

Impact of Culture on Human Resource and Organization

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Abstract: *In today's competitive economy it is often a race to find the most talented employees. With the culturally diverse population of India, these potential employees can come from many different cultural backgrounds. The objective of the study is to investigate and analyze the influence of culture on human resource management practices. The research is expected to answer the important question: Are HRM practices influenced by working culture or not?*

This research has been done using the primary data with a sample of 101 which is further categorized into two parts one is HR and another is Employee. Stratified sampling technique has been used in this research. To analyze the data we have applied descriptive statistics, Correlation, Regression, factor analysis and t – test. The results of the descriptive statistics indicates that the recruitment process is strongly influenced by the wage system of different culture impacts his performance in an organization. This research is based on original data and this study covers all the important aspects of human resource like recruitment, wages, performance of the employees and the impact of culture is studied on these factors.

The research is highly required in this field especially in North India. The primary data has been used to conduct the study.

Keywords: *Recruitment, culture, human resource, performance.*

1. INTRODUCTION

People from different countries as well as regions inside them often do things in different ways. One way to explain variations in behavior is the idea of culture. In India also culture has a very significant impact on the process of human resource management. It has been observed that a close relationship exists between organizational culture and recruitment process, training programs, job performance management, performance of employees, pay structure, and compensation administration. Even it has been suggested that prospective employees or job seekers should familiarize themselves with the organizational culture before accepting job offers *Adewale&Anthonia(2012)[1]*. Researchers argued in their studies that the host countries have a significant influence on the human resource management and the companies have to take this into concern while making the HRM policies. *Diponegoro(2009)[5]* argued in his study that host country culture should be taken into account in implementing management policies, for the foreign companies operate in Indonesia.

It can be observed from the findings of the researchers that culture impacts the human resource management significantly. The current study will evaluate the impact of culture on human resource management in Indian region.

The study will be divided into the six parts. The first part describes the overview of the study. The second part depicts the literature review. The third part reveals the objectives of the study. The fourth part shows the methodology used for the study. The fifth part uncover the analysis and the findings of the study and the last part shows the conclusion and the scope of further research in the area.

2. REVIEW OF LITERATURE

A number of researchers have evaluated the impact of culture on HRM. *Adewale&Anthonia (2012)[1]*, *Aycan .et.al (2000)[2]*, *Bahussin&Garaihy(2013)[3]*, *Chaturvedi (2013)[4]*, *Diponegoro (2009)[5]*, *Glisson&James(2002)[6]*, *Hofstede (1980)[7]*, *Jerome (2013)[8]*, *Kapoor (2010)[9]*, & *Zhang & Edwards (2003) [10]* have evaluated the topic in their respective regions.

Adewale&Anthonia(2012)[1]investigated the impact of organization culture on human resource practices in Nigeria. Aycan.et.al(2000)[2]examined the way in which the variation of the perception of employees vary with the variation of the perceptions of managers about their culture. Bahussin&Garaihy(2013)[3] investigated the impact of HRM on knowledge management. Chaturvedi(2013)[4]examined the relationships between various aspects of HRM practices and organizational culture. Diponegoro(2009)[5]&Hofstede(1980)[7] analyzed the impact of culture on human resource management in Indonesia.

Glisson&James(2002)[6]&Kapoor(2010)[9]evaluated the Impact of Globalization on Human Resource Management in U.S.A. Zhang & Edwards(2003)[10]studied the impact of culture on the HRM practices in UK. M.ShakilAhmed(2012)[11] had studied Organizational culture as a significant contextual factor in performance management is scarcely studied. They adopted exploratory research to explore the impact. Primary data was collected through questionnaires from 60 employees in COMSATS Institute of Information Technology .They have analyzed the involvement is highly correlated with consistency and adaptability. Similarly, other dimensions of organizational culture have significantly positive relationship with the performance management practices

