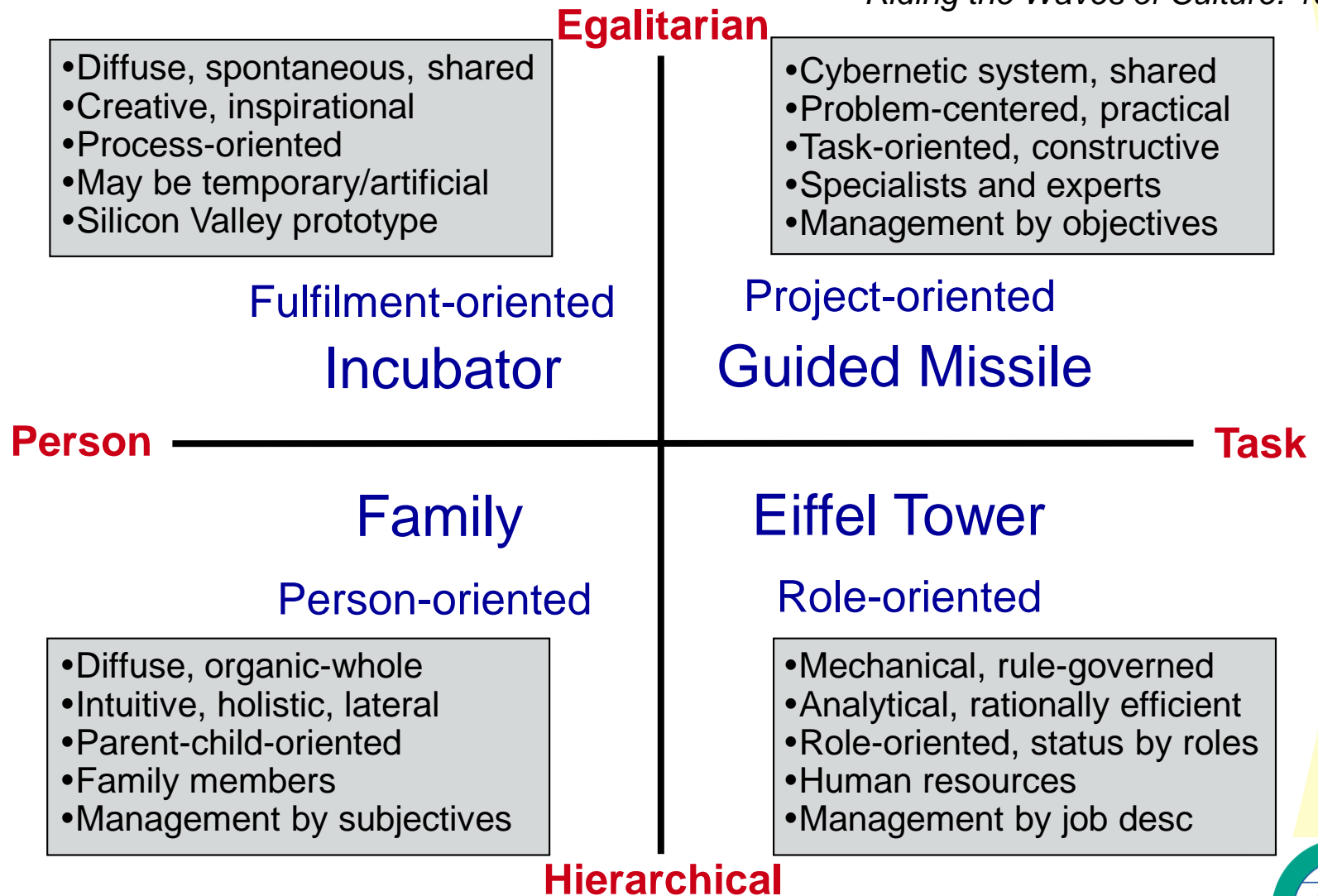
Nine Dimensions of Culture

⬇ **Space** - the amount of space needed for comfort in business and personal environments

⬇ **Group Dependence** - importance of the individual versus the group in social and business situations

⬇ **Diversity Receptivity** - how roles, power, and authority are associated with gender, race, religion, and country of origin

⬇ **Change Tolerance** - responses to change, the need for rules, the ability to take risks, and the perception of control over one's own destiny

Source: Schell and Stolz-Loike, "Importance of Cultural Preparation to International Business Success." *Journal of International Compensation and Benefits.* Jan/Feb 1994.
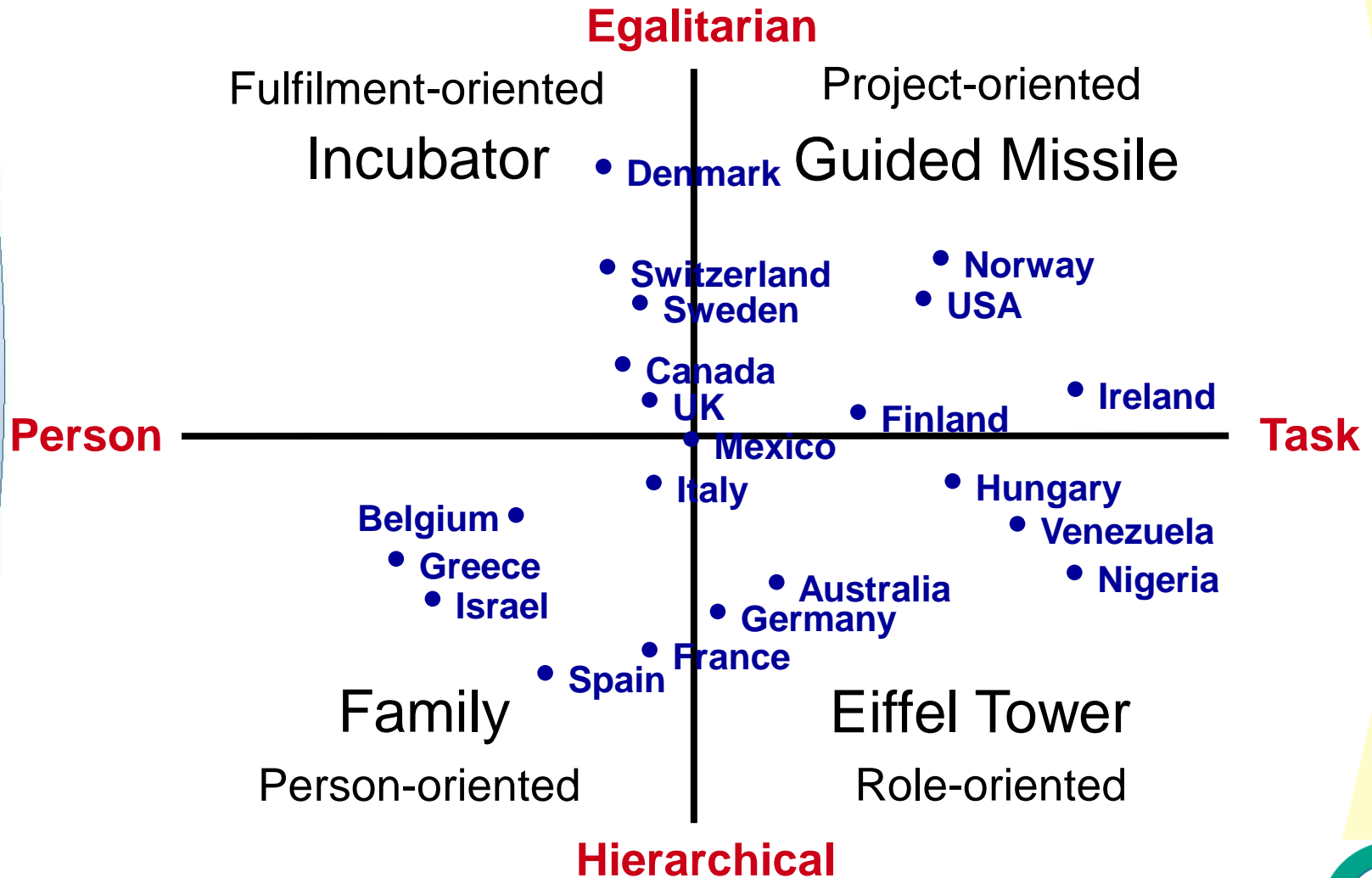
Corporate Cultures

