

STUDY OF HRM PRACTICES AND ORGANIZATIONAL CULTURE

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Abstract

In the globalized era, the changes in economic environment making the markets highly competitive. The economic, entrepreneurial and other growth are getting shaped by the market system. This makes the role of Human Resource Management (HRM) even more resilient. HRM has to accommodate the challenges posed by change management system, sustainability practices and procedures, cross cultural diversity management, innovation and entrepreneurial systems and compliance orientation in the organizational context. All these challenges form the part of the organizational culture and systematic collaborating of Human Resource Management (HRM) practices and organizational culture is key to achieve the organizational success. This paper proposes a conceptual examination of relationship between Human Resource Management (HRM) practices and organizational culture and their alignment. Lack of alignment of HRM practices and organizational culture in real industry is proved to be detrimental to the organizational performance and hence forms the research fissure and the basis of this research work.

Key words: Organizational Culture, HRM Practices, Strategy, Alignment, Fit

Introduction

Human Resource Management (HRM) in light of Culture:

In the age of VUCA, the business climate has become turbulent. This turbulence is characterized by globalization, need of innovation, fast changing technologies, advances in internal and external knowledge base of organizations, growth in Information Technology. And this situation is posing challenging and complex situations to managers (Davis 1995).

The Indian organizations are also no exception to this face off and they also get challenged by the inherited rigidities apart from the external encounters. In Indian context, the managerial process like decision making gets influenced with many constraints rather than being facilitator. Many of the managerial processes and consequently HRM processes are predisposed by inward identities like myself, caste, community, regional, linguistic, philosophical, ideological groups in many organizational contexts. Even if the infrastructural and bureaucratic hurdles are getting removed by the various agencies, the cultural and indigenous obstacles add fuel to the fire. But a strong and firm Human Resource Management system can be achieved if competitive advantages are considered seriously by the organizational higher-ups (Hamel and Prahalad, 1991). This also helps organizations to learn newer technologies and apply knowledge received therefrom.

In the organizational research, Human Resource Management is proved to be the most emerging area amongst others. This emergence is characterized by industrial and economic development and change and not in isolation. In industrial and practical context, managers also tend to confer importance to HRM because of its important role in strategy formation and overall objective achievement. Fragility, vulnerability and uncertainty are some of the characteristics that make the role of the HRM complex. Additionally, unpredictable contributions and lack of permanency also contribute to the fragility of HRM (Guest, 1991). Employees bring skills, efficiencies, effectiveness, knowledge to the organizations that they work with. But apart from such work related tangible inputs, they bring, hope, expectations, needs, goals, the intangible inputs. Thus the interface between organization and its employees is facilitated by the HRM positively and negatively in case of ineffective HRM (Guest, Conway, Briner and Dickman, 1996). A psychological contract is developed by between organization and employees with the help of HRM. At this juncture, issues related to HR planning,

analysis of work, career development, motivation, leadership, appraisals and organizational culture gain importance. The above mentioned fragilities and vulnerabilities contain the work culture of the organizations either in a positive or negative means.

Organizational Culture

Lewin, Lippitt and White (1939) acknowledged the idea of organizational culture in terms of social climate. The definition “Organizations get distinguished from other organizations due to a system of shared meanings held by its members” was a pioneering work in the area of organizational research (Schein, 1985). Organizational culture offers employees of the organization a clear understanding about the ethos, values, principles, beliefs, philosophy of the organization. The paradigm of organizational culture is perceived as a crossing channel between the employees and the organizations. It also facilitates the employees the role clarification in hierarchy of the organization and in overall context of the organization. Apart from understanding of employees about internal environment of the organizations, culture offers a distinction to employees from other organizational cultures. This helps employees in comparing the organizations on various parameters.

