Springer

National Factors Determining Indian and British HRM Practices: An Empirical Study
Author(s): Pawan S. Budhwar and Paul R. Sparrow
Source: *MIR: Management International Review,* Vol. 38, Cross-Cultural and Comparative
International Human Resource Management (1998), pp. 105-121
Published by: Springer
Stable URL: http://www.jstor.org/stable/40228485
Accessed: 02/08/2013 14:45

Pawan S. Budhwar/Paul R. Sparrow

National Factors Determining Indian and British HRM Practices: An Empirical Study

Abstract

▪ This paper initially highlights the strong need for more cross-national HRM studies and presents four national factors of national culture, institutions, dynamic business environment and business sector (along with their main aspects) which are expected to influence HRM in different national settings. It then reports the results from two large scale parallel surveys regarding the impact of these four national factors on Indian and British HRM in a comparative context.

Key Results

▪ The results show both country specific and common determinants of Indian and British HRM. The research confirms the context specific nature of HRM and has both practical and academic implications.

Authors

Pawan S. Budhwar, Lecturer in HRM, Cardiff Business School, Cardiff, UK.
Paul R. Sparrow, Professor in International HRM, Sheffield University Management School, Sheffield, UK.

Pawan S. Budhwar/Paul R. Sparrow

Introduction

Over a short span of 15 years or so the topic of Human Resource Management (HRM) has become one of the most documented in the management literature (Brewster 1995). Moreover, the increased level of globalization and internationalization of business, the growth of new markets (such as Central and Eastern Europe, China, South East Asia, and Latin America), growth of new international business blocs and an increased level of competition amongst firms at both national and international level has resulted in an increase in comparative cross-national HRM studies (Boxall 1995, Brewster et al. 1996, Dowling et al. 1994). Managers and policy makers now need to know how human resources are managed in different regions of the world and how their counterparts in different parts of the globe perceive or react to similar concepts and pressures. This is crucial for developing relevant management practices. It can also become an important training tool for expatriate managers. The increased probability of having to manage in an international situation has made this an imperative.

Academics have responded to the challenges raised by the globalization of business by investigating a number of issues and problems related to international business. They have attempted to examine management from a cross-national view point. This comparison of HRM policies and practices at a national level helps to test the convergence-divergence thesis. It has now become clear that the study of HRM needs a cross-national comparative dimension and an international perspective. The typical questions pursued by comparative researchers are: 1. how is HRM structured in individual countries? 2. what strategies are discussed? 3. what is put into practice? 4. what are the similarities and differences? 5. what is the influence of national factors such as culture, government policy and education systems (Pieper 1990)?

Therefore, one basic aim of comparative cross-national HRM studies is to establish the similarities and differences in practices and to highlight the main factors responsible for creating such similarities and differences (Adler et al. 1986). A related aim of such comparisons is to find out whether the practices of the nations under study are showing any similar or contrary trends to the more accepted and dominating models and theories in the field (Hofstede 1983). It is more important for the field of HRM given that most of its models have an Anglo-Saxon base. Cross-national HRM comparisons can help to examine the extent to which Anglo-Saxon models of HRM are applicable in other parts of the world.

A number of cross-national HRM researchers (such as Brewster et al. 1996, Gaugler 1988) note that, given the problems of cultural relativity, cross-national comparisons of HRM are best conducted with reference to basic HR functions, such as recruitment, selection, training and development or performance appraisal. Researchers at Cranfield University in the UK have very successfully adopted

this approach to conduct cross-national HRM studies within European nations (see for example, Brewster et al. 1996).

An important agenda before cross-national HRM researchers is to detail clearly both the specific human resource (HR) issues within a country as well as the overall HRM recipes pursued by local managers if they are to avoid misinterpreting the situation. HRM policies and practices in a cross-national context are known to be influenced by both 'culture-bound' factors such as national and organizational culture, institutions, business sector and 'culture-free' variables such as age, size, nature of organization (Brewster 1995, Hofstede 1993, Sparrow 1995). The degree of influence of these factors is however context specific and varies from region to region. The big question is how to evaluate and highlight the context specific nature of HRM in different national or regional settings? A related question is what factors and variables could determine HRM in such settings and should be considered in cross-national HRM research? The dilemma regarding what factors to include under broad concepts such as 'national culture' or '-institutions' needs to be resolved.