Egalitarian

- Diffuse, spontaneous, shared
- Creative, inspirational
- Process-oriented
- May be temporary/artificial
- Silicon Valley prototype

- Cybernetic system, shared
- Problem-centered, practical
- Task-oriented, constructive
- Specialists and experts
- Management by objectives

Fulfilment-oriented

Project-oriented

Incubator

Guided Missile

Person ———————————————— **Task**

Family

Eiffel Tower

Person-oriented

Role-oriented

- Diffuse, organic-whole
- Intuitive, holistic, lateral
- Parent-child-oriented
- Family members
- Management by subjectives

- Mechanical, rule-governed
- Analytical, rationally efficient
- Role-oriented, status by roles
- Human resources
- Management by job desc

Hierarchical

National Patterns of Corporate Culture

Source: Fons Trompenaars.
Riding the Waves of Culture. 1998.

Egalitarian

Fulfilment-oriented

Incubator

Project-oriented

Guided Missile

• Denmark

• Switzerland
• Sweden

• Norway
• USA

• Canada
• UK

• Ireland

• Finland

Person ————————————————————— **Task**

• Mexico

• Italy

• Hungary

Belgium •

• Venezuela

• Greece

• Nigeria

• Israel

• Australia
• Germany

Family

• France

Eiffel Tower

• Spain

Person-oriented

Role-oriented

Hierarchical

Feeling Upset at Work

Horizontal bar chart — Percent of respondents who would not show this openly:

Country	Value
Egypt	18
Spain	19
Ireland	29
France	30
Italy	33
Germany	35
Brazil	40
Mexico	41
USA	43
UK	45
Netherlands	46
Japan	74

Percent of respondents who would not show this openly

Quality of Life

Percent of respondents opting for individual freedom

Country	Percent
Egypt	30
Mexico	32
Brazil	40
France	41
Ireland	50
Italy	52
Germany	53
UK	61
Spain	63
Netherlands	65
USA	69
Israel	89

European Internet Adoption
1998 - 2001

Consumer (% of Households)

Business (% of Labour Force)

- Scandinavia
- Netherlands
- UK
- Germany
- Belgium
- France
- Italy
- Spain

The Affects of Culture on HR and HRIS

Beyond the obvious legal and statutory issues:

- ➢ Levels of technology acceptance

- ➢ Conflicts between verbal and written cultures

- ➢ Work styles, methods, and ethics

- ➢ Differences in decision-making processes

- ➢ Openness towards new ideas and change
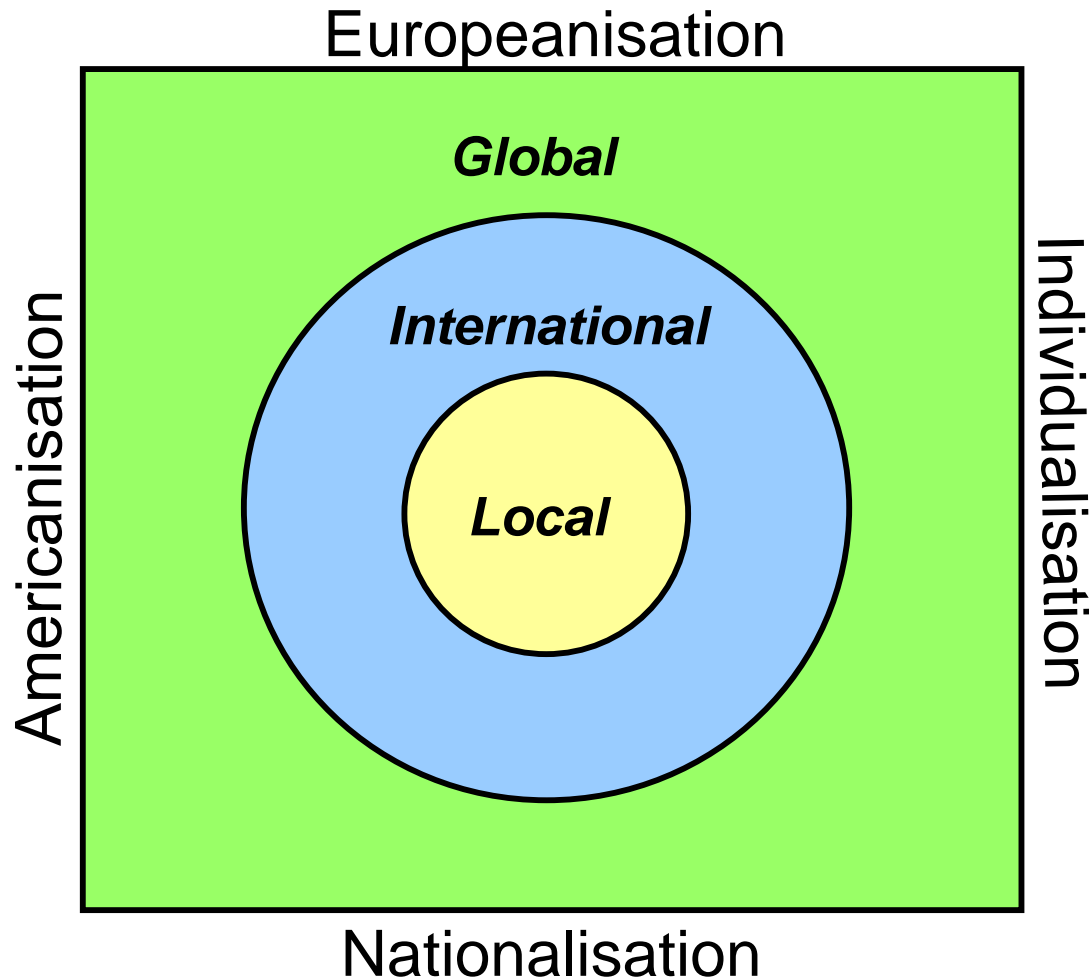
Business Globalization Cycle