Adewale&Anthoni (2012)[1]have selected 275 respondent as the sample size for the study. The researcher uses the correlation and regression to study the relationship between the variables. Aycan.et.al(2000)[2]selected the1954 respondents from 10 different countries as sample for evaluation. He has adopted the Questionnaire method for the study. Bahussin&Garaihy(2013)[3]used the sample of 203 human resource directors working in large organizations in the Eastern Region of Saudi Arabia using the confirmatory factor analysis [CFA] and SEM.Chaturvedi (2013)[4]&Jerome(2013)[8]selected 100 respondents from Nawabanganj and Kanpur (India). Diponegoro(2009)[5]have chosen 108 managers as the respondents for the study. The survey methods have been used to collect the data. Glisson&James(2002)[6]selected 108 respondents for the study as sample and used structured questionnaire for collect the response. Hofstede(1980)[7] reveals that Indonesia has high collectivism, high power distance, and moderate in masculinity and low in uncertainty avoidance. Jerome (2013)[8]did his research at Jalingo, Taraba state, Nigeria taking 43 respondents. Study incorporated quantitative method for study. Kapoor(2010)[9]applied the data analytics as data mining over the data by data warehousing for analysis. Zhang & Edwards(2003)[10] have selected the

sample size of 181 for the purpose of evaluation. Diana Stone& Eugene Stone have brought together a group of well known industrial-organizational psychology scholars to examine cultural influences across human resource management.

Dartey-Baah (2013)[12] revealed that elements contained in national cultures can transcend into organizational concerns. Moreover, not only are national cultures the main determinants of the success or failure of multinational businesses, but also organizational cultures. In his original comprehensive study conducted while working at IBM as a psychologist and involving over 100,000 individuals from 50 countries and three regions,.

Adewale&Anthonia (2012)[1]concluded in their study that the Organization behavior can be improved if the employees are having high knowledge of its culture which enhances the performance of the employee and therefore productivity is also increased. They also argued that the recruitment process in Nigeria is not influenced by the organization culture infact the organization culture is shaping the individual performance in terms of employee satisfaction and appraisal system. Aycan.et.al(2000)[2] unearthed that the paternalism and fatalism dimensions had significant implications on HR practices .The study has been explained with the model of culture fit which states that socio-cultural environment influences the human resource management and internal work culture of the organization as well. Bahussin&Garaihy(2013)[3]illustrated in the findings of the study that human resource management practices is an important ancestor of organizational culture, knowledge management, and organizational innovation, which have in turn a positive link to organizational performance. Chaturvedi(2013) [4]concluded positive significant relationship between HRM practices and variables of organizational culture operationalised in terms of self-realization, status enhancement, inventive values and social economic support. Diponegoro(2009)[5]proposed that the culture positively influence the compensation and career management but have a negative influence on participative management. Study also recommendates that host country culture should be taken into account in implemeting management policies,for the foreign companies operate in Indonesia. Glisson&James(2002)[6]established a link between team culture and climate with the job satisfaction and commitment and perceptions of service quality. Jerome(2013)[8]found that outcome of the quantitative analysis reveals that organizational culture has a positive and significant impact on human resource management. The findings of this study have practical implications for organizational leaders, managers and employees, and their

organizations. Kapoor (2010)[9] discovered that in order to retain talent, the organizations have to adopt the new human resource practices. Rather than financial capital greater emphasis is to be put on attracting human capital. In most of the developed countries more workers get retired rather than joining so there will not be any long term talent shortage. The researcher concluded that only four new workers are going to replace the five retiring persons in most of the developed countries by 2020. Zhang & Edwards(2003)[10] revealed that economic development of the country is the reflection of the scope and extent of the localization. They also argued that the country of the origin effect in the UK was shown in its motivation and HRM practices. Even Six Chinese MNC's operating in UK are now adopting the policies of UK and Localizations strategy (more local market led) to internationalize.

3. OBJECTIVES OF THE STUDY

The various objectives of our research are:-

1. To find out the impact of culture on the performance of the employees.
2. To find out the impact of culture on recruitment process
3. To find out the methods used by the organizations to fill the gap of cultural diversity.

4. RESEARCH METHODOLOGY

This research demonstrates the influence of culture on human resource. We have used primary data for the study. A sample of 101 respondents have been taken which is further divided into two parts HR and the employees. We have collected the data from the northern region mainly Chandigarh, Mohali, Delhi (NCR). To analyze the data we have used Descriptive statistics including mean, correlation, regression, factor analysis, One sample t-test.