A sensible way to tackle this mammoth task is to understand the complex interactions between HRM practices and their determining variables on the basis of empirical data. However, there is a scarcity of research in this area. This is partly due to the fact that the number of methodological issues involved in cross-national research are many and more complex in comparison to national research and partly due to the absence of a comprehensive framework for conducting such studies (see Cavusgil/Das 1997). Broadly speaking HRM policies and practices can be determined by three separate set of factors and variables. These are national factors (such as national culture and institutions), contingent variables (such as age, size and nature of firm) and organizational policies such as recruitment, training, communication or appraisal (see Budhwar 1997, Budhwar/Sparrow 1997, Negandhi 1983). More detailed cross-national HRM comparisons can be made by examining the influence of national factors on HRM (Brewster et al. 1996, Boxall 1995). Much work is needed to identify and present a comprehensive list of the main aspects of national factors (such as national culture, dynamic business environment and business sector) which determine cross-national HRM. Some work has been already started in this regard (see Brewster 1995, Budhwar 1997, Sparrow 1995).

An attempt has been made in this paper to use the developments discussed above to highlight some of the main national factors which determine cross-national HRM. The aim of this paper is twofold. First, to elaborate a list of the main aspects of four national factors (i.e. national culture, institutions, dynamic business environment and business sector) which are expected to influence cross-national HRM. Second, to examine empirically the extent to which these factors significantly determine Indian and British HRM in a comparative context. This will help to highlight the context specific nature of HRM.

Based on a thorough review of literature and our four years of research in India and Britain, four national factors of national culture, institutions, business sector and dynamic business environment are identified as significant determinants of HRM policies and practices in a cross-national context. The required theoretical support for the proposed factors and their various aspects has been provided from the fields of comparative management, HRM and International HRM (IHRM).

National Factors Determining Cross National HRM

Recently, a number of researchers (such as Easterby-Smith et al. 1995, Hofstede 1993, Laurent 1993, Schneider 1993, Sparrow 1995) have highlighted and explained the influence of national culture on HRM policies and practices. The definition and scope of the concept of culture is of course debatable (Tayeb 1994). It is therefore sensible to use the available sound theoretical base to examine the impact of those aspects of national culture on HRM. The most important processes or aspects are:

1. the socialization process through which managers are 'made' (Hofstede 1983, 1993, Schein 1985);
2. the basic assumptions which shape managers' behavior (Hofstede 1983, 1993, Van Maanen/Schein 1979);
3. their common values, norms of behavior and customs (Hofstede 1993, Keesing 1974);
4. the influence of pressure groups unique to a country (Keesing 1974); and
5. the unique ways of doing things and the management logic in a particular country which are reflective of broader national business system (Sparrow/Hiltrop 1994, Whitley 1992).

Recently, researchers in the field of cross-national HRM have considered in detail the impact of different national institutions on HRM policies and practices (see for example Brewster 1995, Sparrow 1995). Given the regional focus in much of the international HRM research, they have provided a list of institutions more relevant to the European context (such as the European Union, Social Chapter, Unions, Legal set up). Along with these there are other institutional systems whose influence on HRM in a cross-national context must be interpreted. These include:

1. national labor laws (Brewster 1995, Sparrow 1995);
2. trade unions (Brewster 1995, Tayeb 1994);
3. educational and vocational set-up (Sparrow 1995);
4. role of professional bodies (Torrington 1993, Zucker 1987);
5. international business institutions (Morishima 1995, Zucker 1987);

HRM research has also demonstrated the impact of dynamic business environ-ments, characterized mainly by distinctive sets of competitive pressures on HRM policies and practices at the national level (Hendry/Pettigrew 1992, Sparrow 1995). Although many of these dynamics are unique to each nation, a series of developments are pan-national and have been identified as major determinants of IHRM activity. The aspects of a dynamic business environment identified as in-fluencing HRM policies and practices in a cross-national context are:

1. an increase in competition and pressures on productivity, quality or social costs of employment at both national and international level;
2. the resulting growth of new business alliances or forms of corporate govern-ance (Cappelli 1995, Sparrow 1995);
3. automation of information systems and their impact on international business structures and co-ordination systems (Hiltrop 1993);
4. change in composition of the work force (Torrington 1993);
5. downsizing of organizations and transfer of work across a new international division of labor (Cappelli 1995, Soeters/Schwan 1990); and
6. transfer of convergent best practice or creation of a like-minded international cadre of managers (Sparrow/Hiltrop 1994).