Hofstede, G. (1980) offered a new model to the literature of the organizational culture in terms of international culture management. He contended that “cultures which are high on future orientation without losing the focus on values in the present will go a long way in attaining the best of the organizational culture”. Countries like Japan and China stand true to this statement. Whereas “the culture with short term orientation towards past and focus on present will attain an organizational culture of fulfilling traditional motives and social obligations”. Countries like USA, Russia stand true to this account of Hofstede. Both focuses achieve organizational culture serving different needs. His five dimensions’ theory helps organizational researchers to manage the employees from different cultures. Remarkably his work on impact of culture on economic health was breakthrough for organizational researchers, managers and overall industry enthused with organization-culture conflicts. He established the link between the constructs of individualistic culture and wealth. He argued that “the more the individualistic culture, more the wealth. On the other hand, collectivistic cultures with high power were all poor”. Thus, cultural parameters affect the country’s economic performance. This materializes by encouraging individual work ethics and incentivizing in order to raise the human resources above bar. Especially multi-national companies with the worldwide subsidiaries will have to engage themselves in organizational culture system for its successful attainment and alignment with cross-cultural HRM practices.

A linkage between organizational culture and organizational effectiveness too is under inquiry in organizational research. It is shadowed by the lack of agreement about measuring the organizational effectiveness. In early 1980s the origins of the literature related to organizational culture and effectiveness can be ascertained. The importance of strategic engagement with organizational culture was furthered in studies. (Deal and Kennedy, 1982 & Peters and Waterman 1982). The significance of adaptability and organization fitness amongst organization and its environment was brought in to expand this issue giving room to more exploration on the topic (Kotter and Heskett, 1992). Companies with strong culture are vastly successful. When an organization shifts its approach from chastely a technical and rational style to an adaptive and humanistic style, the organizational performance is achieved at its highest-level (Peters and Waterman, 1982). But this claim was also got probed owing to causal link between robust organizational culture and organizational performance (Carroll 1983, Reynolds 1986, and Hitt and Ireland, 1987). Overall, this claim was speculated by that time period. Clarity of theoretical outset about the link between organizational culture and organizational performance was lacking. This was evident in most of the research studies. To further this claim, it was presented that culture may assist as a screening assistance for factors which stimulate the effectiveness of the organizations (Siehl and Martin, 1990). Such factors can be different for different organizations. As a result, no straight zero-order relationship was observed (Wilderom and Van den Berg, 1998). But they again discovered that this relationship along with HRM practices and management leadership in account is prolific in achieving a strong relationship between organizational culture and organizational effectiveness.

Resource Based View (RBV) is also an important theory in the organizational culture studies. As per the Resource Based View (RBV) in organizational culture context, to attain the sustained competitive advantage,

the resources that provide this advantage must be difficult in availability, impossible to imitate with perfection, and should have resources with zero substitutes in the organization (Barney, 1991).

In fact, Chatman, J. A., & O'Reilly, C. A. (2016) argued that all the measures engaged to measure organizational culture end up measuring the organizational effectiveness and not the actual organizational culture. They claim that the literature on organizational culture is leading to misperception of organizational culture, organizational identity and organizational image. The culture – identity – image crisis is all pervasive in organizational literature and researchers along with industry experts use them interchangeably.

HRM and Organizational Culture

Thus, the concept of HRM entered the arena of measuring organizational culture by way of organizational performance. These studies exemplify that the organizational culture and HRM should be given its due importance to achieve the organizational performance and more elaborative theories in this direction are required. In absence of such theories, the results can be excessively meek and the conclusions can be ambiguous. So, it is essential to study the relationship between organizational culture and Human Resource Management (HRM) practices. The supposition is that the efficient HRM practices that make due use of the potential for synergies with organizational culture, lead to better organizational performance and effectiveness. It is imperative to note that the organizational culture studies are bound by uniqueness offered by the Indian context. Apart from economic, social and political factors, Indian cultural factors matter a lot. Additionally, global organizational cultural practices also influence the studies of organizational culture to incorporate the measures like diversity management in Indian organizational to leverage the organizational culture. I most of the SMEs regional culture is embedded in their organizational culture. It was realized that amongst others, inventive values and self-realization are the uppermost form of work values found in the Indian organizational context (Sinha and Sinha, 1994). Top management cadre of the organizations appreciates the values of self-realization and inventiveness as it assists them to achieve innovation and creativity into their practices and procedures.