5. FINDINGS & ANALYSIS

This chapter reveals the findings and analysis perform on the collected data. Fig.1 discusses the response of the human resource managers out the effect of culture on the working and the remedies. It may be observed from the table that around 60% managers agree or strongly agree on the fact that the training is required to solve this problem. The same percentage of the managers also said that the culture diversity affects the recruitment upto great extent. At the same time all the managers argued that the culturally diverse people add

talent to organization. More than 70% respondents denied and stated that it doesn't affect the performance.



Fig.1 HR Managers Response about the effect of cultural diversity on HR

Fig.2 reveals the employees perception about the impact of cultural diversity. Around 40% of employees feel that the employees who is culturally diverse feel insecurity. Around 60% of employees said that this kind of employee takes time to adjust to the conditions. 80% employees said that the biggest problem which arise due to cultural diversity is the communication problem. Approximately 70% respondents denied that it affect the performance of the organization. Same number of employees denies that it create conflicts.

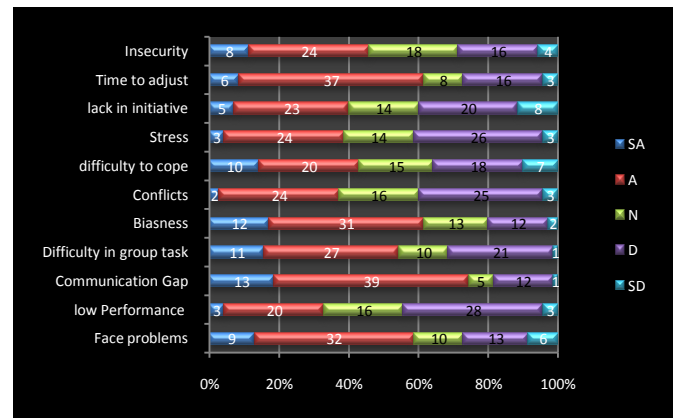


Fig.2 Employees Response about the effect of cultural diversity on HR

Table. 1 shows the result of the descriptive statistics for the data of response from HR managers. The mean value of variable Q9 is 3.86 and found out to be the maximum whereas the Q7 has the minimum mean value of 1.10. In most of the variables the standard deviation is found out to be less than 1 so the data is normal in nature. From the table it can be seen that the variable Q2, Q7, Q10 are positively

skewed and rest of the variables are negatively skewed. In this data the value of Kurtosis ranges from -3 to 3 which is again in case of normal distribution.

Please refer to the ANNEXURE 1 at the end to get the description of the variables used in the analysis part as well in the tables drawn.

Table.2
Descriptive Statistics (Employees)

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
Mean	2.64	3.11	2.27	2.63	2.44	3.04	2.89	3.03	3.04	2.61	2.77
Std. Deviation	1.180	1.015	1.006	1.119	1.058	.999	1.234	1.035	1.173	1.067	1.106
Variance	1.392	1.030	1.012	1.251	1.120	.998	1.523	1.072	1.375	1.139	1.222
Skewness	.573	-.235	.831	.147	.532	.002	.080	-.058	.081	.613	.206
Kurtosis	-.684	-.961	-.077	-1.240	-.481	-1.100	-1.047	-1.123	-1.057	-.668	-.781

Table 3 here reflects the outcome of correlation of the variables for HR managers. Highly positive correlation is shown between the variables Q1 & Q3 and Q6 with Q4 and Q5 whereas negative correlation can be observed between Q8

and gender and also between Q8 with Q1. Rest of the correlation value may be observed from the table.

Table.3
Correlation (Human Resource)

Correlations											
	Gende	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
Gende	1	.228	.109	.267	.117	.008	-	-.174	-	.1	.199
Q1	.228	1	.078	.549	.092	-.011	-	-.149	-	-.128	.300
Q2	.109	.078	1	.052	.345	.150	.250	.256	.078	.452	.175
Q3	.267	.549	.052	1	.313	-.123	-	-.468	-	-.094	.241
Q4	.117	.092	.345	.313	1	.334	.534	.022	.422	-.106	.213
Q5	.008	-.011	.150	-	.334	1	.525	.228	.312	.001	-.071
Q6	-.077	-.046	.250	-	.534	.525	1	.262	.571	-.002	.258
Q7	-.174	-.149	.256	-	.022	.228	.262	1	.352	-.068	-.399
Q8	-.363	-.115	.078	-	.422	.312	.571	.352	1	-.014	.066
Q9	.169	-.128	.452	-	-.106	.001	-	-.068	-	1	.277
Q10	.199	.300	.175	.241	.213	-.071	.258	-.399	.066	.277	1

problems faced by the employee and Q2 which shows low performance due to culture diversity.

