Organizational Culture and Human Resource Management Practices: The Model of Culture Fit

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The Model of Culture Fit postulates that the sociocultural environment affects the internal work culture, which in turn influences human resource management practices. This model was tested by two independent cross-cultural studies comparing Indian and Canadian managers and employees. In assessing sociocultural environment and internal work culture, the "participant" technique was used in Study 1 (the respondents indicated their own beliefs and assumptions), and the "observant" technique was used in Study 2 (the respondents indicated beliefs and assumptions of the majority of individuals in society). In both studies, India scored higher than Canada on paternalism, power distance, uncertainty avoidance, loyalty toward community, reactivity, and futuristic orientation. Indian employees reported having less enriched jobs than did Canadian employees. Mediated multiple regression analyses supported the Model of Culture Fit. Results suggest that the paternalism, self-reliance, and employee participation constructs merit further exploration, as does participant methodology.

ORGANIZATIONAL CULTURE AND HUMAN RESOURCE MANAGEMENT PRACTICES
The Model of Culture Fit

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Organizations are complex systems operating within dynamically interacting environmental forces. Managing such complex systems requires a thorough understanding of the influence of both internal and external environments of organizations. The internal environment of an organization is represented by its internal work culture, whereas the external environment is represented by the enterprise environment (e.g., market characteristics, nature of industry, ownership status, resource availability) and the sociocultural environment (e.g., paternalism, power distance). Both of these environmental forces are, in turn, influenced by the physical and sociopolitical context (e.g., ecological, legal, social, political, and historical forces). The Model of

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Culture Fit (Figure 1), as proposed by Kanungo and his associates (Kanungo & Jaeger, 1990; Mendonca & Kanungo, 1994), asserts that the sociocultural environment affects internal work culture and human resource management (HRM) practices.

In the extant literature (Hofstede, 1980; Triandis, 1982), the interface between societal- and organizational-level culture has largely been neglected. These two seemingly independent bodies of research were explicitly integrated in the Model of Culture Fit proposed by Kanungo and Jaeger (1990). The model was further elaborated by Mendonca and Kanungo (1994) and was partially tested by Mathur, Aycan, and Kanungo (1996). The two studies reported here aim at testing the Model of Culture Fit with three specific objectives: (a) to explore differences between Canada and India with respect to sociocultural environment, work culture, and HRM practices; (b) to examine the impact of sociocultural environment on managerial assumptions and beliefs that form the basis for HRM practices, and (c) to test the possibility of enhancing the internal and external generalizability of results by using two different methods in Study 1 and Study 2, that is, the "participant" and "observant" techniques. Before examining the relationships among the sociocultural environment, the internal work culture, and the HRM practices, we delineate the meanings of these constructs.

First, the sociocultural environment is conceived as shared value orientations among people in a given society. A significant amount of research has been devoted to the identification of salient value dimensions along which cultures differ such as individualism-collectivism (Bond, 1988; Hofstede, 1983; Schwartz, 1994; Smith, Dugan, & Trompenaars, 1996; Triandis, 1982; Trompenaars, 1993). Internal work culture of an organization, on the other hand, is construed in terms of prevailing managerial assumptions and beliefs (Schein, 1992) concerning two fundamental organizational elements: the task and the employees. Managerial assumptions pertaining to the task deal with the nature of the task and how it can be best accomplished; those pertaining to the employees deal with the employee nature and behavior. Managers implement HRM practices based on their assumptions on the nature of both the task and the employees. However, these assumptions are shaped by different environmental forces. On the one hand, the task-driven assumptions are influenced by enterprise characteristics including ownership status (e.g., private sector vs. public sector), industry (e.g., service vs. manufacturing), market competitiveness, and resource availability (e.g., human and technological resources). For example, ownership status has a bearing on assumptions and beliefs regarding the goal of task accomplishment; public organizations

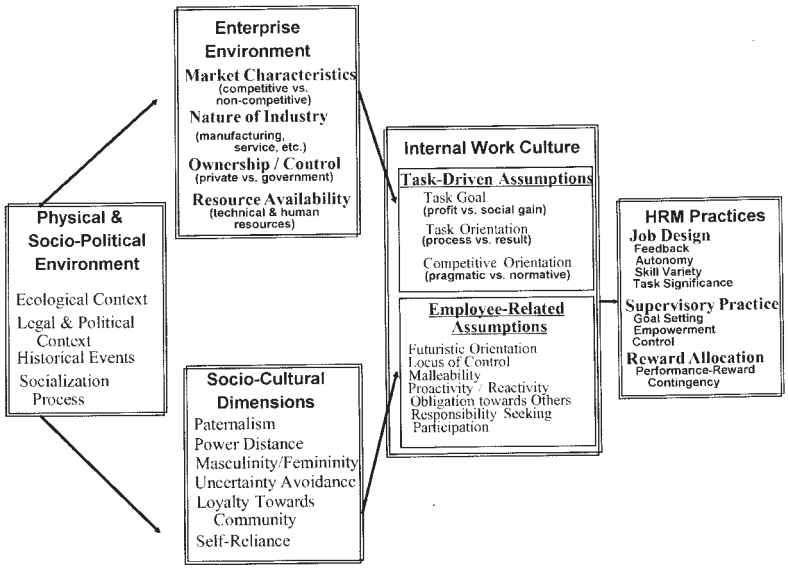

Figure 1: The Model of Culture Fit
NOTE: HRM = human resource management.

emphasize social gain, whereas private organizations emphasize profit as their goal. Market conditions and industry may influence the beliefs with respect to the way in which a task is accomplished; in the manufacturing industry, the process is more important than the result, whereas in the service industry and research and development units, the emphasis is on the results rather than on the process (Hofstede, 1991). Similarly, market competitiveness forces organizations to be more pragmatic rather than normative in their task orientation (Hofstede, 1991). On the other hand, employee-related assumptions, which constitute the main focus of this study, are influenced by the characteristics of the sociocultural environment. Managers' assumptions about what employees are like and how they behave depend on their perceptions of the sociocultural environment. Finally, in this investigation, HRM practices are conceived in terms of employees' perceived management practices related to supervision, task design, and reward system.