A prospective role of HRM clad strategies to align or re align the organizational culture was explained by the work of Thornhill, Lewis, Millmore, and Saunders (2000). HRM functions like recruitment, restructuring, downsizing, training & development, reward systems, performance management etc. have potential to align or re align the components of organizational culture parallel to the organizational strategies. HRM in Indian circumstances, has a complex role to shift from indigenous, low cost, redundant technology to high class and contemporary technology to face the competitive markets along with other challenges. This is the requirement of Indian industry in the difficult business environment in the interest of larger interest (Khan, 1999). Other developing countries like India also face the same issues as compared to the countries from the developed world.

Even in current eras of Indian business environment, HRM energies are applied to develop the competencies, effectiveness etc. amongst employees either individually or in groups. Even the availability of outstanding technology and other resources in the organizations does not guarantee competent and committed employees, leave organizational culture. This assertion proves the validity and reliability of HRM role and herein the HRM role becomes critical. For example, the existing practice of HRM of selecting the new employees on the basis of recommendation of closed one, although in few instances, lacks the "Organization Culture Fit" concept and "Value Congruence", the important features of organizational culture. Embracing the universal practices in HRM functions may challenge the HRM professionals, given the constraints specified by the local culture. But in the long term, embedding such practices into the strategies of the organizations would prove the easy attainment of organizational culture. This would require complete overhauling on the attitude of HRM towards its functioning and ultimately by the top cadre of the management. Additionally, cultural, social and political elements influence the vision, mission, values and strategies of the organizations. But best alignment of HRM practices with that of organizational culture solves such problems to a larger extent.

These challenges paved way for strategic human resource management (SHRM) that accentuated a tight fix amongst organizational structure, strategies and HRM system of the organization. A lack of research related to

the uniqueness or individuality of the organizations while considering the organizational culture also created the issues for this concept (Jackson et al., 2014). This led the practices of SHRM to the contingency view. In aligning HRM and organizational culture, a due regard is to be given to the uniqueness of every organization and to the consequent changing HRM practices. The best of the practices of one organization may differ from those of the others, although the best practices might be universal in nature (Delery and Doty, 1996). This causes the emergence of “best fit” concept in organizational culture and HRM studies in academics and practices in industries. This is also supported by the contingency views. There are many approaches involved in defining best fit to align the HRM practices and organizational culture. To address such issues, organizational scholars suggest that future research should examine the relationship between strategy, culture, and SHRM (Boswell, 2006; Jackson et al., 2014, Panayotopoulou et al., 2003; Wei et al., 2008).

Alignment of HRM – Organizational Culture

The concept of fit can be in context of the corporate offices of the multinationals and their foreign subsidiaries involving philosophy and structure of the corporate (Milliman et al., 1991). Fit can also be a concern amongst HR functions itself, which may not include culture elements. A fit can also be taken care by way of organizational movement through various stages of development (Wright et al., 1995). Further studies by Wright and Snell (1998) propel the concept of fit by aligning skills, behaviors of employees and HRM practices and ultimately with that of strategy. Fit can also be in terms of business strategy and organizational strategy specially at the event of organizational change and negated it (Lengnick-Hall and Lengnick-Hall, 1988). But all these studies examine the concept of fit as in independent construct rather than as an element of organizational culture.

As far as the concept of fit is concerned, the lacking of culture component in the studies of planned versus actually implemented strategies by HRM make the room for furthering the topic. However, some studies (Chan et al., 2004; Jackson et al., 2014; Wei et al., 2008) report the mixed analysis, negating this lacking to some extent. Organizational alignment can be defines as an extent to which the structure, strategy and organizational culture combine to create a synergy to achieve the organizational goals (Semler, 1997). He also examined the “Systematic Agreement Theory” along with the culture’s role in attaining organizational alignment. Culture as an outcome of HRM is an another angle to study the alignment between HRM and organizational culture (Cabrera and Bonache, 1999). They contended that organizational culture is to be aligned formulation and application of strategy clad HRM practices.