1. Building cultural awareness throughout organization

2. Consciously developing a global corporate culture

3. Ongoing training building global business skills

4. Repatriation capitalization on the corporate investment
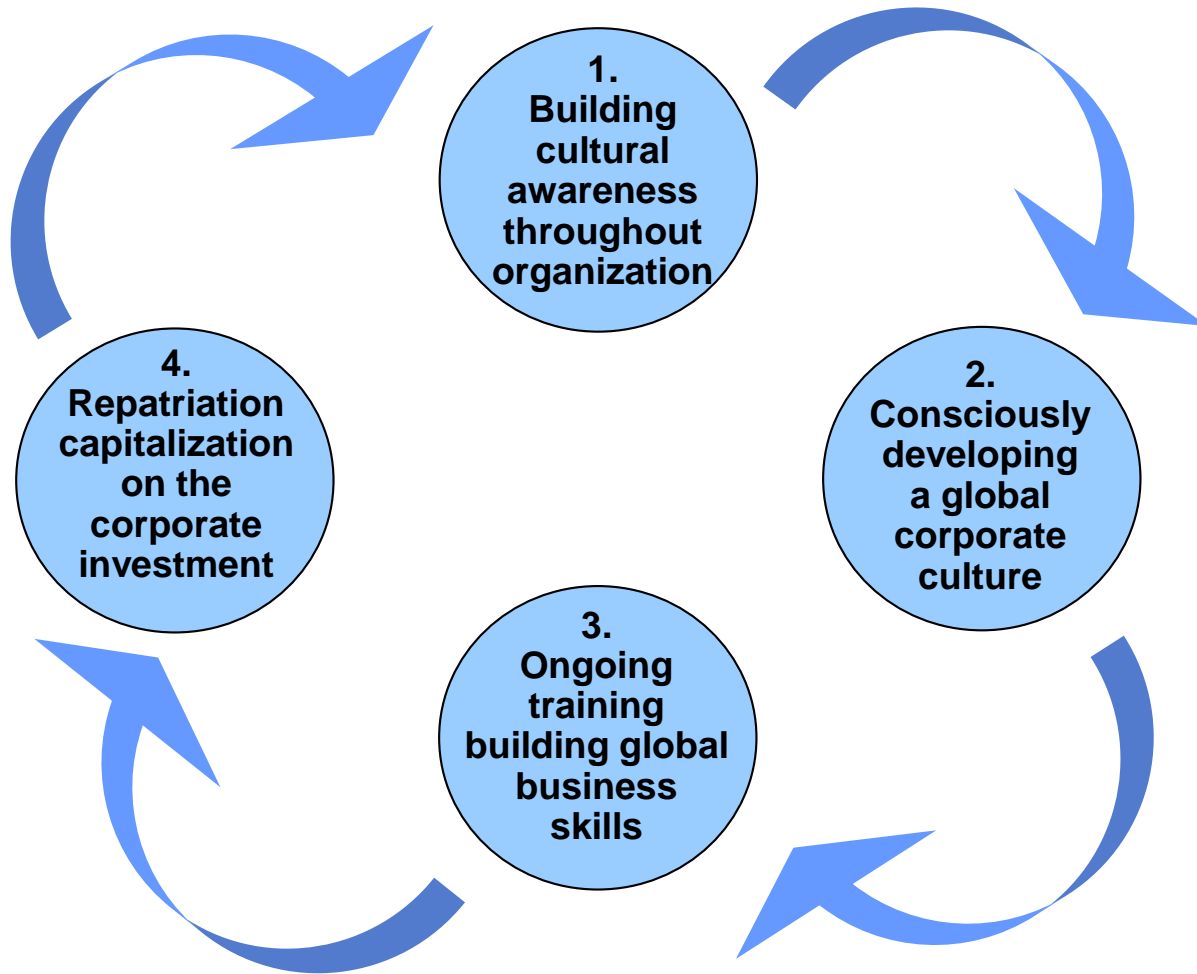
Forces of Globalisation and Europeanisation