SOCIOCULTURAL AND WORK CULTURE DIMENSIONS AND HUMAN RESOURCE MANAGEMENT PRACTICES: DEFINITIONS OF VARIABLES

Sociocultural dimensions. Included in the Model of Culture Fit are six sociocultural dimensions (Figure 1). The first dimension is *paternalism*, which describes people in authority assuming the role of parents and considering it an obligation to provide support and protection to others under their care (Redding, Norman, & Schlander, 1994). Subordinates, in turn, reciprocate such care, support, and protection of the paternal authority by showing loyalty, deference, and compliance to the people in authority. Paternalism is a salient dimension characterizing superior-subordinate relationships, especially in the Eastern traditional cultural context (Chao, 1995; Kim, 1994; Redding & Hsiao, 1995). It describes both the societal structure as being stratified and the mutual roles of superiors and subordinates.

The remaining dimensions are those identified by Hofstede (1980). Among them, *power distance* concerns the extent to which power hierarchy and inequality are acceptable in society and its institutions. The *masculinity/femininity* dimension is about what individuals value most in life. In masculine societies, assertiveness, achievement, and acquisition of money and other material possessions are emphasized, whereas in feminine societies, interpersonal harmony, quality of relationships, and caring for others are important. The next cultural dimension is *uncertainty avoidance*. Individuals in cultures with high uncertainty avoidance are described as being more risk aversive and less tolerant to ambiguities and deviations from norms. Lastly, the individualism-collectivism dimension is decomposed into two components, *loyalty toward community* and *self-reliance*, to better capture the multidimensionality of the construct (Kim, Triandis, Kagitcibasi, Choi, & Yoon, 1994). The former describes the extent to which individuals feel loyal to their communities and compelled to fulfill their obligation toward in-group members (e.g., relatives, clans, organizations) even if in-group members' demands inconvenience them. The latter concerns the extent to which individuals, when in need, depend on their own resources rather than ask for help from in-group members.

Work culture dimensions. Dimensions of the internal work culture are identified by Schein (1992) and further elaborated by Kanungo and Jaeger (1990) and Mendonca and Kanungo (1994). The internal work culture includes prevailing managerial assumptions about *locus of control* (i.e., whether or not employees could control the outcomes of their actions) (Rotter, 1966), *malleability* (i.e., whether or not employee nature can be changed) (Kanungo & Jaeger, 1990; McGregor, 1960; Schein, 1992), *futuristic orien-*

tation (i.e., whether or not employees take a futuristic stance in planning their actions) (Kluckhohn & Strodtbeck, 1961; Triandis, 1984), *proactivity/reactivity* (i.e., whether employees take personal initiatives or simply react to external demands while trying to achieve their job objectives) (Kanungo & Jaeger, 1990; Rothbaum, Weisz, & Snyder, 1982), *responsibility* seeking (i.e., whether or not employees accept and seek responsibility in their jobs) (McGregor, 1960), *participation* (i.e., whether or not employees prefer delegation at all levels and like to be consulted in matters that concern them) (Bass, 1981; Cotton, 1993; McGregor, 1960), and *obligation toward others* (i.e., whether or not employees feel obliged to fulfill their responsibilities toward others in the workplace) (Bailyn, 1978; Schein, 1978).

Human resource management practices. Perception of HRM practices in three areas are addressed: job design, supervision and control, and reward management (Kanungo & Jaeger, 1990; Mendonca & Kanungo, 1994; Mathur et al., 1996). Following Hackman and Oldham's (1980) conceptualization of enriched jobs, *feedback, autonomy, task significance,* and *skill variety* are measured. Managerial supervision and control are examined through *goal-setting practices* (i.e., the extent to which managers and subordinates jointly set specific goals as well as develop specific plans to achieve the goals) (Erez & Earley, 1987; Locke & Latham, 1984), *empowerment practices* (i.e., the extent to which managers encourage and provide support to employees to handle difficult assignments on their own) (Conger & Kanungo, 1988), opportunity for *self-control* (orientation of employees to work hard even in the absence of their superiors), and *supervisory control* (i.e., whether managers provide appropriate supervision rather than adopt a laissez-faire style) (Likert, 1961). Reward management is measured through *performance–extrinsic reward contingency* and *performance–intrinsic reward contingency* (i.e., the extent to which these rewards, whether extrinsic or intrinsic, are contingent on performance) (Kanungo & Hartwick, 1987).

THE MODEL OF CULTURE FIT

The Model of Culture Fit (Figure 1) postulates that societal values influence HRM practices through the mediation of internal work culture. As mentioned previously, prevailing managerial assumptions about employee nature and behavior constitute the internal work culture (Schein, 1992). Managers determine the way in which human resources are used on the basis of their assumptions regarding employee needs, wishes, and capabilities. Such assumptions are deeply rooted in the sociocultural environment from which organizations draw their human resources. For example, in societies high in

uncertainty avoidance and power distance, managers assume that their employees are reactive and risk aversive. On the basis of these assumptions, the internal work culture is formed in such a way that managers closely supervise and guide their employees. In this type of work culture, employees are less likely to be given autonomy in their jobs.

One of the unique features of the Model of Culture Fit is that it maintains a distinction between cultural dimensions at the societal and organizational levels. The internal work culture is influenced by both the sociocultural environment and the enterprise environment, as depicted in Figure 1. Therefore, one could expect managerial assumptions to differ across organizations even within the same sociocultural context. In fact, Mathur et al. (1996) demonstrated that managerial assumptions (and hence the internal work culture) differed in public and private sector organizations within the same culture. This is due to the fact that private sector organizations operate in a more highly competitive environment with a stronger profit orientation than do public sector organizations. Employees who choose to work in the private sector have different characteristics than do those who choose to work in public sector organizations. Employees who prefer to work in the private sector typically are better educated, assertive, willing to change and take risks, and participative, whereas those in the public sector typically are risk aversive, nonparticipative, submissive, and reactive. Such differences emerge in recruitment and are reinforced during organizational socialization. Differences in employee nature cause managers in the public and private sectors to hold differing assumptions about what employees need, want, and are able to do and to design HRM practices accordingly (Mathur et al., 1996).