Recent research (see for example, Eriksson et al. 1996, Rasanen/Whipp 1992, Whitley 1992) has also shown that HRM policies and practices are governed by a specific sector. Different aspects of sector include:

1. common strategies, business logic and goals;
2. sector specific regulations and standards;
3. specific requirement/needs of supply chain management;
4. need for sector-specific knowledge;
5. informal or formal bench marking;
6. cross-sector co-operative arrangements;
7. common developments in business operations; and
8. a sector specific labor market or skill requirements (Hiltrop 1993).

Having presented the main national factors and their main aspects which are known to or might influence cross-national HRM, the next section presents the metho-dology adopted to empirically test the impact of these factors in a comparative cross-national context in India and Britain.

Methodology

Two large scale parallel questionnaire surveys (one each in the UK and India) in firms having 200 or more employees in six matched industries in the manufactur-

ing sector (food processing, plastics, steel, textiles, pharmaceuticals and footwear) were carried out between October 1994 and April 1995. The firms in the two countries were matched on variables such as number of employees, industry, sector and respondents. The respondents were the top personnel specialist (one each) from each firm. We got a response rate of 18% (93 out of 500 questionnaires) in the UK and around 30% (137 out of 450 questionnaires) in India. Questions were based on existing measures such as those used by the Cranet-E researchers to study comparative European HRM. This mainly focused on facts and figures regarding the HR policies and practices currently operating within an organization. A number of new measures were introduced to analyze the influence of national factors on HRM practices. The main thrust of these new measures in the questionnaire was to analyse the thinking of personnel specialists about the influence of national factors on their HR function.

The sector distributions for the two samples showed 57% Indian and 32% British organizations belong to Public sector. 39% of Indian and 52% of British organizations belong to Private sector. Most respondents are evenly distributed over the six industries under study. An analysis of the demographic features of the sample suggests that this is a random and representative sample of the total population. 46% of the Indian sample and 62% of the British sample are medium sized organizations employing from 200 to 499 staff. 16% of Indian organizations and 14% of British organizations under study employ from 500 to 999 staff, 31% of Indian organizations and 15% of British organizations employ from 1000 to 4999 staff and 7% of Indian organizations and 8% of British organizations are large organizations with over 5000 employees.

To examine the influence of national factors on HRM policies and practices, the respondents were asked to allocate a maximum of 100 points to different aspects of each of national culture, institutions, dynamic business environment and business sector. This forces managers to differentially weight each item on a finite scale, and is a better technique than asking them to rate each item on a five point scale, because there is a tendency for ratees to say all items are important. This type of investigation helps to gain an understanding into the relative influence of national factors on HRM from the personnel specialists' view point. Since the impact of the national factors on cross-national HRM is under-researched, to gain more insights into the matter an open ended question after each national factor question was asked. This will also help to interpret the quantitative findings.

To present a comparative picture, t-tests for equality of means (independent sample) were applied to analyze the differences in the mean scores of the respondents' perceptions (in the two countries) about the influence of the four national factors on HRM policies and practices. The open ended questions were content analyzed and percentages are computed to summarize the results.

Results

The results show (see Table 1) that on average Indian managers give a high priority to the importance of cultural assumptions that shape the way employees perceive and think about the organization (24.4), as well as common Indian values, norms of behavior and customs (22.9) and the way in which managers are socialized in India (21.7). In comparison, on average British managers give a high priority to the match of the organization's culture and "the way we do things around here" (35.6) and the assumptions that shape the way employees perceive and think about the organization (25.9).

Results of the t-tests show that out of the five aspects of national culture, three have a significantly different perceived influence in the two countries. These are the nature of the socialization process (seen as more important in India), the influence of pressure groups (more important in India) and the match of the organization's culture and "the way we do things around here" (more important in Britain).

Content analysis of the open ended question shows that 54% of the Indian managers believe that social relations play an important role in managing human resources. Indian managers note that common Indian values, norms of behavior and customs are an important influencer of their HRM policies and practices (48%). Managers' actions are dictated by these values and norms of behavior. 42% of the Indian managers feel that pressure groups (such as Unions) act as saviors of employees belonging to the reserved categories, dictate the terms and conditions of certain agreements and most of the time are felt to give trouble to management.