European HRIS Environment

Europeanisation

Americanisation

Global

International

Local

Individualisation

Nationalisation

European HRIS Environment

Europeanisation

Americanisation

Global

International

Local

Individualisation
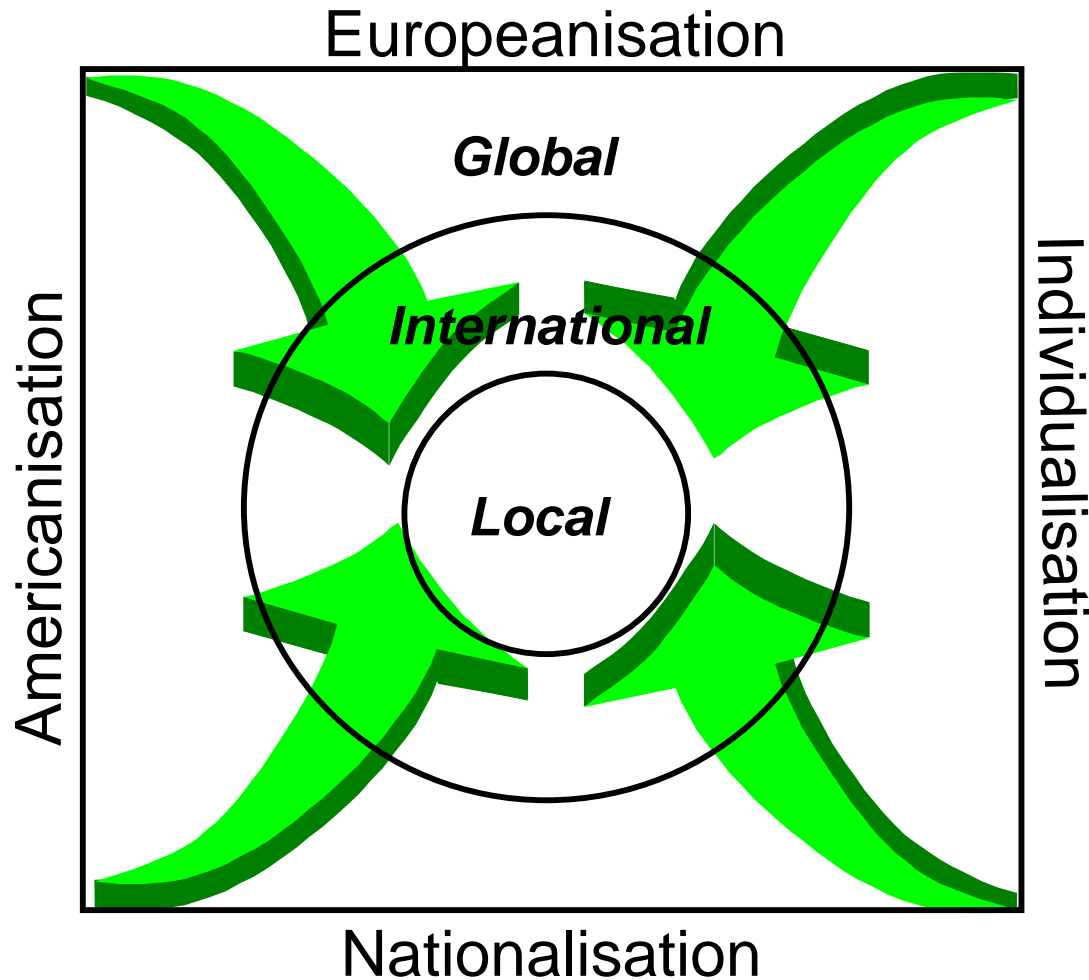
Nationalisation

Forces Encouraging «Europeanisation»

- ➢ Drive toward EU/EMU Compliance
- ➢ Increasing regulation of some industries
- ➢ Deregulation/privatisation of others
- ➢ Increasing foreign competition
- ➢ Growing multinational presence
- ➢ Ever-present North American influences
- ➢ Expanding technology/Internet usage
- ➢ Heighten worker mobility/needs
- ➢ Ubiquitous resource constraints
- ➢ Search for cost-containment strategies
- ➢ Growth in outsourcing/managed services

Forces Constraining «Europeanisation»

- ➢ Significant regulatory hurdles

- ➢ Privacy/security/data protection concerns

- ➢ High unemployment rates

- ➢ Regional/cultural/linquistic differences

- ➢ Strong national traditions/peer pressure

- ➢ Individualism/singular identity

- ➢ Ignorance/lack of training

- ➢ Fear of change/inertia

The Affects of Europeanisation on HR and HRIS

➢ Security issues resulting from data protection and privacy legislation

➢ Compliance requirements due to increasing EU Directives (e.g., Working Time, Parental Leave)

➢ Heightened worker mobility, resulting in more effective cross-border resource utilisation

➢ With the euro, increased transparency in compensation programs and levels (competency-based pay and management-by-objectives)

Organisational Models for HRIS

Organizational Models for HRIS

- ➤ Multinational

- ➤ Global

- ➤ International

- ➤ Transnational

Source: Christopher Bartlett and Sumantra Ghoshal. *Managing Across Borders: The Transnational Solution*. 1991.
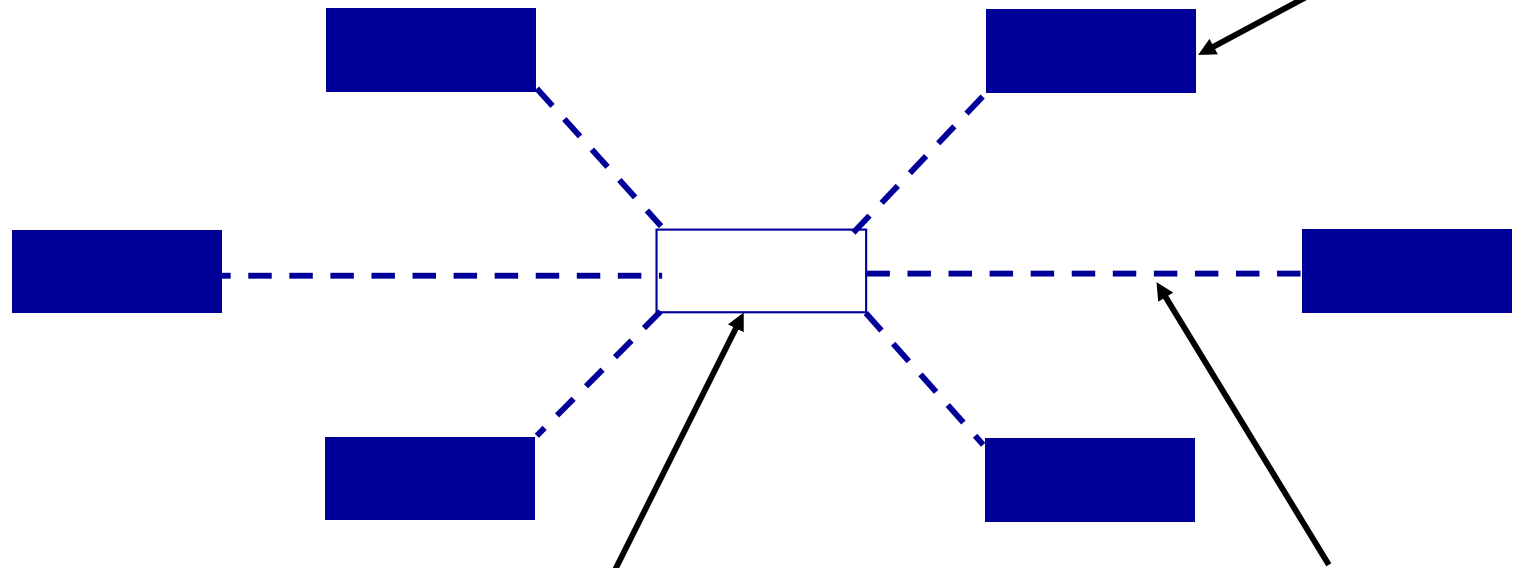
"Multinational" HRIS

➢ High focus on local needs and responsive to regional differences

➢ Manages a portfolio of multiple, distinct, national organizations / „multi-local"

➢ Allows local operations a significant amount of freedom and organizational autonomy

➢ „Anything goes" / „Multi-headed monster"

"Multinational" HRIS

Decentralized Federation:
-many key assets, responsibilities, and decisions decentralized

Management Mentality:
regards overseas operations as a portfolio of independent businesses