The Model of Culture Fit proposes a mediated process. However, a number of alternative models dealing with the relationships among the sociocultural environment, the internal work culture, and HRM practices also might be feasible. In the first alternative model, sociocultural environment may be considered as having a direct influence on HRM practices without the mediation of the internal work culture. Although this is possible, there are two main reasons why the mediated model is theoretically superior to the nonmediated model. First, transference of cultural values to an organizational context should be accomplished through appropriate agents (e.g., managers) who bring in, interpret, and adopt cultural values to organizational realities. Therefore, it makes better theoretical sense to consider the internal work culture as a catalyst between the sociocultural environment and HRM practices.

Second, in the complete theoretical frame of the Model of Culture Fit (Figure 1), the internal work culture is construed as a product of both the enterprise and the sociocultural environment. As such, the internal work

culture, which gives rise to HRM practices, represents the interaction among various forces of the external environment. The nonmediated model does not fully represent the intricate web of interactions among these constructs. Even though we believe that the mediated model explains the process of cultural influence on organizations better than the nonmediated one, we do not disregard the possibility that the partially mediated model might be superior to either of the models. In the partially mediated model, the sociocultural environment and the enterprise environment are hypothesized to have both a direct and a mediated influence on HRM practices. In this exploratory study, both types of models (i.e., fully and partially mediated) are tested.

In the second alternative model, the temporal relation between the internal work culture and HRM practices could be questioned. One might suggest that the sociocultural environment influences HRM practices, which in turn create the internal work culture. There are two main reasons why this is not feasible within the conceptual framework provided by the Model of Culture Fit. First, we limit our discussion of internal work culture to prevailing managerial assumptions. Because HRM practices do not evolve in a vacuum, there needs to be a rationale behind them. According to our model, this rationale is the managerial assumptions. Without managerial guidance, it could not be possible to determine which practices to launch. As such, it is not realistic to conceive HRM practices as evolving earlier than the managerial assumptions. Second, the internal work culture is created on the basis of interacting environmental forces. Therefore, it is not possible to treat HRM practices as the sole basis for the internal work culture. Although reversal of the causal relationship between the internal work cultural and HRM practices is not possible, we concur that a feedback mechanism from HRM practices to the internal work culture should be incorporated into the model. Managers revise their assumptions about employee nature and behavior on the basis of feedback from their employees.

The Model of Culture Fit is first tested through a profile analysis between two substantially different cultures: Canada and India. It is expected that Indians will score higher on paternalism, power distance, uncertainty avoidance, and community loyalty than will Canadian. It also is expected that Indians will score lower in masculinity and self-reliance. The expected cultural differences are in accord with Hofstede's (1980) findings. With respect to the internal work culture, Indian managers are expected to view employees as lower in internal locus of control and futuristic orientation, less malleable, less proactive, less enthusiastic about taking on responsibility, and less participative than are their Canadian counterparts. However, Indian managers also are expected to view employees as more reactive and other oriented. Compared to Canadian organizations, job design in Indian organizations is

expected to be perceived as less enriched; rewards are expected to be less contingent on employee performance; and goal setting, empowerment, and supervisory control are expected to occur to a lesser extent. These expectations are primarily based on Mendonca and Kanungo's (1994) propositions pertaining to the relationships among the cultural dimensions at societal and organizational levels. In addition, literature on Indian organizations shows that superior-subordinate relationships are hierarchical, with an emphasis on superior guidance and subordinate loyalty and compliance (Khandwalla, 1988; Mathur et al., 1996; Parikh & Garg, 1990; Sinha, 1982, 1990). In such dyadic relationships, managerial assumptions about employee reactivity and dependency are reinforced. Finally, we base our expectations of profile differences on the results of previous pilot studies.

In addition to a profile analysis between India and Canada, the model is further tested by examining the relationship among the three sets of variables: the sociocultural dimension, the work culture dimension, and the HRM practices. Although we do not propose specific hypotheses with respect to relationships among individual variables, our overall expectation is that managerial assumptions about employee nature and behavior will be influenced by the way in which managers perceive the characteristics of the sociocultural environment. It is further expected that managerial assumptions concerning employee nature (i.e., internal work culture) will have a stronger impact on the way in which HRM practices are designed and implemented than will managerial perceptions of the sociocultural environment. In other words, guided by the Model of Culture Fit, we expect that the impact of the sociocultural environment (distal antecedent) on HRM practices is mediated by the internal work culture (proximal antecedent).

Finally, differences in the design and method of the two studies serve two purposes: (a) to test the stability of the observed profiles and relationships among variables and (b) to increase the generalizability of these results by minimizing possible response bias. The main difference in method used in the first and second studies is that in Study 1, the respondents were given the role of "participants" while assessing the dimensions of societal and work culture, whereas in Study 2, their role was that of "observants." Respondents in Study 1 indicated their personal opinions about the characteristics of the sociocultural environment and the internal work culture. Respondents in Study 2 revealed opinions of *the majority of individuals in their culture or organization* on the same issues. The method used in Study 2 was suggested by Sinha and Verma (1987) and Verma (1992) as a way in which to minimize response and sampling biases in cross-cultural studies. One reason for using the observant technique is to reduce the social desirability response bias of respondents when they act as participants rather than as observants. The bias could be

greater in some cultural contexts (e.g., collectivism) where participants might have a tendency to try to please the researcher, depending on the context and their relationship. Hence, the use of the observant technique is recommended in these contexts. Another reason for the use of the observant technique derives from problems associated with representativeness of samples. In the participant method, results are confined to the opinion of a limited number of individuals. Views of these individuals might not fully represent the views of the overall population. However, if the respondents describe the views held by the majority, then the results are less likely to be influenced by sampling bias and are more likely to allow generalizations.

METHOD

SAMPLE

In Study 1, there were 647 respondents (165 from Canada, 482 from India). The Indian sample was drawn from the employees of three public sector and three private sector organizations. Employees in these organizations were randomly selected to participate in this study. The Canadian sample consisted of employees of various organizations attending part-time M.B.A. or continuing education programs in one of the largest Canadian universities. Demographic characteristics of the sample are presented in Table 1. Equivalence between the Indian and Canadian samples was assessed through chi-square tests. There was a significant difference with respect to male-female ratio, $\chi^2(1) = 100.33$, $p < .001$; male respondents were the majority in the Indian sample, whereas there were nearly equal numbers of male and female respondents in the Canadian sample. With respect to age distribution, the Indian sample was relatively older than the Canadian sample, $\chi^2(5) = 131.87$, $p < .001$. The educational attainment of the Indian sample was higher than that of the Canadian sample, $\chi^2(3) = 40.12$, $p < .001$. Finally, the majority of Indian respondents were employed in public sector organizations, whereas the majority of Canadian respondents were employed in private sector organizations, $\chi^2(1) = 20.78$, $p < .001$.