A large number of British managers (67%) feel that the culture of the organization is very important as it sets a precedent for expected behavior, determines the HR policies, is crucial for the success of organization, it reinforces established

Table 1. Influence of Different Aspects of National Culture on HRM

Aspects of National Culture	India		Britain		t value	2-tail
	No. of Cases	Mean	No. of Cases	Mean		sig.
1. Way in which managers are socialized	130	21.72	84	18.07	-2.210	p <.05
2. Common values, norms of behavior & customs	130	22.94	81	20.28	-1.700	n.s
3. The influence of pressure groups	118	15.92	58	10.47	-3.670	p <.01
4. Assumptions that shape the way managers perceive and think about the organization	135	24.44	84	25.98	1.080	n.s
5. The match to the organization's culture and "the way we do things around here""	126	20.85	86	35.58	6.900	p < .01
n.s. = not significant						

Table 2. Influence of Different Institutions on HRM

Institutions	India		Britain			
	No. of Cases	Mean	No. of Cases	Mean	t value	2-tail sig.
1. National Labor Laws	132	40.89	82	40.91	0.010	n.s
2. Trade Unions	98	28.55	61	21.72	-2.330	p < .05
3. Professional Bodies	101	16.06	56	15.11	-0.560	n.s
4. Educational & Vocational training set up	120	24.45	84	27.62	1.310	n.s
5. International Institutions	72	11.18	54	20.07	3.960	p<.01
n.s. = not significant						

practices and helps employees to identify themselves with the organization. 22% of British managers say that the common values, norms of behavior and customs that typify them in Britain ('we are what we do') are also an important influencer of their HRM policies and practices.

Results in Table 2 show that on average both Indian and British managers give a high priority to national labor laws (40.89 and 40.91 respectively), trade unions (28.55 and 21.72 respectively), and educational and vocational training set up (24.45 and 27.62 respectively), regarding their influence on HRM policies and practices.

The t-tests show that there is a significant difference in the mean scores of Indian and British respondents regarding the influence of trade unions (being stronger in Indian organizations) and international institutions on HRM policies and practices (stronger in British organizations).

Content analysis of the open ended answers shows that majority of Indian managers (61.5%) believe that Indian national labor laws influence their HRM policies and practices the most because they limit the actions that can actually be implemented. Moreover, they are "pro-labor" and compliance to them is important for maintaining good industrial relations and therefore the survival of organizations. They have a direct impact on personnel policies and act as guiding pillars for 'exit policies' (developed to facilitate retirements in the light of liberalization) and downsizing of organizations. 28.4% of Indian managers feel that trade unions are important influencer of their HRM policies and practices. 16.9% of Indian managers believe that the present educational vocational training set up of India is helpful in increasing employees' efficiency, contributes to the process of up-dating their skills and facilitates better stress management. Less than one percent of the Indian managers admit that their HRM practices are influenced by professional bodies and international institutions in the open ended comment.

Like Indian managers, the majority of British managers (58.1%) believe that their HRM policies and practices are influenced most by the national labor laws. They also feel that apart from the British national laws, the directives of the EU have a strong impact on their policy development and that there are real penalties

for not adhering to them. 24.7% of the British managers accept the educational and vocational set up of the country as an important influencer of their HRM policies and practices. Such a set up is helpful in assessing their human resources training needs, contributes to their development and improves their competence. The present educational and vocational set up is also helpful in achieving 'investors in people' (IIP) standards and awards, supports the changing business needs and improves the quality of work life. 11.1% of British managers note that trade unions still play an important role in collective bargaining and contribute to improvement in the working conditions of employees. 6.2% of the British managers feel that their HRM policies and practices are influenced by international and pan-national institutions, mainly by the EU through directives and the rulings of the European Court of Justice. 2.5% of the British managers believe that their HRM policies and practices are influenced by professional bodies such as the Institute of Personnel and Development (IPD).

Results from the parallel surveys show that on average Indian managers give a relatively high priority to customer satisfaction (25.1 out of 100 points) and increased competition/globalization of business structure (24.3) regarding their influence on HRM policies and practices. On the other hand, British managers give a high score to increased competition/globalization of corporate structure (27.6), customer satisfaction (26.9) and downsizing of the work force and business re-engineering (23.1), regarding their influence on HRM policies and practices (for details see Table 3).