Personal Control:
informal HQ-subsidiary relationships overlaid with simple financial controls
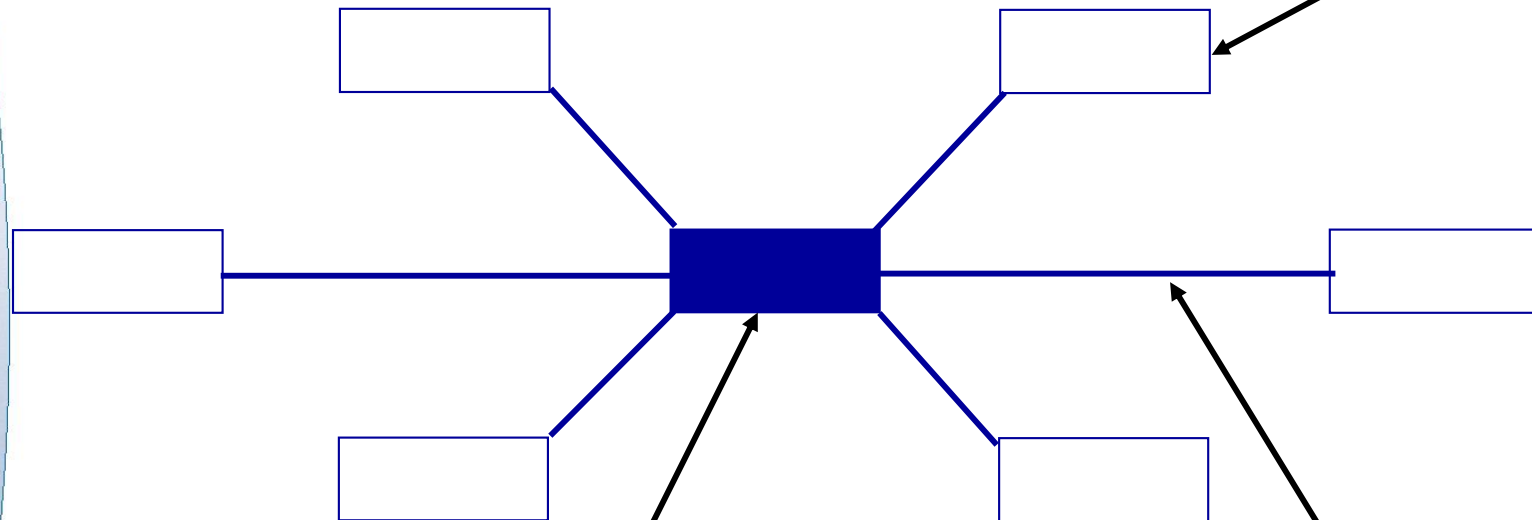
Source: Bartlett and Ghoshal 1991

"Global" HRIS

➤ High focus on efficiency and creating a single, standardized organization

➤ Uniform, global operating environment as the driving force

➤ Minimization of national and local needs

➤ One single „sanitary" solution based primarily on mother company's needs

➤ „One-size-fits-all" approach

"Global" HRIS

Centralized Hub:
-most strategic assets, resources, responsibilities, and decisions centralized

Operational Control: tight central control over decisions, resources, and information

Management Mentality: regards overseas operations as delivery pipelines to a unified global market

Source: Bartlett and Ghoshal 1991

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"International" HRIS

➤ Takes a „learning" and „sharing" approach through transferring and adapting knowledge

➤ Corporate still retains considerable control and influence over local organizations

➤ Allows for exploitation of both parent and local organization core competencies

➤ „Middle-of-the-road" approach

"International" HRIS

Coordinated Federations:
-many key assets, responsibilities, and decisions still decentralized, but controlled from headquarters
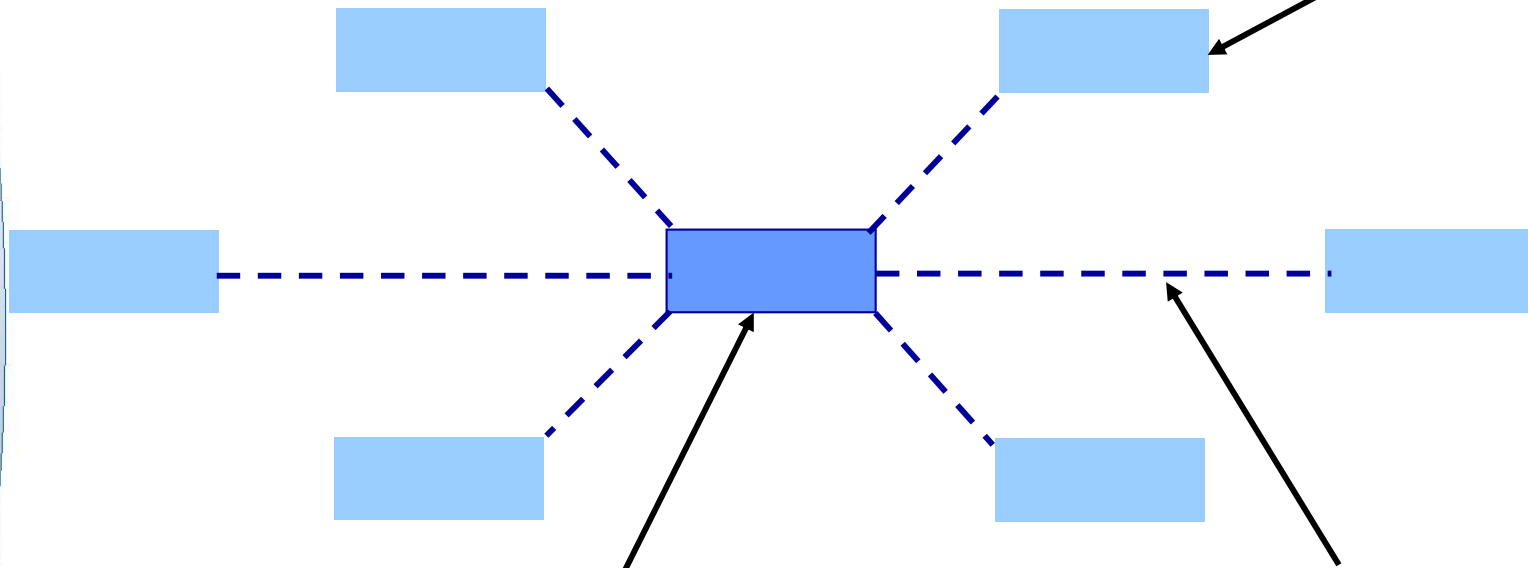
Management Mentality:
regards overseas operations as appendages to a central domestic corporation

Administrative Control:
formal management planning and control systems allow tighter HQ-subsidiary linkage