In Study 2, there were 127 respondents (53 Canadian, 74 Indian). The respondents in this study were employees enrolled in M.B.A. programs of Canadian and Indian universities. Details of the demographic characteristics for this sample also are presented in Table 1. In this study, the majority of Canadians were females, whereas the majority of Indians were males, $\chi^2(1) = 12.85$, $p < .001$. Canadian respondents were older than Indian respondents, $\chi^2(5) = 34.79$, $p < .001$. The difference between the educational levels of the

TABLE 1
Demographic Characteristics of the Respondents

	Study 1		*Study 2*	
Demographic Characteristic	*Canada (N = 165)*	*India (N = 482)*	*Canada (N = 53)*	*India (N = 74)*
Gender				
Male	81	418	21	54
Female	84	64	32	20
Age				
18-30 years	109	97	31	72
31-35 years	20	101	8	—
36-40 years	20	96	7	—
41-45 years	10	77	4	—
46-50 years	6	48	3	1
51-70 years	—	63	—	1
Education				
High school	5	—	2	—
College	47	59	6	—
University	58	233	15	29
Master's	55	190	30	45
Sector				
Public	65	286	14	18
Private	100	196	39	56

two samples also was significant, $\chi^2(4) = 21.08$, $p < .001$. Although there were significant differences in the demographic characteristics of the samples in both studies, confounding effects of such differences on results are minimized in statistical analyses by way of covarying them out.

Questionnaire

The questionnaires used in both studies had four parts. The first part contained items to assess 6 variables representing the sociocultural dimensions. The second part contained items to assess 8 variables representing the work culture dimensions. In the third part, there were items to assess 10 HRM practices. The fourth part sought information about various demographic characteristics. To keep the questionnaire (with a total of 24 variables) to a manageable length, two items were used to assess each variable, with the exceptions of performance–extrinsic reward contingency, skill variety, and task significance, each of which was assessed by a single item.

There were a total of 45 statements. Respondents were asked to state the extent to which they agreed with each statement by using a 6-point Likert-type scale (1 = *strongly disagree*, 6 = *strongly agree*). Approximately half of the items were reverse-coded to minimize response bias. Variable names are reflected by higher scores (e.g., higher scores on the paternalism scale indicate high paternalism, higher scores on the self-reliance scale indicate high self-reliance). Item selection and development of measures were accomplished on the basis of previous pilot studies in both Canada and India. Psychometric properties of the measures are reported elsewhere (Mathur et al., 1996).

Procedure

Questionnaires were administered in English in both studies. English is one of the official languages in India, and respondents did not report any difficulty in understanding and responding to the statements in the questionnaire. It took approximately 20 to 25 minutes, on average, to complete the questionnaire. There were two major differences between the first and second study designs and methodologies. In Study 1, managers (N = 188) completed the first, second, and the fourth parts of the questionnaire, whereas subordinate employees (N = 294) completed the first, third, and the fourth parts of the questionnaire. In so doing, the internal work culture (the second part) was assessed through the managers' perspective, and HRM practices (the third part) were assessed through the employees' perspective. Obtaining data from two independent sources reduced biases due to common method variance. In Study 2, all respondents answered all four parts of the questionnaire to test the impact of the internal work culture on HRM practices.

Another difference between the first and second studies was that the participant technique was used in Study 1. The respondents indicated the extent to which they, themselves, agreed with each statement in the questionnaire. Study 2 used the observant technique in which the respondents were instructed to indicate the extent to which they thought the majority of individuals in their culture and organization agreed with each item. In Study 2, therefore, the instruction for the first part (the sociocultural environment) was as follows:

> This section contains a number of statements describing how people think about different situations. Please indicate *how characteristic or descriptive you think each statement is about the opinion of people in your society* by circling the appropriate response ranging from 1 (strongly disagree) to 6 (strongly agree).

The instruction for the second part (the internal work culture) was as follows:

> The following statements describe how the employees in your organization think about different situations. Please indicate *how characteristic or descriptive you think each statement is about the opinion of employees in your organization* by circling the appropriate response ranging from 1 (strongly disagree) to 6 (strongly agree).

In the third part, participants were not treated as observants. They were asked to indicate the HRM practices in their organizations as they experienced them.

RESULTS

COUNTRY PROFILE COMPARISONS

The first objective of this research was to compare India and Canada on dimensions of the sociocultural environment, the internal work culture, and the HRM practices. In cross-cultural studies, observed mean differences between country scores cannot always be attributed to real cultural differences; sometimes, they are attributed to certain methodological artifacts (cf. van de Vijver & Leung, 1997). Therefore, to arrive at valid comparisons, a number of methodological issues have to be addressed such as differences in response style, unequal distribution of scores, and sample equivalence. First, in cross-cultural studies, response bias might occur as a result of differential norms in responding positively. This might result in spurious differences among country scores. Second, distribution of scores within each country might follow a differential pattern. To circumvent these problems, a data standardization method was employed in two steps (Leung, 1989; Leung & Bond, 1989; Smith & Peterson, 1996; van de Vijver & Leung, 1997). In the first step, within-subject standardization was accomplished as an attempt to minimize the confounding effect of acquiescent response bias. In the second step, a within-country standardization was employed to minimize the influence of differential distribution of country mean scores. Standardized and unstandardized scores for both studies are presented in Table 2.

