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THE IMPACT OF NATIONAL CULTURE ON HRM PRACTICES:
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ABSTRACT

The review article aims at analysing the theoretical base of national culture impact on existing practices in Human Resource Management (HRM). The study is based on the case of Kazakhstan, as the country is historically considered as a multi-ethnic and multicultural state. Therefore, located on the periphery of various cultures, the country has its exclusively established and developed set of cultural norms and beliefs. Such cultural diversity impacted all spheres of population including business. The article is a review paper of the analysis of cultural aspects in HR.

АННОТАЦИЯ

Обзорная статья направлена на анализ теоретической базы влияния национальной культуры на существующие практики в сфере управления персоналом. Исследование основано на примере Казахстана, поскольку страна исторически считается полиэтничным и поликультурным государством. Поэтому, находясь на периферии различных культур, страна имеет свой исключительно устоявшийся и развитый набор культурных норм и верований. Такое культурное разнообразие затронуло все сферы жизни населения, в том числе и бизнес. Статья представляет собой обзорный документ по анализу культурных аспектов в HR.

Keywords: HR, national culture, Hofstede theory, Kazakhstan.

Ключевые слова: HR, национальная культура, теория Хофстеде, Казахстан.

Background

Over the decades, globalization, internationalization of business, and increased competition between companies has led to a more comparative analysis of HRM of different countries to see how they react to the same ideas and pressures. It was also significant to identify and understand the determinants of HR practices in different contexts (Budhwar and Sparrow, 2002). This increased attention could be explained due to the new perception of HR, an asset that can be used to achieve a competitive advantage in the company's strategy. This was based on the resource-based theory, where it looks to the organization inwardly, rather than its place in the environment, claiming that companies have resources and competencies to create strategic assets (physical, organizational, and human resources) (Schuler and Rogovsky, 1998).

Overall, it was apparent that HR practices differ across countries due to several reasons: the business structure, the legislative and employment context, the pattern of HRM competence and decision making, and national culture (Schuler and Rogovsky, 1998). Among these factors, it is important to find the external fit between HRM and culture, and the understanding and balancing of national culture values and HR practices largely relied on managers (Kats et al, 2010).

Hofstede Cultural Dimensions

Generally, while there are many frameworks, the influence of culture on business activities, attitudes and behaviours is measured by Hofstede cultural framework, because of its clarity, parsimony, and resonance with managers. Hofstede himself defined culture as 'the collective programming of the mind which distinguishes the members of one human group from another'. The framework was derived from the data collection of 116,000 morale surveys from over 88,000 employees from 72 countries in the IBM company, which was reduced to 40 countries that had more than 50 responses each. As a result, he distinguished four dimensions of culture: power distance, uncertainty avoidance, individuality and collectivism, masculinity and femininity. Later, Hofstede and Bond also added another dimension, Confucian dynamism (or long-term vs short-term orientation). All the dimensions have shown they had some impact on HR practices in the research (Kirkman, Lowe and Gibson, 2006).

Power distance is defined as to what extent society tolerates and accepts the unequal power distribution in the organization and institutions. It was apparent that

cultures with high power distance tend to perceive inequality as typical and unavoidable. People in such cultures address individuals in the lower end of the hierarchy by their name, while higher positioned individuals get the added prefix before. In cultures with low power distance, on the other hand, low-status people believe that they can participate in the decision making, and they get less motivated if they are withheld from it (Kozhakhmet and Nurgabdeshev, 2022).

Uncertainty avoidance refers to what extent society can tolerate ambiguous situations or if they feel pressured in them. Uncertainty avoiding cultures minimize this pressure by granting career stability, establishing strict rules, creating some absolute truth, fulfilling expertise. They also cannot accept deviating ideas and behaviour from the norm (Kirkman, Lowe and Gibson, 2006). These cultures are more sensitive and are more likely to be motivated because of their anxieties. As a result, they are more motivated in an environment that promotes planning, career stability, formal rules, and the development of expertise. The employees also expect clear and detailed contracts about their jobs. They favour their managers to tell them what to do and do not need much freedom and autonomy in their work (Pak et al., 2019).

The next dimension is collectivism and individualism. In collectivistic societies, there is a tight social framework in which people differentiate between ingroups and outgroups, where the ingroup is expected to look after everyone in ingroup, reciprocating by loyalty (Kirkman, Lowe and Gibson, 2006). The integrated close ingroup is often the extended family. Individual societies are characterized by loosely knit social groups where each individual is supposed only to take care of themselves and their immediate family (Kats et al., 2010). These dimensions can influence how cultures can use motivation. For instance, in individualistic cultures, people are differentiated according to their performance, and reward system, while collectivist cultures use reward systems that are not competing.

Overall, in individualistic cultures, people are more motivated to better themselves and their position in life, therefore being more comfortable with competition, while collectivistic cultures are more driven for the success of the whole group. Therefore, career satisfaction along this dimension is distinct from one another.

Then, Hofstede claims that cultures differ on the masculinity and femininity dimension, where masculinity refers to what extent the predominant values in the community are characterized to be "masculine" traits: assertiveness, the acquisition of money and things, and not

caring for others, the quality of life, or people, whereas “feminine” societies value opposite traits (Kirkman, Lowe and Gibson, 2006). There is evidence that HR practices and career opportunities are impacted by gender roles and values. Generally, more feminine cultures tend to put more significance on subjective and intuition-based things, like caring and relationships. They spend more time on building close relationships between co-workers and subordinates and avoid conflict with their subordinates. The underlying motivation for working in these societies are social relations and non-rational processes. Furthermore, feminine societies place greater emphasis on non-monetary rewards. Masculine societies, contrarily value monetary rewards, and in these cultures, CEO salary is higher compared (Kats et al., 2010).

