

## **Influence of Culture on HRM Practices with Reference to Information Technology Industry, Bangalore**

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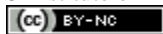
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## ABSTRACT

*In this globalised world IT industries have gained competitive advantage over their competitors through Human capital. To manage such human assets, we require vibrant HR practices amongst such industries. Many researchers have identified the importance of culture in developing suitable HRM practices. This empirical research is to make an attempt to study the influence of culture on HRM practices in IT industries, Bangalore. To study the influence The Model of Cultural Fit (Aycan, Sonha & Kanungo 1999) was adopted with three main variables such as Social – cultural dimensions, Employee related assumptions & HRM practices. The results indicates that cultural dimensions of paternalism and power distance has a positive influence on HRM practices such as Job Design, Supervision & Control & Performance reward Contingency.*

**Keywords-** HRM practices, The Model of Cultural Fit, Job Design, Supervision & Control, Performance reward Contingency and Paternalism and Power distance

### 1. Introduction

The liberalization, privatisation and globalization of Indian economy have created more opportunities for IT industries in India. These transitions also brought extensive competition amongst the industries. Today Indian IT Industries have constructed best Human Resource Practices to foster creativity and innovation among employees. This is to sustain competitiveness in the global market.

Many researchers have agreed that human assets are an important source of competitive advantage to create difference in the industry (Bartett and Ghoshal, (1999); Schuler and Roqovsky (1998). Human Resource Management is an important function of a company to manage human resource effectively. It synchronises the goals of employees with the organizational goals. The efforts of people can be successfully coordinated only by understanding their culture. Since the culture shapes variety of factors including, communication, approaches of the leaders of the company, decision making, managerial practices etc., therefore today HR practices at the organizations are context to cultural influence (Budhwar and Bhatnagar, 2009).

The emergence of Japanese HRM has brought the concept of culture in organization in a big way. But many have neglected culture for the improvement of organizational efficiency. HRM practices are rooted in cultural principles such as attitudes, values, believes, customs, traditions, habits etc. Many researchers last few decades focussed attention on examining the relationship between culture and HRM practices.

Hofstede (1984) Human Resource practices establish an organization is based on their values and it reflects within their culture. The influence of national culture in implementing and developing HRM practices have been considered by many scholars (Yuen and Kee, 1933; Rosenweig&Nolhria 1994; Ferner 1997; Schuler and Roqovsky 1998). But the level of cultural influence on HRM practices differ, based on specific practices at the workplace (Vance, McClaine; Boje and Stage 1992; Sparrow and Wu, 1998).

Hofstede (2001) defined culture as “collective programming of the mind that distinguishes the members of one group or category of people from another”. Hofstede (1991) stated that management practices are based on culture and traditions, which has a significant impact on the attitudes and values of employees. Hofstede (1980) suggested four cultural dimensions, such as Power distance, Individualism vs. collectivism, Uncertainty avoidance and Masculinity Vs Femininity.

Hofstede and Aycan (1999) indicated that cultural dimensions impact the way of doing business especially on HRM practices since this involves dealing with human capital who have been socialized in that environment.

Fisher (2008) mentioned that cultural values and norms will have an effect on design and execution of HRM practices. It was indicated that cultural dimensions such as power distance & individualism vs collectivism influences on HRM practices like recruitment, performance appraisal, compensation & promotion.

House (2004) have identified the relationship between cultural dimensions and HRM practices. Sparrow and Wu (1998) have stated that the HRM policies and practices are culturally linked.

Aycan, Kanungo, Mendonca, Yu, Deller, Stahl&Kurshid (2000) have measured managerial perceptions on socio-cultural dimensions, internal work culture dimensions, & HRM practices.

As stated by Drucker (1992) in order to express the cultural impact on management, with the statement that what managers do is the same as in the whole world, but how they do it can be entirely different. Since the IT

industry is dealing with Human Resources, how they are managed is greatly influenced by the cultural background of the country.

### **Background to the study**

Human Resource Management practices do not operate in isolation. There are many internal and external factors that influence the HRM practices at work place (Aswathappa 2007). Influence of external factors is more complicated due to the competitions brought by the globalization. A number of theoretical viewpoints have been developed to enlighten how these factors have an effect on Human Resource Management Practices. Hence the classification of organizational and environmental factors that foresees the adaptation of different human resources practices meets the increasing interest of researchers and practitioners (Shaw, Tang, Fisher, Kirkbride, 1993). Many studies have demonstrated the effectiveness of HRM practices, which basically depends on culture, because of the belief that culture is at the base of people's behaviour.