Another methodological challenge in cross-cultural studies is to establish sample equivalence in terms of demographic characteristics. As described earlier, in both studies, Indian and Canadian samples differed in many of the demographic characteristics. To control for the effect of sampling variability on results, analyses of covariance were conducted on standardized scores by keeping age, gender, education, and sector as covariates. Having employed

TABLE 2

Unstandardized and Standardized Scores, Analysis of Covariance Results, and Omega-Squares for the Variables

	Study 1								*Study 2*							
	Unstandardized Scores				*Standardized and Adjusted Scores*				*Unstandardized Scores*				*Standardized and Adjusted Scores*			
	Canada		*India*						*Canada*		*India*					
Variable	M	SD	M	SD	*Canada*	*India*	F*(4, 643)*	ω^2	M	SD	M	SD	*Canada*	*India*	F*(4, 123)*	ω^2
Sociocultural environment																
Paternalism	3.17	1.02	4.55	1.20	–58	20	114.15***	.14	3.24	1.11	5.09	0.82	–79	56	92.67***	.36
Power distance	3.20	1.10	3.87	1.11	–26	9	26.41***	.04	3.47	1.12	4.46	1.22	–42	3	15.83***	.11
Masculinity	2.21	0.82	2.30	0.90	–7	2	1.56	—	2.89	1.17	2.41	1.03	12	–9	1.79	—
Uncertainty avoidance	3.52	0.90	3.92	1.16	–18	4	2.85**	.01	3.52	1.10	3.97	1.03	–3	21	9.62**	.07
Loyalty toward community	3.52	0.96	4.01	1.10	–16	5	10.83***	.08	3.17	0.90	4.54	1.07	–58	41	43.26***	.22
Self-reliance	3.79	0.96	3.65	1.04	3	–1	0.23	—	3.34	1.04	3.97	1.09	–3	22	10.98***	.08
Internal work culture																
Internal locus of control	4.02	1.30	4.06	1.33	–28	25	21.03***	.05	4.33	1.11	3.45	1.22	26	–19	6.31*	.05
Futuristic orientation	3.98	1.21	4.62	1.07	–37	33	50.97***	.12	4.33	0.99	4.65	1.03	–17	13	4.22*	.06
Malleability	4.61	0.92	4.09	1.31	8	–7	2.91	—	4.02	1.06	3.30	1.20	22	–8	1.28	—
Proactivity	3.63	0.93	3.25	1.21	4	–3	0.25	—	3.92	1.21	2.68	0.94	42	–3	21.45***	.15
Reactivity	4.10	0.78	4.98	0.88	–38	22	44.87***	.12	4.26	0.97	5.12	0.99	–37	27	19.90***	.13
Obligation toward others	3.53	0.91	3.99	1.05	–5	5	0.47	—	3.01	1.17	4.23	1.04	–66	48	55.16***	.29
Responsibility seeking	4.43	0.97	4.13	1.13	4	–4	0.83	—	4.07	1.22	3.98	1.12	5	–3	0.20	—
Participation	4.66	0.80	4.94	0.87	–14	13	16.67***	.05	4.95	0.83	4.77	1.05	–3	2	0.13	—

(continued)

TABLE 2 Continued

	Study 1								*Study 2*							
	Unstandardized Scores				*Standardized and Adjusted Scores*				*Unstandardized Scores*				*Standardized and Adjusted Scores*			
	Canada		*India*						*Canada*		*India*					
Variable	M	SD	M	SD	*Canada*	*India*	F*(4, 643)*	ω^2	M	SD	M	SD	*Canada*	*India*	F*(4, 123)*	ω^2
Human resource management practices																
Feedback	4.40	1.25	3.95	1.15	9	–5	3.37	—	4.59	1.24	3.92	1.35	11	–8	0.96	—
Autonomy	3.90	1.29	3.43	1.08	14	–8	8.89**	.02	4.32	1.27	3.07	1.23	3	–22	8.34**	.06
Task significance	3.90	1.31	3.55	1.34	4	–2	0.57	—	3.48	1.12	4.54	1.17	27	–19	3.76	—
Skill variety	3.80	1.12	3.24	1.14	18	–1	7.63**	.02	4.75	1.04	4.53	1.09	41	–3	9.97**	.07
Goal setting	3.58	1.33	3.94	1.09	–11	6	5.25*	.02	4.66	1.20	4.82	0.83	–47	34	16.48***	.11
Empowerment	4.44	1.11	3.98	1.21	8	–4	2.58	—	4.80	1.09	4.47	1.39	0	0	0.03	—
Self-control	4.51	1.12	4.08	1.16	12	–7	6.40*	.01	4.30	1.52	3.27	1.12	22	–16	6.71*	.05
Laissez-faire	2.42	1.10	2.77	1.22	–1	6	4.20*	.01	4.07	1.12	2.64	1.14	–3	2	0.07	—
Performance–extrinsic reward contingency	3.33	1.51	3.22	1.39	–1	1	0.25	—	3.41	1.63	2.60	1.48	26	–19	4.44*	.03
Performance–intrinsic reward contingency	4.02	1.20	3.77	1.07	7	–4	2.08	—	4.17	1.12	4.13	1.10	–6	4	0.23	—

*$p < .05$. **$p < .01$. ***$p < .001$.

all these adjustment procedures, differences between India and Canada should be considered as highly conservative estimates of true differences. The index of effect size (omega-square) is reported in Table 2 to evaluate the proportional amount of the total population variance that is attributed to the variation among countries or simply "explained variance" (Keppel, 1991). According to Cohen (1977), a "small" effect size is .01, a "medium" effect size is .06, and a "large" effect size is .15 or greater (pp. 284-288). As seen in Table 2, country comparisons, especially on the dimensions of the sociocultural environment and the internal work culture, produced small to medium effect sizes in Study 1 and medium to large effect sizes in Study 2.

Results revealed that in both studies, India scored higher than Canada in paternalism, power distance, uncertainty avoidance, and loyalty toward community. Study 1 results yielded no differences between India and Canada on self-reliance, whereas India scored significantly higher on this variable in Study 2. With respect to the dimensions of work culture, Indian respondents obtained higher scores than Canadian respondents in futuristic orientation and reactivity in both studies. In internal locus of control, India scored higher than Canada in Study 1 but scored lower in Study 2. In Study 2 only, Canada was significantly higher in proactivity and India was significantly higher in obligation toward others. Finally, in Study 1 only, India scored higher than Canada in participation orientation.