Results of the t-tests show that only downsizing of the work force and business re-engineering aspects of competitive pressures have a significant difference

Table 3. Influence of Dynamic Business Environment on HRM

	India		Britain			
Changes in Business Environment	No. of Cases	Mean	No. of Cases	Mean	t value	2-tail sig.
1. Increased national/international competition/ Globalization of corpo rate business structure	125	24.28	72.00	27.56	1.510	n.s
2. Growth of new business arrangements e.g., business alliances, joint ventures, and foreign direct investment through mergers & acquisitions	116	17.57	66.00	19.01	0.850	n.s
3. More sophisticated information/communication technology or increased reliance on automation	125	18.20	70.00	19.62	0.740	n.s
4. Changing composition of the work force with respect to gender, age, ethnicity, and changing employee values	102	14.04	48.00	12.39	-1.100	n.s
5. Downsizing of the work force and business re-engineering	105	15.45	69.00	23.13	4.130	p < .01
6. Heightened focus on total management or customer satisfaction	126	25.05	78.00	26.92	0.930	n.s
n.s. = not significant						

in the mean scores between the two countries, with British managers giving it a higher priority.

Results of the content analysis show that the majority of the Indian managers (74.4%) believed that their personnel function is under severe pressure to improve productivity by developing an efficient and responsible work force. The emphasis is on the need for team work, enhanced training programs, human resource development (HRD), skills improvement, and retraining of employees by providing technical skills. 65.4% of Indian managers believe that due to the dynamic business environment there is a strong need for management of change initiatives (to change attitudes, perceptions and improve the work environment). 60.8% of Indian managers feel that the personnel should contribute more actively in the restructuring of the business, i.e. facilitating de-layering, downsizing, decentralization and cost reduction. 43.5% of Indian managers feel that, because of the dynamic business environment, there is a need for more emphasis on customer satisfaction. 33.2% of Indian managers feel that competitive pressures have resulted in enhanced levels of manpower planning to assure that the right man is at the right place at the right time, and a need to attract and retain scarce-skilled labor and improve the efficiency and quality of their work.

Content analysis of the British managers answers (85.6%) reveals some different concerns. They believe that the dynamic business environment has put pressure on the personnel function to restructure the business, tackle downsizing and redundancies, offer more proactive HRM, develop new re-engineering programs, new business solutions to flexible work systems, de-layer of organizations, and deliver quality improvements and cost reductions. 74.2% of British managers feel that the main role of the personnel function is to manage change, i.e. respond to business needs, facilitate business alliances, cultural change, improve MIS systematize automation, upgrade skills, empower employees, implement 'investors in people' procedures and establish the requirements of 'national vocational qualifications' (NVQs). 45.8% of the British managers feel that there is a need for more training and development to improve the skills of employees and their customer relations. 41.4% of the British managers feel that in the present day competitive environment there is more acceptance of HRM as a prominent function. However, there is pressure to improve efficiency and productivity, increase peoples' management and increasingly devolve responsibility to the line. In such circumstances the level of customer satisfaction is seen of prime importance (28.3%).

Results in Table 4 show that on average Indian managers score high on regulations and standards that are specific to their industrial sector (21.6) as well as the specific requirement/needs of customers or suppliers (supply chain management) that characterize their sector (18.8). On the other hand, on average British managers give a high score to supply chain management, i.e. specific requirement/needs of customers or suppliers that characterize a particular sector (28.9),

Table 4. Influence of Business Sector on HRM

Aspects of Business Sector	India		Britain		t value	2-tail sig.
	No. of Cases	Mean	No. of Cases	Mean		
1. Common strategies, business logic and goals being pursued by firms across the sector	129	15.31	71	22.95	4.800	p<.01
2. Regulations and standards (e.g., payments, training, health and safety) specific to your industrial sector	122	21.55	79	20.35	-0.650	n.s
3. Specific requirement/needs of customers or suppliers that characterize your sector (i.e. supply chain management)	129	18.97	82	28.96	5.150	p<.01
4. The need for sector-specific knowledge in order to provide similar goods/services in the sector	116	12.17	56	15.35	2.660	p<.01
5. Informal or formal bench marking across competitors in the sector (e.g., best practices of market leaders)	110	11.55	61	16.39	3.660	p<.01
6. Cross-sector co-operative arrangements e.g., common technological innovations followed by all firms in the sector	96	9.94	37	10.54	0.490	n.s
7. Common developments in business operations and work practices dictated by the nature of the business	102	12.99	49	14.40	0.870	n.s
8. A labor market or skill requirement that tends to be used by your business sector only	102	13.86	39	13.10	-0.460	n.s
n.s. = not significant						

followed by the common strategies, business logic and goals being pursued by firms across the sector (22.9) and the regulations and standards specific to a particular industrial sector (20.6).