Table 4 depicts the outcome of correlation on the variables for the employees. Here it can be seen that there is highly positive correlation between the Q1 depicting the

Table.4
Correlation (Employees)

	Gender	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11
Gender	1	-.013	.019	.103	-.286	.050	.160	-.244	-.079	.137	-.174	-.233
Q1	-.013	1	.446	.278	.359	.442	.382	.340	.269	.346	.338	.392
Q2	.019	.446	1	.267	.293	.317	.224	.300	.342	.130	.242	.501
Q3	.103	.278	.267	1	.323	.498	.334	.259	.312	.334	.247	.421
Q4	-.286	.359	.293	.323	1	.300	.079	.504	.347	.145	.291	.176
Q5	.050	.442	.317	.498	.300	1	.462	.184	.266	.428	.269	.360
Q6	.160	.382	.224	.334	.079	.462	1	.263	.363	.394	.111	.153
Q7	-.244	.340	.300	.259	.504	.184	.263	1	.649	.434	.516	.405
Q8	-.079	.269	.342	.312	.347	.266	.363	.649	1	.417	.233	.474
Q9	.137	.346	.130	.334	.145	.428	.394	.434	.417	1	.291	.265
Q10	-.174	.338	.242	.247	.291	.269	.111	.516	.233	.291	1	.391
Q11	-.233	.392	.501	.421	.176	.360	.153	.405	.474	.265	.391	1

Tale 5, 6 & 7 shows the result of regression analysis for the response of HR managers. For the Regression analysis we have taken Recruitment process labeled by Q2 as a dependent variable and Q7, Q4, Q9, Q3, Q8 & Gender are the independent variables taken where Q4, Q9 and Q7 are the most influential ones which includes wage system, difficulty in managing by HR due to the culture diversity. Table 5

depicts the regression value is 0.71 (71%) which is highly significant and also supported by the fact as the significance value of ANOVA is 0.008 which is again highly significant. Further coefficient table shows that the Q4, Q7 and Q9 are regressing the dependent variable.

Table.5
Regression (HR Managers)

R	R Square	Adjusted R Square	Std. Error of the Estimate
.719	.518	.386	.827

Table.6
Anova (HR Managers)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	16.133	6	2.689	3.933	.008
Residual	15.040	22	.684		
Total	31.172	28			

Table.7
Coefficient (HR Managers)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2.359	1.334		-1.768	.091
Gender	-.289	.374	-.137	-.773	.448
Q9	.611	.166	.574	3.682	.001
Q8	-.277	.166	-.332	-1.663	.110
Q3	.193	.176	.206	1.100	.283
Q4	.414	.155	.487	2.673	.014
Q7	1.611	.630	.473	2.557	.018

Table 8, 9 & 10 depicts the result of regression for the response of employees. For the regression analysis we have taken variable Q2 which shows the low performance of the employees as the dependent variable which is highly affected by the insecurity factor Q11 and the problems faced by the

employees as the independent variables. Table 3 shows the regression value of 0.33 and is significant supported by the significance value of ANOVA.

Table.8
Regression (Employees)

R	R Square	Adjusted Square	R Std. Error of the Estimate
.582	.339	.287	.857

Table.9
Anova (Employees)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.064	5	4.813	6.551	.000
Residual	47.022	64	.735		
Total	71.086	69			

Table.10
Coefficient (Employees)

Coefficients					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.573	.375		4.190	.000
Q1	.269	.101	.312	2.672	.010
Q9	-.100	.101	-.116	-.995	.323

Q7	.088	.107	.108	.828	.411
Q10	-.032	.117	-.034	-.272	.786
Q11	.348	.109	.379	3.200	.002

Table 11 reveals the result of t-test for the response of HR managers. The test result is found to be significant in all the

variables and thus we may apply the findings of the sample on the universe.