With respect to HRM practices, in both studies, Indian employees reported having autonomy, skill variety, and self-control to a lesser extent than did Canadian employees. However, Indian employees reported having goal setting to a greater extent than did their Canadian counterparts. In Study 2 only, Indian employees reported experiencing lower performance–extrinsic reward contingency than did Canadian employees. In Study 1 only, Indian employees reported experiencing a laissez-faire management style to a greater extent than did Canadians. All in all, Study 1 revealed 13 and Study 2 revealed 15 significant differences between Canada and India. Of these, 10 differences were replicated in both studies.

IMPACT OF THE SOCIOCULTURAL ENVIRONMENT ON INTERNAL WORK CULTURE AND HUMAN RESOURCE MANAGEMENT PRACTICES

The second objective of this investigation was to examine the extent to which the sociocultural environment influenced the internal work culture and the HRM practices. Prior to model testing, relationships among study variables were examined. A full correlation matrix was produced that included the relationships among all variables in both Study 1 and Study 2. Comparison

between the two studies revealed that of 146 correlations, 120 (82%) were replicated in both studies. Furthermore, correlations were computed separately for the Canadian and Indian samples. The direction and magnitude of the relationships among the majority of variables (84%) were replicated in both samples. Whenever differences existed, they were in magnitude only. Several notable differences between the two samples were observed. First the negative correlation between power distance and internal locus of control (suggesting that the higher the power distance, the lower the internal locus of control) was mostly pronounced in the Indian sample ($r_{\text{Canada}} = -.08$, $r_{\text{India}} = -.27$, $p < .001$). Second, positive correlations were observed between loyalty toward community and obligation toward others ($r_{\text{Canada}} = .04$, $r_{\text{India}} = .21$, $p < .01$), paternalism and participation ($r_{\text{Canada}} = .13$, $r_{\text{India}} = .37$, $p < .001$), paternalism and goal setting ($r_{\text{Canada}} = .04$, $r_{\text{India}} = .27$, $p < .001$), and paternalism and empowerment ($r_{\text{Canada}} = .13$, $r_{\text{India}} = .35$, $p < .001$). Each of the preceding relationships was stronger in the Indian sample than in the Canadian sample. Finally, a positive correlation was observed between self-reliance and responsibility seeking, but this relationship was stronger in the Canadian sample than in the Indian sample ($r_{\text{Canada}} = .45$, $p < .001$; $r_{\text{India}} = .18$, $p < .05$).

In both studies and samples, strong positive correlations were found among (a) paternalism, power distance, uncertainty avoidance, and loyalty toward community; (b) internal locus of control, futuristic orientation, malleability, proactivity, responsibility seeking, and participative orientation; and (c) feedback, autonomy, skill variety, task significance, empowerment, goal setting, and performance–intrinsic reward contingency. (Correlation matrices for both studies and both samples are available on request from the first author.)

The Model of Culture Fit was tested through mediated multiple regression analyses. We used the data obtained in Study 2. The reason for this is that the data in Study 1 were not matched as questions on internal work culture and were responded to by managers only, whereas questions on HRM practices were responded to by employees only. It also should be noted that Canadian and Indian responses were pooled in the mediated multiple regression analyses because differences in correlations between the two samples were not large enough to warrant country-specific analyses. Besides, the Model of Culture Fit involves processes that are independent of the country in which the data are collected. HRM practices are influenced by the internal work culture and the sociocultural variables as specified in the model. Furthermore, the pooling of the two samples made it more heterogeneous and, therefore, provided for a more conservative estimate of the relationships among the variables.

Mediation was tested using the three-step approach recommended by Baron and Kenny (1986). In the first step, the mediator was regressed on the independent variable; in the second step, the dependent variable was regressed on the independent variable; and in the third step, the dependent variable was regressed on both the independent variable and the mediator simultaneously. Mediation was evident if the following conditions were met: The independent variable influenced the mediator in the first equation; the independent variable influenced the dependent variable in the second equation; and the mediator influenced the dependent variable in the third equation while the influence of the independent variable on the dependent variable either was diminished (partial mediation) or completely disappeared (full mediation). Fully and partially mediated models are presented in Table 3.

Paternalism positively influenced the assumptions of reactivity, unchangeability, and external locus of control. Such assumptions, in turn, predicted low autonomy, low empowerment practices, and low performance–reward contingency. Paternalism reinforced the assumptions about employee reactivity and obligation, which in turn encouraged joint goal setting. The societal value of loyalty toward community negatively influenced assumptions of managers about employee malleability and control. Consequently, these managers provided neither feedback on nor individual rewards for adequate performance. Managers in such a sociocultural environment also believed that employees should fulfill their obligation toward others in the workplace and should seek responsibility. This, in turn, nurtured joint goal setting and improved self-control to work hard. Power distance fostered weaker beliefs in proactivity and internal locus of control. In the absence of beliefs in employee proactivity and control, jobs are not enriched. In a sociocultural environment that is characterized by high power distance, employees are expected to fulfill their obligation toward others and exercise self-control to work hard. Futuristic orientation was adversely affected by masculinity but promoted goal setting. Proactivity was not encouraged where there was high uncertainty avoidance; consequently, autonomy in the job occurred to a lesser extent. Finally, self-reliance predicted beliefs in obligation toward others, which in turn increased goal setting.

DISCUSSION

The two studies reported here investigated the ways in which Canada and India differed from each other in the sociocultural characteristics and how such differences influenced work organizations. Comparison of country profiles with respect to sociocultural environment revealed that Indians valued