In the present years there has been an extensive increase in the number of research papers on the influence of national culture on human resource management practices (Budhwar, Sparrow 2002). Researchers also began to consider that culture is the dependent variable, which influences the various business activities (Brannen& Salk, 2000; Caprar, 2011; Leung et al, 2005).

### **Information Technology in India**

According to NASSCOM Information Technology (IT) revenues is US\$ 160 billion in 2017. IT is the key feature of industrial development in India. IT sectors today are encouraging talented human capital by focusing on skilling and reskilling of employees to sustain competitiveness. This industry is playing an important role in employing highest number of employees. But to manage such knowledge pool, it is necessary to create opportunities to enhance well-being of individuals. Understanding Culture at IT sectors, builds social capital to hold employees together, which results in better participation to achieve business goals. 2016 Global Human Capital Trends Survey believes that culture is a potential competitive advantage.

The study has attempted to understand the influence of HRM practices on cultural facts In IT Industry. To understand the relationship between culture and HRM practices, a Model of Cultural Fit developed by Aycan, Sinha&Kanungo, 1999 was adopted. This model explains socio-cultural environment influence on internal work culture and HRM practices. Using 1,954 employees from 10 different countries was adopted to test the model. The model was developed adopting four socio-cultural dimensions, six internal work culture dimensions, and three areas of HRM practices.

For the present study three dimensions are selected from the cultural fit model, such as Socio-Cultural (Paternalism & Power Distance), Employee related assumptions (Employee Participation&Proactivity) and HRM Practices (Job Design, Supervision and control & Performance-reward contingency).

## **2. Research Methodology**

**Empirical research** study has been chosen to understand the relationship between culture and HRM practices. The main research objectives of the study is to understand the influence of culture on HRM practices using the interventions of manager's perception of employee related assumptions.

Hypotheses for the study are;

- H1 - There is a significant relationship between paternalism and job autonomy.
- H1 - There is a significant relationship between Challenging tasks and Job satisfaction.
- H1- There is a significant relationship between Power distance and employee consultation.
- H1- There is a significant relationship between Centralization and freedom to do tasks.

The primary data has been collected through survey method with the help of structured questionnaire from the sample size of 30 HR managers from IT sectors, Bangalore city. The secondary data was collected from research reports, books and websites. Non-probability sampling technique has been adopted to choose the respondents from the populations.

The questionnaire was developed adopting three variables such as Social – cultural dimensions, Employee related assumptions & HRM practices. The variables are selected from The Model of Cultural Fit developed by Aycan, Sinha&Kanungo, 1999. The 30 questions are designed in the questionnaire to study paternalism

(5 questions), power distance (4 questions), employee participation (4 questions), proactivity (5 questions), Job design (6 questions), Supervision and control (4 questions), and Performance reward contingency (2 questions).

**The questionnaire Cronbach's alpha is identified as 0.7.**

The Likert scale (Strongly agree, agree, neutral, disagree & strongly disagree) was adopted to develop a survey questionnaire to collect information from the employees. The collected data has been analysed & interpreted with the help of mean, standard deviation, t test, and Chi-square test to identify the influence of culture on HRM practices.

The main limitations of the study is sample size, hence the findings of the data can not be generalized.

**3. STATISTICAL ANALYSIS & INTERPRETATION**

The pilot study has identified above **0.7 Cronbach's alpha** where it indicates that the all variables are identified for the study are important to identify the influence of culture on HRM practices.

**Table no 1. One sample t-test**

Sl. No.	Factor	Mean	S.D.	t-value
1	Paternalistic attitude of management	3.97	0.85	6.23 *
2	Subordinate Motivation through positive rewards	4.13	0.97	6.38 *
3	Flexibility in performing difficult task	3.83	1.02	4.48 *
4	Employee participation Management	3.4	1.04	2.11 *
5	Employee Job Satisfaction	4.37	0.61	12.17 *
6	Management by Objectives	3.87	1.17	4.07 *
7	Reward Management	3.13	1.07	0.68

Source: Survey Data

Notes: N = 30; d.f. = 29; \* Significant at p = 0.05

**Conclusion**

From the table no.1 it can be concluded based on the t-values that all the above factors mentioned in the table has an influence of culture on HRM practices.