Table.11
T Test (HR Managers)

	T	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				Lower	Upper
Gender	17.042	.000	1.586	1.40	1.78
Q1	16.510	.000	1.552	1.36	1.74
Q2	13.023	.000	2.552	2.15	2.95
Q3	16.883	.000	3.517	3.09	3.94
Q4	15.578	.000	3.586	3.11	4.06
Q5	23.201	.000	3.759	3.43	4.09
Q6	16.718	.000	3.483	3.06	3.91
Q7	19.173	.000	1.103	.99	1.22
Q8	14.382	.000	3.379	2.90	3.86
Q9	21.006	.000	3.862	3.49	4.24
Q10	12.822	.000	2.586	2.17	3.00

Table 12 reveals the result of t test for the response of employees. The test result is found to be significant in all the variables and thus we may apply the findings of the sample

on the universe. The table also reveals the mean difference between the sample and population.

Table.12
T Test (Employees)

	T	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				Lower	Upper
Gender	23.565	.000	1.300	1.19	1.41
Q1	18.739	.000	2.643	2.36	2.92
Q2	25.671	.000	3.114	2.87	3.36
Q3	18.889	.000	2.271	2.03	2.51
Q4	19.660	.000	2.629	2.36	2.90
Q5	19.314	.000	2.443	2.19	2.70
Q6	25.482	.000	3.043	2.80	3.28
Q7	19.564	.000	2.886	2.59	3.18
Q8	24.477	.000	3.029	2.78	3.28
Q9	21.711	.000	3.043	2.76	3.32

Q10	20.495	.000	2.614	2.36	2.87
Q11	20.973	.000	2.771	2.51	3.04

Annexure 1

The variables used above in the analysis part has been explained in this section

In the HR response tables:-

Q1:	Different working culture add variety of talent in the organization (ADD TALENT)
Q2:	Recruitment process is strongly influenced by cultural diversity (RECRUITMENT)
Q3:	Culture influences the performance of the employees in a negative way(PERFORMANCE)
Q4:	HR manager generally feel difficulty to manage the employees(DIFFICULT TO MANAGE)
Q5:	It is not possible for the organization to control the impact of cultural differences on organization performance(CONTROL THE IMPACT)
Q6:	The gap due to diversity is difficult to manage(DIFFICULTY IN FILLING THE GAP)
Q7:	Due to lack of team spirit productivity gets affected(EFFECT ON PRODUCTIVITY)
Q8:	There is more focus on individual growth rather than the whole team(SELD CENTERED FOCUS)
Q9:	Wages varies due to cultural diversity(WAGES VARIATION)
Q10:	More regressive training is to be given to employees from different working culture(TRAINING)

In the EMPLOYEE'S response tables:-

Q1:	Employees faces problems due to culture differences(FACE PROBLEMS)
Q2:	The employee's performance from different culture affects organizational growth and development negatively(LOW PERFORMANCE)
Q3:	There is a communication gap among the employees due to cultural diversity(COMMUNICATION GAP)
Q4:	Employees feel difficulty in group tasks(DIFFICULTY IN GROUP TASK)
Q5:	In the organization biasness exists among those who belongs to same culture(BIASNESS)
Q6:	Conflicts generally arises due to cultural diversity(CONFLICTS)
Q7:	It is difficult to cope up in different working environment(DIFFICULT TO COPE)
Q8:	Employees generally feel stress due to the competition between different culture(STRESS)
Q9:	Employees generally lack initiative while working in different culture(LACK IN INITIATIVE)
Q10:	It takes a lot of time for employees to adjust in different working culture(TIME TO ADJUST)
Q11:	Employees feel insecurity while working in different culture(INSECURITY)

6. CONCLUSION

The study reveals that the cultural differences influence the Human Resource and the organizational working. Bahussin&Garaihy(2013)[3]also revealed the same fact in his study that the culture impacts the working of organization and individuals. This study has revealed that the HR managers do agree that training is to be imparted to the new recruits coming from different working culture and employee from different working culture background add variety of talent in an organization. Adewale&Anthonia (2012)[1]also revealed the same findings in their study that the trained and knowledgeable staff influence the working of organization positively. From the employee point of view generally they feel insecurity and lack of initiative while working in different working culture which influences their performance. The study also reveals that the both managers and employees feels that the culturally diverse people all value to the organization but communication found as one of the major problem. The study also finds that the culturally diverse people feel insecure while working in the organizations. Thus the study may conclude that there is a significant impact of the cultural diversity on the human resource and organization.

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