TABLE 3
Mediated Multiple Regression Analysis Results

			First Equation (Predictor Mediator)			
			Standardized β		*Multiple*	
Predictor	*Mediator*	*Criterion*	*Weight*	R^2	R	F
Paternalism	Obligation	Goal setting	.50***	.24	.50	39.38***
Paternalism	Proactivity	Autonomy	–.39***	.11	.33	41.02***
Paternalism	Reactivity	Goal setting	.35***	.12	.35	17.15***
Paternalism	Malleability	Empowerment	–.21**	.05	.21	5.81**
Paternalism	Malleability	Performance–extrinsic reward contingency	–.21**	.05	.21	5.81**
Paternalism	Internal locus of control	Empowerment	–.27**	.07	.27	9.49**
Loyalty[a]	Obligation	Goal setting	.47***	.22	.50	35.36***
Loyalty	Obligation	Self-control	.47***	.22	.50	35.36***
Loyalty	Malleability	Feedback	–.22**	.05	.22	6.21**
Loyalty	Malleability	Performance–extrinsic reward contingency	–.22**	.05	.22	6.21**
Loyalty	Internal locus of control	Performance–extrinsic reward contingency	–.27**	.07	.27	10.01**
Loyalty	Internal locus of control	Feedback	–.27**	.07	.27	10.01**
Loyalty	Reactivity	Goal setting	.29***	.06	.29	11.66***
Loyalty	Responsibility seeking	Goal setting	.18*	.03	.17	3.84*
Power distance	Internal locus of control	Task significance	–.28**	.08	.28	10.63**
Power distance	Proactivity	Autonomy	–.41***	.17	.41	25.50***
Power distance	Obligation	Self-control	.25**	.06	.25	8.14**
Masculinity	Futuristic orientation	Goal setting	–.20*	.04	.20	5.15*
Uncertainty avoidance	Proactivity	Autonomy	–.33***	.11	.33	14.72***
Self-reliance	Obligation	Goal setting	.24**	.06	.23	7.27**

NOTE: F = fully mediated model; P = partially mediated model.
a. In each case, "Loyalty" represents "Loyalty to Community."
*$p < .05$. **$p < .01$. ***$p < .001$.

TABLE 3 Continued

Second Equation (Predictor Criterion)				*Third Equation (Predictor+Mediator Criterion)*					
Standardized β Weight	R^2	*Multiple* R	F	*Standardized* $\beta_{Mediator}$	$\beta_{Predictor}$	R^2	*Multiple* R	F	*Model*
.29***	.09	.29	11.66***	.27**	.16	.14	.37	10.12**	F
–.20***	.04	.20	18.29***	.30***	–.09	.11	.33	9.64***	F
.29***	.09	.29	11.66***	.22**	.19*	.13	.35	8.99***	P
–.17*	.03	.17	3.73*	.18*	–.13	.06	.24	3.82*	F
–.20*	.04	.20	5.18*	.20*	–.15	.08	.28	5.17**	F
–.17*	.03	.17	3.90*	.18*	–.12	.06	.24	3.86*	F
.27**	.07	.47	9.59**	.29***	.13	.14	.37	9.64***	F
.22***	.05	.22	6.04**	.18*	.13	.06	.26	4.38**	F
–.24**	.06	.24	7.67**	.30**	–.17*	.15	.38	10.50***	P
–.23**	.05	.23	6.88**	.19*	–.17*	.09	.29	5.87**	P
–.23**	.05	.23	6.88**	.22**	–.20**	.12	.34	8.14**	P
–.24**	.06	.24	7.67**	.20*	–.17*	.09	.31	6.37**	P
.27**	.07	.47	9.59**	.24**	.19*	.12	.35	8.57**	P
.27**	.07	.47	9.59**	.28***	.22**	.14	.38	10.35***	P
–.17*	.05	.18	3.58*	.24**	–.07	.07	.27	4.90**	F
–.26**	.07	.26	9.12**	.26**	–.15	.13	.36	8.91***	F
.17*	.04	.18	3.34*	.20*	.09	.06	.24	3.87*	F
–.20*	.04	.19	4.94*	.30***	–.14	.13	.36	8.97***	F
.17*	.04	.19	3.44*	.37***	.13	.12	.35	8.55***	F
.18*	.03	.18	4.23*	.32***	.11	.13	.36	9.36***	F

paternalism and loyalty toward community to a greater extent than did Canadians. Indians also were high in power distance and uncertainty avoidance. Both Canadian and Indian respondents scored low on masculinity and, hence, preferred maintaining harmonious interpersonal relationships over accumulating money and material possessions. On the self-reliance dimension, however, Indian respondents scored higher than Canadian respondents. This was an unexpected finding given the collectivist nature of Indian culture. This suggests that self-reliance might have a different meaning in collectivist societies where there is poverty and resource scarcity. In such societies, it is important to be as self-sufficient as possible so as not to burden other in-group members (e.g., family, relatives, friends) with one's demands. Being self-reliant might indeed be a manifestation of loyalty toward one's community. The construct validity of self-reliance, therefore, should be examined more closely in future studies.

With respect to the internal work culture, Indian managers assumed more strongly than their Canadian counterparts that employees, by nature, were reactive rather than proactive in their stance toward their job objectives and that employees had an obligation toward others in the workplace that should be given due credit in the evaluation process. Both Indian and Canadian managers assumed that employee nature was malleable and that improvement was possible if given the opportunity. Belief in change and progress seemed to be consistent with the recent economic and social developments in India. Another manifestation of the process of change in Indian society can be observed in the managers' futuristic orientation. Contrary to our expectations, Indian managers favored futuristic orientation and planning to a greater extent than did their Canadian counterparts. As a growing economic power, Indian managers have come to realize the necessity of planning for the future to exploit trade opportunities while coping with the adverse effects of resource scarcity and volatile economic and political environments.

With respect to HRM practices, it appeared that Indian organizations were more disadvantaged in terms of job enrichment and reward management. Goal setting, however, was found to be significantly higher in India than in Canada. Also, Indian managers believed in employee participation. Taken together, these findings are somewhat surprising given that both participation and goal setting are characteristics attributed to Western organizational cultures. However, it appears that participation and goal setting might not be uncommon practices in Indian organizations. Paternalism is a salient characteristic of Indian society, where superiors assume the role of parents who are benevolent, nurturant, and considerate of employee well-being. To ensure that employees are willing and able to accomplish task objectives, paternalistic managers set specific goals with the employees rather than dictating to

them what to do and how to do it in an authoritarian manner. In this respect, the paternalistic and nurturant style of management (Sinha, 1995) is distinguishable from the authoritarian style (Lewin & Lippitt, 1938; Stogdill, 1948), where supervisors impose their demands on subordinates and seek their unconditional loyalty and compliance.

A number of contrasts can be drawn between the results of the two studies with respect to both directionality and magnitude of differences between Canada and India. For example, on internal locus of control and participation, Indian managers scored higher than Canadian managers in Study 1 but lower in Study 2. Although profile differences were in the same direction on the proactivity variable, the respondents from the two countries did not differ in Study 1, whereas in Study 2 Indian respondents scored significantly lower than did Canadian respondents. Likewise, the two samples did not differ on the obligation toward others dimension in Study 1, but Indian respondents scored substantially higher than Canadian respondents in Study 2. These variations, which are observed especially in work culture dimensions, might be attributed to the methodological difference between the two studies.