Source: Bartlett and Ghoshal 1991

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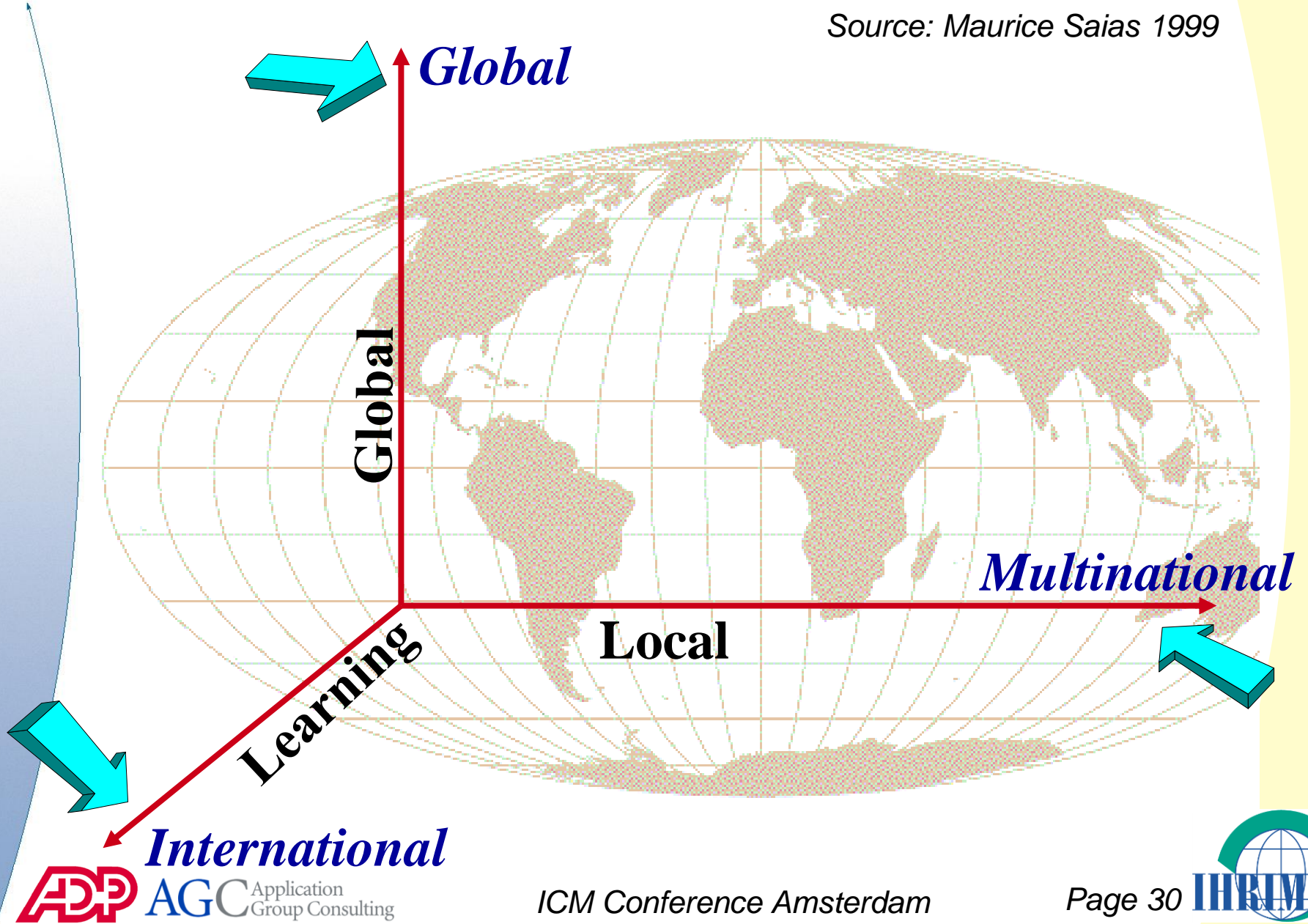# A New Organizational Model

The "Transnational" HRIS

➢ To be competitive, an HRIS needs to be good at all three!

- local responsiveness/flexibility

- global efficiency/competitive

- worldwide learning capability

➢ We must embrace and exploit the paradox!!

"Transnational" HRIS

Global

Global

Multinational

Local

Learning

International

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"Transnational" HRIS

Global

Transnational

Global

Multinational

Local

Learning

International

"Transnational" HRIS

Distributed, specialized resources and capabilities

Complex process of coordination and cooperation in an environment of shared decision making

Large flows of components, products, resources, people, and information among independent units