Out of the eight features of the business sector examined, mean scores of four are significantly different between the two countries. In Britain, there is a wider perception that common strategies, business logic and goals are being pursued by firms across the sector. Similarly, it is felt that there are specific requirements or needs of customers or suppliers that characterize the sector (i.e. supply chain management), needs for sector-specific knowledge in order to provide similar goods/services in the sector and stronger informal or formal bench marking across competitors in the sector (e.g., best practices of market leaders). British managers score these facets relatively higher than their Indian counter parts (see Table 4).

Content analysis of the open ended answers show that 37% of Indian managers believe that regulations and standards specific to a particular sector (industry) do act as a guide line for HR policies in organizations belonging to that industry and they are required to abide by these. 25.9% of the Indian managers feel that specific requirement/needs of customers or suppliers that characterize a particular sector act as an important influencer of their HRM policies and practices. This is one of the most important means for an organization's survival, especially in a rapidly changing environment. It is also an important factor influencing HRM policies and practices. 10.2% of the Indian managers think that the common strategies, business logic and goals being pursued by firms across a particular sector also influences their HRM policies and practices, along with informal or formal

Table 5. Influence of Different National Factors on HRM

	India		Britain			
National Factors	No. of Cases	Mean	No. of Cases	Mean	t value	2-tail sig.
Competitive pressures	137	30.25	87	38.42	4.630	p<.01
Institutional factors	133	23.74	80	22.52	-0.840	n.s
National cultural factors	134	23.71	78	18.78	-3.780	p<.01
Business sector factors	134	24.07	87	26.43	1.660	n.s
n.s. = not significant						

bench marking across competitors in the sector to ensure that they have best HRM practices (7.1%).

On the other hand, many British managers (45.7%) believe that the specific requirements of customers or suppliers that characterize a particular sector act as the most important influencer of their HRM policies and practices. They contribute to the attainment of corporate goals and make customer satisfaction of prime importance. Since the market is customer driven, the recognition and fulfillment of customer's needs is important to stay in competition. Under such conditions the emphasis on R & D becomes an imperative as it emphasizes quality products. 15.7% of the British managers feel that regulations and standards (specifically related to health and safety) influence their HRM policies and practices.

What is the relative influence of these four factors on HRM policies and practices across the two countries? Managers were again asked to allocate 100 points across the four sets of national factors in order to differentiate between their relative strength of influences. Results show that on average both Indian and British managers score high on competitive pressures (30.3 and 38.4 respectively) and business sector influences (24.1 and 26.4 respectively). However, the results of comparison of means show that the mean score of competitive pressures and national cultural factors of the two countries is significantly different. British managers score relatively higher on the competitive pressures whilst Indian managers score relatively higher on the influence of national cultural factors (see Table 5).

Discussion

Results show significant differences in the mean scores of Indian and British managers' perception on three aspects of national culture (see Table 1). The first aspect is the way in which managers are socialized. The nature of the socialization process of both Indians and British varies a lot, as a result of which the "cul-

tural" personality of individuals in the two countries also varies. For example, in cultural terms, compared to an English person, an Indian person is more fearful of people in power, obedient to superiors, dependent on others, fatalistic, submissive, undisciplined, friendly, modest, unreserved, collectivist, caste conscious, clan orientated, law-abiding, but less self-controlled, tenacious and less willing to take account of other people's views (Sparrow/Budhwar 1996, Tayeb 1988). Hence, it would be expected that this aspect of national culture influences HRM differently in the two countries (as evidenced by the mean scores). Second, the nature, type and functions of pressure groups in the two countries is also different. For example, in India there are special interest groups (pressure groups) which work for different problems such as the fight against child labor, bonded labor, or to get jobs for the reserved caste/class people (Venkata Ratnam 1995). In the UK, pressure groups work for issues related to equal opportunities, racial discrimination and HR development (Legge 1995). The influence of pressure groups on HRM in the two countries varies. Moreover, social relationships and political connections play a significant role in the selection, promotion and transfer of employees in Indian organizations (Sparrow/Budhwar 1996). The culture (both organizational and national) of both countries is very distinct and influences HRM in different ways. Lumley and Mishra (1994) found the British HR function more formal and relatively more proactive compared to its Indian counter part. Overall the influence of national cultural factors on HRM is stronger in India than Britain (see Table 5).

As expected the influence of trade unions on HRM in the two countries varies. From the literature it is clear that trade unions are still strong in India as compared to the UK. In India they still influence HRM policies and practices significantly. This is mainly due to the strong political support the Indian unions enjoy and the existence of strong pro-labor laws in India (Budhwar/Sparrow 1997, Sparrow/Budhwar 1996, 1997a, Venkata Ratnam 1995). Whilst in the UK their influence on HRM policies and practices has decreased significantly over the last decade. Presently they are playing a more co-operative role (Heery 1997, Legge 1995).