As mentioned previously, in Study 1, respondents were instructed to indicate the extent to which they agreed with statements assessing the sociocultural environment (the first part of the questionnaire) and work culture (the second part). In Study 2, however, the respondents were instructed to indicate the extent to which they thought the majority of individuals in their society or organization agreed with the statements. In both studies, the respondents reported the HRM practices (third part) as experienced by them. Hence, for the third part of the questionnaire, there was no difference in procedure between the two studies. That is why Study 1 and Study 2 did not yield different results with respect to HRM practices. It appears that the Indian respondents in Study 1 exhibited a tendency to respond in a "socially desirable" way while answering the second part of the questionnaire. In responding to this part, it seems that expressing one's own opinion versus the opinions of others in society makes a difference. Expressing one's own assumptions, beliefs, and values about one's own work environment might be more ego involving. As such, this technique is prone to trigger social desirability response bias. Therefore, it is preferable to use the observant technique in such ego-involving situations. It also should be noted that the observant technique yielded larger differences between Canada and India (as indicated by omega-square), which is another reason why this technique should be preferred in future cross-cultural studies.

The impact of sociocultural dimensions on internal work culture and HRM practices was tested through a series of mediated multiple regressions analyses that lend support to the Model of Culture Fit. Results suggest that

paternalism and loyalty toward community were the most influential cultural dimensions in explaining the variance in work culture and HRM practices. There are four main conclusions that can be drawn from the mediated models. First, paternalism, power distance, and uncertainty avoidance seem to create a dependent relationship between superiors and subordinates in which managers tend to assume lower employee proactivity and, consequently, do not promote employee autonomy on the job.

Second, joint goal setting as an HRM practice seems to be the result of managerial assumption about employee reactivity and obligation toward others. Managers who believe that employees, by nature, expect direction and close supervision set specific goals and engage in detailed planning to guide their employees. Similarly, if managers believe that employees have an obligation toward others in the organization, then they practice joint goal setting to (a) clarify roles and responsibilities so that employees can fulfill their obligation and/or (b) fulfill their own obligation toward employees by way of setting goals. Managerial assumptions related to both employee reactivity and obligation toward others are in turn influenced by paternalism, loyalty toward community, and self-reliance.

Third, feedback, empowerment, and performance–reward contingency as HRM practices are found to be the functions of managerial assumptions about employees being individuals who can change and control outcomes of their actions. If managers believe that employee nature can be changed, then they are more inclined to provide feedback and empowerment to contribute to this change and improvement. At the same time, managers allocate rewards on the basis of individual performance as a reflection of their belief in individual determination of outcomes. Belief in malleability and internal locus of control are, however, adversely influenced by both community loyalty and paternalism.

Finally, masculinity negatively influenced futuristic orientation, which in turn inhibited goal-setting practices. This seems to be counterintuitive given that masculinity is about striving for material possessions and, as such, requires planning and goal-setting possessions. A closer examination, however, suggests that acquiring material possessions might be related to achieving immediate short-term gains with minimum investment rather than to long-term investment and planning. Femininity, on the other hand, is an orientation that requires long-term investment and planning to build enduring relationships.

In sum, the results provided preliminary support for the Model of Culture Fit in demonstrating that the sociocultural environment does have an impact on managerial beliefs and assumptions, which in turn influence HRM practices. There were a number of unexpected findings that should be examined

closely by future studies. For example, the relationship of power distance to participation orientation and goal setting needs further elaboration. Similarly, the notion of self-reliance and its relationship to internal locus of control and job enrichment requires future exploration. Future studies also should use improved measures of cultural dimensions and of HRM practices. Although convergence in the results of the two studies provides evidence to the stability of the measures, future research should put more effort into constructing cross-culturally valid scales with multiple items to measure dimensions of societal and work cultures. Future research also should obtain objective measures of HRM practices (e.g., performance appraisal and compensation systems, training programs, formal goal-setting practices) in addition to employee perceptions of them.

CONCLUSIONS AND IMPLICATIONS

The extant literature on cross-cultural work values and practices tends to be descriptive in nature. The two studies reported in this article, however, aimed at explaining the variations in organizational values and practices by linking them to the characteristics of their respective sociocultural environments. In addition, contrary to the existing literature, societal- and organizational-level cultures are postulated to be interactive and, hence, conceptualized and operationalized by different constructs.

There are a number of research implications that can be drawn from this investigation. First, although overlooked in the literature, paternalism is a cultural dimension that is salient, especially in non-Western cultural contexts. The implication of paternalism in organizations should be examined further. Attempts related to the conceptualization and operationalization of paternalism already are under way by the present authors, who argue that paternalism does not connote authoritarianism, as has been portrayed in the Western literature. Second, self-reliance, participation, and goal setting may assume different meanings in non-Western societal and organizational contexts. Future research should closely examine these constructs and determine how they are construed in paternalistic societies. Similarly, this article suggests that self-reliance might be distinct from other aspects of individualism-collectivism.

Third, the use of the observant and participant techniques in cross-cultural research should be explored further. It seems that if the respondents are given the role of observants, then this diminishes their personal involvement in the issue and increases the likelihood of eliciting unbiased responses. A number of differences between the results of the two studies suggest the possibility of

differences in response style in cross-cultural studies. This provides solid justification for the standardization procedure in mean comparisons. In addition, the importance of covariance analyses in cross-cultural comparisons has to be underlined, especially when there are large differences in sample characteristics.

There also are important practical implications of this research for multinational companies, expatriate managers, and culturally diverse workforces. Globalization requires the successful management of diversity. Multinational companies with worldwide subsidiaries need to recognize and appreciate the impact of culture on organizational values and practices to be able to successfully transfer management know-how to various local units. Similarly, the framework developed and tested in this article might help expatriates to incorporate culturally sensitive management practices during their assignments and, hence, increase the likelihood of overseas success. In addition, managing increasingly diversified workforces in North American companies also requires a fit between various organizational practices and the ethnic/cultural backgrounds of employees.

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