**Hypothesis 1**

H0: Paternalism and Job autonomy are independent

H1: Paternalism and Job autonomy are dependent

**Table No 2. Cross tabulation**

		Job Autonomy				Total
		1.00	3.00	4.00	5.00	
Paternalism	2.00	0	0	1	0	1
	3.00	0	1	5	2	8
	4.00	0	9	2	1	12
	5	1	0	6	2	9
Total		1	10	14	5	30

Note: 1 – Strongly disagree; 2 – Disagree; 3 – Neutral; 4 – Agree; 5 – Strongly agree

**Table No 3. Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.250 <sup>a</sup>	9	.032
Likelihood Ratio	21.037	9	.012
Linear-by-Linear Association	.325	1	.569
N of Valid Cases	30		
a. 15 cells (93.8%) have expected count less than 5. The minimum expected count is .03.			

**Conclusion:** Since p value (0.032) < 0.05, the significant difference is established between the factors. Hence null hypothesis (H0) is rejected. Therefore Paternalism and Job autonomy are dependent.

**Hypothesis 2**

H0: Challenging tasks and Job satisfaction are independent

H1: Challenging tasks and Job satisfaction are dependent

**Table No 4 Cross tabulation**

		Job Satisfaction			Total
		3.00	4.00	5.00	
Challenging Tasks	3.00	0	4	1	5
	4.00	2	3	2	7
	5.00	0	8	10	18
Total		2	15	13	30

**Table No 5 Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.255 <sup>a</sup>	4	.055
Likelihood Ratio	8.529	4	.074
Linear-by-Linear Association	2.729	1	.099
N of Valid Cases	30		
a. 7 cells (77.8%) have expected count less than 5. The minimum expected count is .33.			

**Conclusion:** Since Sig. value (0.055) > 0.05, the significant difference is not established between the two groups. Therefore null hypothesis (H0) is accepted. Therefore Challenging tasks and Job satisfaction are independent.

**Hypothesis 3**

H0: Power distance and employee consultation are independent

H1: Power distance and employee consultation are dependent

**Table No 6. Cross tabulation**

		Employee Consultation					Total
		1.00	2.00	3.00	4.00	5.00	
Power Distance	2.00	0	2	0	2	2	6
	3.00	0	0	2	0	0	2
	4.00	0	3	3	11	0	17
	5.00	1	1	1	1	1	5
Total		1	6	6	14	3	30

**Table NO. 7 Chi square tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.403 <sup>a</sup>	12	.033
Likelihood Ratio	20.914	12	.052
Linear-by-Linear Association	.636	1	.425
N of Valid Cases	30		
a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .07.			

**Conclusion:** Since p value (0.033) < 0.05, the significant difference is established between the factors. Hence null hypothesis (H0) is rejected. Therefore Power distance and employee consultation are dependent.

**Hypothesis 4**

H0: Centralisation and freedom to do tasks are independent

H1: Centralisation and freedom to do tasks are dependent

**Table No. 8 Cross tabulation**

		Freedom to do tasks				Total
		1.00	3.00	4.00	5.00	
Centralization	1.00	0	1	0	0	1
	2.00	0	0	4	2	6
	3.00	0	0	5	1	6
	4.00	0	1	4	1	6
	5.00	1	8	1	1	11
Total		1	10	14	5	30

**Table NO 9 Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.779 <sup>a</sup>	12	.054
Likelihood Ratio	25.094	12	.014
Linear-by-Linear Association	6.113	1	.013
N of Valid Cases	30		
a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .03.			

**Conclusion:** Since Sig value (0.054) > 0.05, the significant difference is not established between the two groups. Therefore null hypothesis (H<sub>0</sub>) is accepted. Hence it can be said as centralisation and freedom to do tasks are independent.

#### 4. CONCLUSION

Commercial incorporation in the global world has generated huge opportunities and challenges in the business world. IT Industries have identified the need for understanding the culture of the organization, to overcome the challenges involved in managing human capital. The study identifies that there is an influence of culture on HR practices. It also concludes that Paternalism and Job autonomy & Power distance and employee consultation are dependent on each other. Centralisation and freedom to do tasks are independent.

“We nurture & support an environment that values multiple cultures, race, ethnicity, age, gender, sexual orientation & physical or mental ability.” Reena Desai, Head (HR), SAP India.

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