ICM Conference Amsterdam
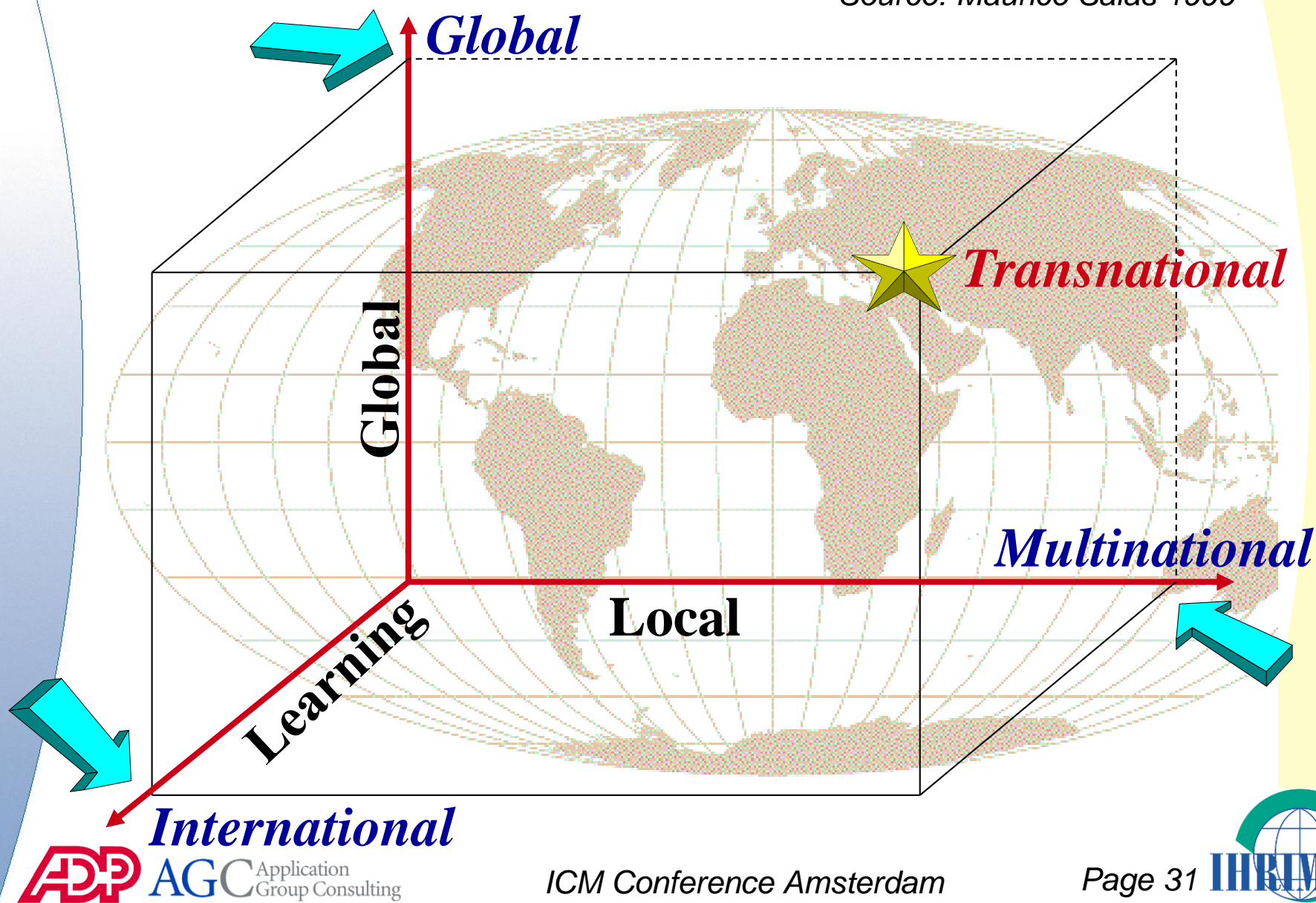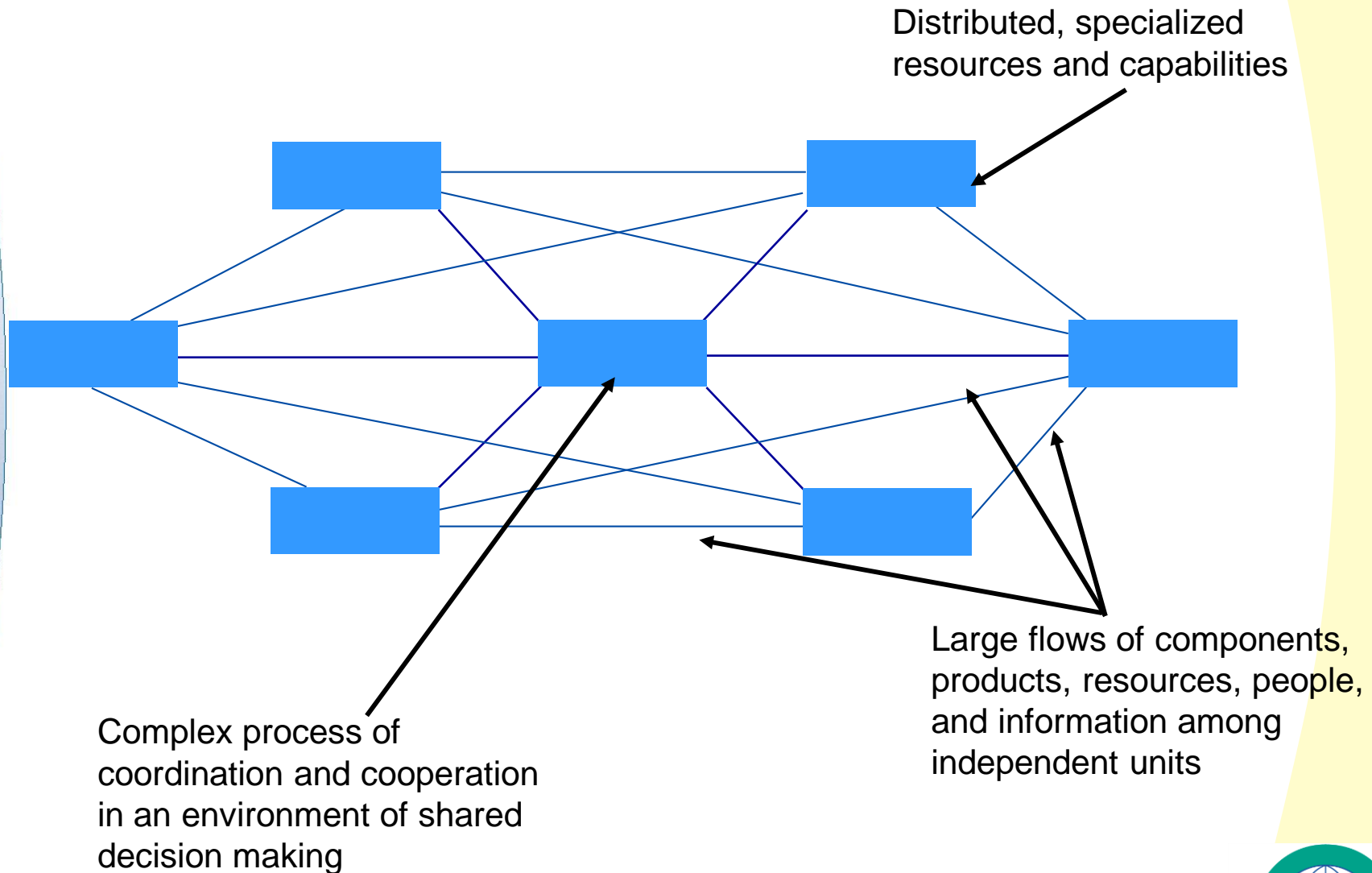
HRIS Integration and Differentiation

Need for Global Coordination and Integration

High

Low

Strategies	**Functions**	**Activities**
HR Strategic Planning	Succession Planning	Infrastructure & System Design
HR Services	Pension/Stock Programs	
Management Reporting	Salary Planning	HRIS Implementation
		Job Postings
	Professional Dev	
HR Policies	Competency Mgmt	Training Classes
HR Procedures	Recruitment	Financial Incentives

Low ... **High** **Low** ... **High** **Low** ... **High**

Need for Local Differentiation and Responsiveness

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Roles of National Organizations