Misalignment of HRM – Organizational Culture

In absence of organizational and national culture congruence, HRM and organizational culture

alignment will meet halfway. Some part of the research body identifies the importance of national culture and its impact on organizational understanding or misunderstanding of organizational goals, impending this alignment (Boswell, 2006; Khilji and Wang, 2006; Sheehan et al., 2007). A concern regarding the inner fit of HRM to organizational culture is studied elaborately, but conversely the empirical confirmation is not yet achieved. Schein (1990) model of culture discusses the basis of culture at multiple levels like norms, underlying assumptions and observable artifacts. But these levels are complex and can be dynamic in nature questioning the alignment of HRM and organizational culture as apart from these levels, changes in technology, leadership styles, and external market conditions also impact this alignment. Wei (2008) probed this alignment in the Chinese context and confirmed that the national culture is an antecedent of Human Resource Management (HRM). The studies suggested that the organizational culture and sub cultures decide the implementation of HRM practices but this does not happen to be strategized in advance but happens as an afterthought.

Present Study

P1 The alignment of HRM practices along the dimensions of organizational culture will be positively significant.

P2 The alignment of HRM practices along the dimensions of organizational culture will be negatively significant.

Following figure provides the framework of HRM, organizational culture and their alignment.

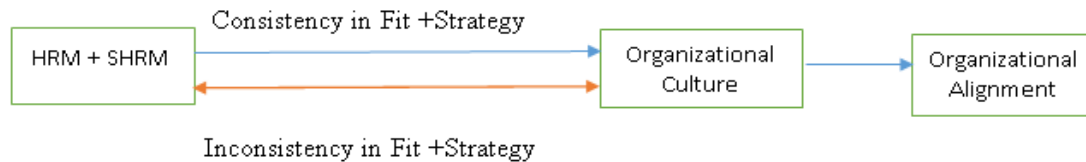


Figure: Framework for alignment of HRM and organizational culture

Discussion

The discussions on HRM or strategic HRM and organizational culture are incomplete without the observations of concepts of fit and strategy. The alignment between HRM and organizational culture is achievable if consistency in fit and strategy is attained. On the contrary, the misalignment between HRM and organizational culture is observed if consistency in fit and strategy is not attained. When the misalignment occurs, the moderating effects of the variables be kept in check. The studies so far exhibit the positive relation between HRM and organizational culture in absence of inconsistencies. Human Resource Management functions like planning, recruitment, selection, training and development, performance evaluation, career management, and rewards management and the elements of organizational culture like self-realization, status enrichment, creative values and social-economic provision can be interlinked to achieve the alignment between two constructs. In fact, HRM practices become means to sustain the organizational culture. In the complex times of change management in organizational context, designing new culture and conveying the changes across hierarchy of the organization pose a new challenge to HRM practitioners. Also in the era of sustainability, HRM faces a challenge of creating a workforce that respects the sustainability practices. It creates a major hurdle for organizations if the employees are not self-motivated to practice the sustainability compliance. Another concern for HRM in achieving and sustaining organization culture is the compliance orientation of employees.

The offered linkage opens the avenue for future research by changing the nature of moderators. For example, if top management requires to initiate a strategy which is not in congruence with the organizational culture, the strategy would fail and might prove unsuitable in the functioning the organization. Subsequently, organizational performance would hamper.

Conclusion

This work tries to attempt to coalesce the extant literature available in the area of HRM and organizational culture. The studies, particularly related to organizational culture tend to be descriptive in nature. In the light of cross cultural work in terms of different nations and their changing paradigms, organizational culture handling requires a different set of model. This model must include more advancement of culturally diverse workforce. The studies also indicate the use of quantitative and qualitative research methods in organizational culture studies. It was inferred from the literature that when the culture of the individual organization has to be assessed, then quantitative methods to be adopted while comparing culture across organizations, nations or different paradigms, then quantitative techniques to be adopted. Like use of observant and participant techniques in cross cultural studies can be reconnoitered to the next level. Also the issue of paternalism is prevalent in organizations in developing nations as compared to developed nations.

It also shows a substantial and positive relationship between the discussed constructs of HRM and organizational culture. It also states the importance of strategy led managerial environment and organization fit into the alignment of HRM and organizational culture. The alignment of HRM and organizational culture is important for the validity of both the constructs. Apart from these, even the elements of external environment like social, economic, political, international, national make a difference leading to more cohesive area of studies. Even the internal elements to the organizations and employees like sub-culture, regional affiliation, personal motives make a difference

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