There is also a significant difference between the mean scores of India and Britain regarding the influence of international institutions on HRM policies and practices (see Table 2). There can be two possible explanations for this. Firstly, the type of international institutions existing in the region and secondly, their power and influence on HRM in the two countries. For example, the international institutions more relevant to India include International Labor Organization (ILO), General Agreement on Tariffs and Trade (GATT) and South Asian Association for Regional Co-operation (SAARC). However, their influence on Indian HRM is not significant (Sparrow/Budhwar 1996). The influence of the ILO on Indian HRM policies is expected to be high, but in practice the provisions of the ILO are not followed seriously (Venkata Ratnam 1995). Institutions such as SAARC work for mutual co-operation in the region (Whitley 1992) but hardly influence HRM

in India. On the other hand, in the UK, the influence of the European Union, its legislation and the Social Chapter is quite strong on British HRM policies and practices (Brewster 1995, Sparrow/Hiltrop 1994).

There is a significant difference in the mean scores on the downsizing of the work force and business re-engineering aspect of dynamic business environment (competitive pressures). The phenomena of downsizing and business re-engineering are common in most UK organizations (see for example Legge 1995). Due to strong pro-labor laws and unions in India the practice of downsizing is not prominent as yet (Budhwar/Sparrow 1997). Nevertheless, the recent economic reforms (see Sparrow/Budhwar 1996) have put pressure on Indian organizations to re-engineer (Venkata Ratnam 1995). Understandably then both Indian and British managers score high on this national factor (see Table 5).

The results also show significant differences on four aspects of business sector in the mean scores of Indian and British managers regarding their influence on HRM policies and practices (see Table 4). Interestingly, British managers score high (in comparison to Indian managers) on all the four aspects. At a broader level, sector specific differences seem to be more prominent in the UK than India.

Implications of the Research

The research has clear theoretical implications as it provides a detailed list (which is by no means complete) of different national factors and their aspects which should be used to determine HRM policies and practices in cross-national settings. The use of tightly matched samples and the adoption of a mixed methodology should help to identify the significant predictors of HRM policies and practices in different national settings. The adoption of the proposed framework not only helps to highlight the main interplay between the HRM policies and practices and national factors but also the context specific nature of HRM. For example, the strong impact of unions and pressure groups on Indian HRM clearly presents the context responsible for such practices. On the other hand, the influence of competitive pressures marked by downsizing of the work force in the UK also highlights the context specific nature of the British HR function. Such an analysis contributes to the assessment of the way in which HRM in different nations is becoming similar or different.

The paper can be of great value to practitioners as the proposed framework can develop an understanding of the main predictors (i.e. national factors) of HRM in different national and regional settings. They can develop their policies and practices accordingly. Such information can also be used as a training tool for expatriates.

The research has opened avenues for further research. To get a richer picture, more aspects of the national factors should be identified which are applicable in different national settings. For example, to get a better understanding of the influence of national cultural factors on HRM policies and practices, the impact of different dimensions of national culture such as the ones proposed by Hofstede (1991) and Hampden-Turner and Trompennars (1993) and Trompennars (1993) should be examined. The influence of more institutions such as labor markets (Benson 1995), employers federations and consulting organizations is also worth examining. Similarly, more aspects of the dynamic business environment such as the facility of information (mainly due to the development of internet) and the impact of globalising of business on cross-national HRM should be examined. Finally, the influence of business sector on cross-national HRM is under researched. To glean the main logic behind the context specific nature of HRM is a challenging one. From our research experience we found the adoption of a mixed methodology (comprising of both quantitative and qualitative), mainly the cognitive mapping methodology more suitable for such investigations (see Sparrow/Budhwar 1997b). Though it is time consuming and more complicated than single method research, it undoubtedly is more productive. Therefore future research in the field should seriously consider such options.

Acknowledgement

References

Adler, N. J./Doktor, R./Redding, G. S., From the Atlantic to the Pacific Century: Cross-Cultural Management Reviewed, *Journal of Management,* 12, 2, 1986, pp. 295–318.

Benson, J., Future Employment and the Internal Labour Market, *British Journal of Industrial Relations,* 33, 4, 1995, pp. 603–608.

Boxall, P. F., Building the Theory of Comparative HRM, *Human Resource Management Journal,* 5, 5, 1995, pp. 5–17.