Lastly, cultures differ in terms of short-term and long-term orientation. The former focuses on the past and present values, such as tradition and performing societal obligations. The latter is defined as the extent to which people are willing to accept the delayed gratification and be persistent, being more future-oriented (Kirkman, Lowe and Gibson, 2006). Compared to other cultural dimensions, the last one has less empirical evidence to draw definite conclusions. However, there are some papers that can connect some ideas indirectly. The commonly practised life-long employment and promotion by seniority practices in collectivist societies can be an example of high long-term orientation. In long-term oriented cultures, it is assumed that employees are less likely to frequently change jobs and their career paths. Mainly, they value skill development and competence more than rewards, and supervisors are also more hesitant to offer them. These practices would not be as common in short-term oriented cultures, like the US, where the rewards are expected by default (Kats et al., 2010).

Despite how popular this model is in research, the framework was criticized for trying to oversimplify the culture to 4-5 dimensions, sampling only one MNC, ignoring the heterogeneity of specific countries. In addition, because Hofstede claimed that people’s mental programming around the world is quite resistant to change (Leung et al., 2005), and the cultural changes are more relative than absolute, it was criticized for not perceiving the cultures as more malleable (Kirkman, Lowe and Gibson, 2006). It is also found Hofstede’s work to be discriminatory to some cultures rather than individual people and criticized that it cannot be used for measuring values that would be prominent in many areas of life, but only work-related. Nevertheless, the last remark is not relevant to this work.

This framework was especially important for analysing the HR practices in Kazakhstan, with its being part of the Soviet Union for 70 years and further past nomadic culture. After the dissolution of the Soviet Union, many countries had to find a way to enter the market economy, after their communist regime (Serafinia, Wood and Szamosi, 2019), and one of the ways to better integrate was analysing the culture that impacts every aspect of people’s lives first.

Kazakhstani implication of cultural dimensions framework

One of this first research on social-cultural factors that affected Kazakhstan was conducted by Ardichvili and Gasparishvili (2001), to help western countries get the needed insight about the social values related to work and leadership style, therefore better integrate their businesses in the host country. They found that Kazakhstan’s society is high on paternalism and fatalism. While cultures with high paternalism expect superiors to provide guidance, support and protection to their subordinates, where they reciprocate with loyalty and respect for superiors, high fatalistic cultures think that they have limited control in of the outcomes in one action, which makes planning long-term and fulfilling goals harder and worthless (Ardichvili and Gasparishvili 2001). Furthermore, because they looked at four significant former soviet countries (Russia, Georgia, Kyrgyzstan, Kazakhstan) and compared them, they recognized that despite their long-shared economic and political similarities, their cultural values are different from one another and merely unchanged (Ardichvili and Gasparishvili 2001).

Muratbekova-Touron (2002) also compared Kazakhstan culture to French culture, using some of the Hofstede dimensions. The evidence showed high uncertainty avoidance, as well as power distance. The power distance was seen in a form of autocratic management style, with more unfair power at the top of the hierarchy, authority based on positions, low focus on everyone’s involvement in decision making, and lack of responsibility delegation. The strict hierarchy can be explained to the nomadic past: Kazakh people were part of the clan and followed their role in the hierarchy, and listened to their leaders, and disobedience could lead to serious problems (Latukha and Malko, 2019)

Also, the management style in Kazakhstan is hierarchical ‘by the book’ and more formal, which makes motivational management unusual (Minbaeva and Muratbekova-Touron, 2013). These findings are consistent with how HR practised in high power distance cultures, where the empowerment is not provided because of the assumed employee reactivity (Kats et al., 2010).

Kazakhstani people try to avoid uncertainty by detailed and strict laws, heavy bureaucracy, and centralization. At the selection process, they also do several interviews in various selection processes (Minbaeva, Hutchings and Thomson, 2007). They also claimed short-term orientation in Kazakhstan’s society. When it comes to gender dimension, there is no official analysis from this framework, but assuming the more dominant patriarchy in the country, the values should be masculine (Woldu and Budhwar, 2011).

Lastly, while Kazakhstan had been collectivistic culture, it has been gradually changing to the individualistic one (Minbaeva and Muratbekova-Touron 2013). Therefore, the implementation of more ‘western’ HRM compensation and performance schemes that rely on individual appraisal have been somewhat successfully executed due to the more Western business practices, globalization, labour mobility and heightened strength of values that emphasize status and achievement (Minbaeva, Hutchings and Thomson, 2007).

While all of the findings of the cultural impact have been beneficial, one should use them with caution, as the original model was sampled from only one company and has been proclaiming its influence more than its actually

is. Moreover, the given differences are more visible and useful in big corporations, with a more defined culture, rather than small businesses. Therefore, while companies should take national culture differences into account, they should not be overestimated and used with other determinants mentioned above: the business structure, the legislative and employment context, the pattern of HRM competence and decision making (Gerhard and Fang, 2005).

Conclusion

All in all, although culture has a moderate influence on HR practices, it is still a compelling tool to use to understand the differences between countries' HRM, especially as culture is more resistant to change regardless of the economic and political environment. With an example of Kazakhstan case, it can be applied by managers to balance the culture and HRM and use the right practices, similar to when the western practices for individual appraisal had become relatively prominent in Kazakhstan's organizations.

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