Source: Bartlett and Ghoshal 1991

Strategic Importance of Local Environment

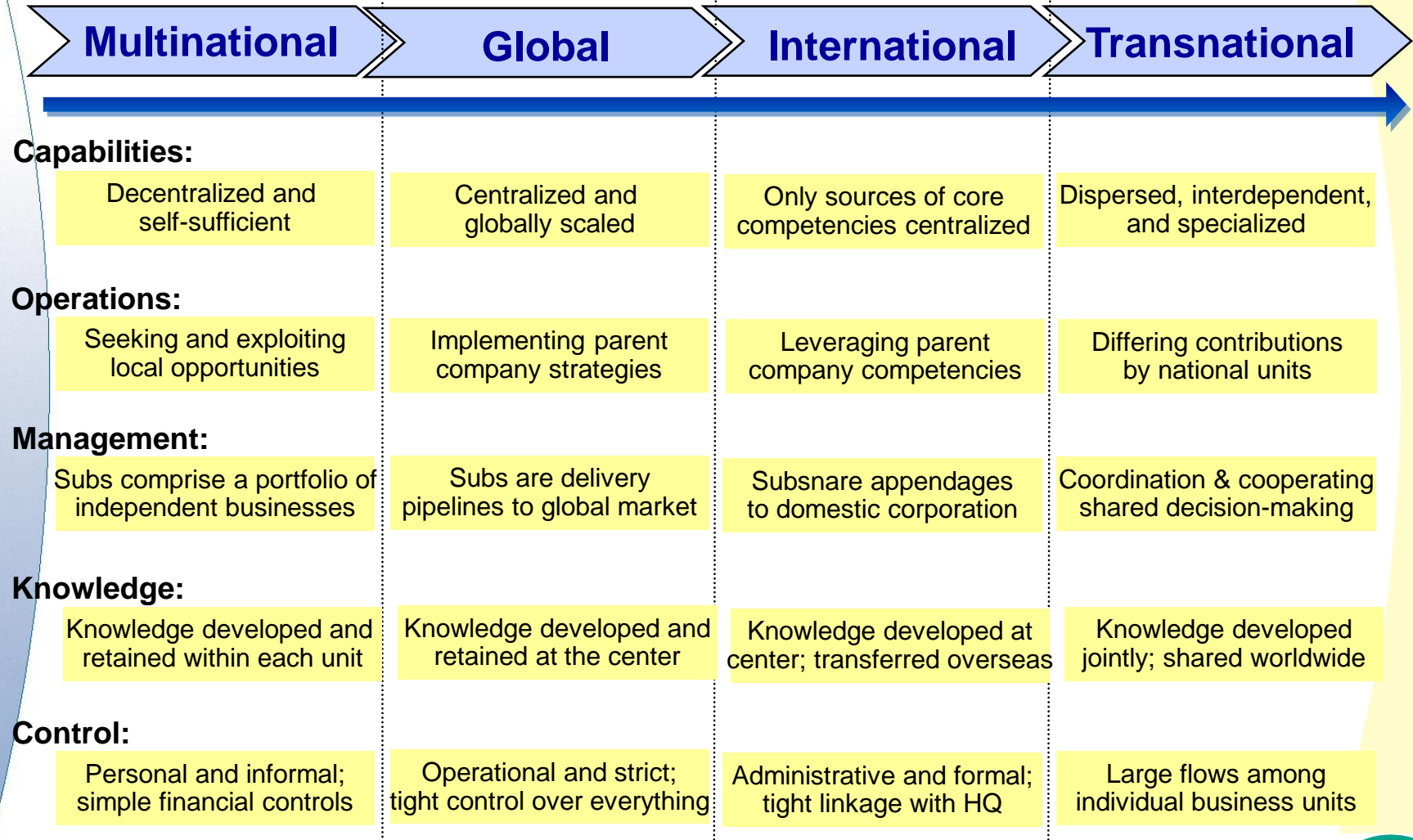|	Low	High
High	Black Hole	Strategic Leader
Low	Implementer	Contributor

Level of Local Resources and Capabilities

Moving to the Transnational HRIS

	Multinational	Global	International	Transnational
Capabilities:	Decentralized and self-sufficient	Centralized and globally scaled	Only sources of core competencies centralized	Dispersed, interdependent, and specialized
Operations:	Seeking and exploiting local opportunities	Implementing parent company strategies	Leveraging parent company competencies	Differing contributions by national units
Management:	Subs comprise a portfolio of independent businesses	Subs are delivery pipelines to global market	Subsnare appendages to domestic corporation	Coordination & cooperating shared decision-making
Knowledge:	Knowledge developed and retained within each unit	Knowledge developed and retained at the center	Knowledge developed at center; transferred overseas	Knowledge developed jointly; shared worldwide
Control:	Personal and informal; simple financial controls	Operational and strict; tight control over everything	Administrative and formal; tight linkage with HQ	Large flows among individual business units

The Affects of the Transnational Organization on HR and HRIS

➢ Increased sharing of innovations, learnings, and best practices across business units

➢ Effective balancing between local differentiation and global efficiency

➢ Leveraging of a worldwide network of competencies and succession planning

➢ Integrating and appreciating diversity!

A Model for Change

Traditional Change Process

Change in Formal Structure and Responsibilities (Anatomy)

⬇

Change in Interpersonal Relationships & Processes (Physiology)

⬇

Change in Individual Attitudes and Mentalities (Psychology)

Emerging Change Process

Change in Individual Attitudes and Mentalities (Psychology)

⬇

Change in Interpersonal Relationships & Processes (Physiology)

⬇

Change in Formal Structure and Responsibilities (Anatomy)

Need ➤ **Capacity** ➤ **Ability**

Keys for Success

➢ Don't assign joint responsibilities for everything, avoiding the "global matrix" and overlap in duties, rather

➔ **Allocate responsibilities clearly and singularly**

➢ Don't categorize industries/functions or adopt strategic postures, rather

➔ **Decide task by task and decision by decision**

➢ Don't isolate decision making from the mainstream by setting up artificial environments, rather

➔ **Implement annual strategic conferences, quarterly theme meetings, ad hoc development committees**

Keys for Success

- Don't set up only formal systems, rather

  - **coordinate and control systems through "socialization" of the members**

- Create a management "mindset" that:

  - **understands the need for multiple strategic capabilities**

  - **views problems and opportunities from both local and global perspectives**

  - **is willing to interact with others openly and flexibly**

Merci   *Obrigado*   *Ευχαριστω*

Danke schön   *Kiitos*   *Tack*

Gracias   *Dank u*   *Grazie*

Tesekkür ederim   *Takk*

Thank You!
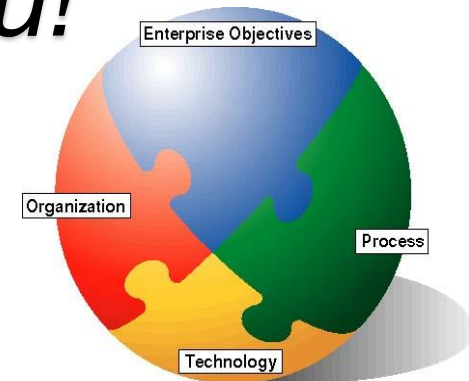
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