Brewster, C., Towards a European Model of Human Resource Management, *Journal of International Business Studies,* 26, 1, 1995, pp. 1–22.

Brewster, C./Tregaskis, O./Hegewisch, A./Mayne, L., Comparative Research in Human Resource Management: A Review and an Example, *The International Journal of Human Resource Management,* 7, 3, 1996, pp. 586–604.

Brewster, C./Hegewisch, A., (eds.), *Policy and Practice in European Human Resource Management*, London/New York: Routledge 1994.

Budhwar, P., A Framework for Cross National Comparisons of Human Resource Management Practices, W. A. Hamel (ed.), *Proceedings of 15th Annual Conference of International Association of Management,* 15, 1, 1997, pp. 68–73.

Budhwar, P./Sparrow, P. R., Evaluating Levels of Strategic Integration and Devolvement of Human Resource Management in India, *The International Journal of Human Resource Management*, 8, 4, 1997, pp. 476–494.

Cappelli, P., Rethinking Employment, *British Journal of Industrial Relations*, 33, 4, 1995, pp. 563–602.

Cavusgil, S. T./Das, A., Methodological Issues in Empirical Cross-Cultural Research: A Survey of the Management Literature and a Framework, *Management International Review*, 37, 1, 1997, pp. 71–96.

Dowling, P. J./Schuler, R. S./Welch, D. E., *International Dimensions of HRM*, New York: Wordsworth Publishing Company 1994.

Easterby-Smith, M./Mailna, D./Yuan, L., How culture sensitive is HRM? A comparative analysis of practice in Chinese and UK companies, *The International Journal of Human Resource Management*, 6, 1, 1995, pp. 31–59.

Eriksson, P./Fowler, C./Whipp, R./Rasanen, K., Business Communities in the European Confectionery Sector: A UK – Finland Comparison, *Scandinavian Journal of Management*, 12, 4, 1996, pp. 359–387.

Hampden-Turner, C./Trompenaars, F., *The Seven Cultures of Capitalism: Value Systems for Creating Wealth in the United States Britain, Japan, Germany, France, Sweden and the Netherlands*, New York: Doubleday 1993.

Heery, E., Annual Review Article 1996, *British Journal of Industrial Relations*, 35, 1, 1997, pp. 87–109.

Hendry, C./Pettigrew, A. M., Patterns of Strategic Change in the Development of Human Resource Management, *British Journal of Management*, 3, 1992, pp. 137–156.

Hiltrop, J. M., Strategic Pressures Deriving European HRM, *European Management Journal*, 11, 4, 1993, pp. 424–434.

Hofstede, G., Cultural Dimensions in People Management, in Puick, V./Tichy, N. M./Barnett, C. K. (eds.), *Globalizing Management*, New York: John Wiley and Sons, Inc. 1993, pp. 139–158.

Hofstede, G., *Culture's Consequences: Software of the Mind*, London: McGraw-Hill Book Company 1991.

Hofstede, G., The Cultural Relativity of Organisational Practices and Theories, *Journal of International Business Studies*, Fall 1983, pp. 75–89.

Keesing, R. M., Theories of Culture, *Annual Review of Anthropology*, 3, 1974, pp. 73–97.

Laurent, A. The Cross-Cultural Puzzle of Global Human Resource Management, in Puick, V./Tichy, N. M./Barnett, C. K. (eds.), *Globalizing Management*, New York: John Wiley and Sons, Inc. 1993, pp. 174–184.

Legge, K., *Human Resource Management: Rhetorics and Realities*, Chippenham: MacMillan Business 1995.

Lumley, R./Mishra, S., Employee Participation in the Subsidiaries of Multinational Enterprises: Two Anglo-Indian Case Studies, *Economic and Industrial Democracy*, 15, 4, 1994, pp. 631–649.

Morishima, M., Embedding HRM in a Social Context, *British Journal of Industrial Relations*, 33, 4, 1995, pp. 617–640.

Negandhi, A. R., Cross-Cultural Management Research: Trend and Future Directions, *Journal of International Business Studies*, Fall 1983, pp. 17–27.

Osterman, P., Internal Labour Markets: Theory and Change, in Kerr, C./Staudohar, P. D. (eds.), *Markets and Institutions*, Massachuesetts/London: Harvard University Press 1994, pp. 303–339

Pieper, R., (ed.) *HRM: An International Comparison*, Berlin/New York: Walter de Gruyter 1991.

Rasanen, K./Whipp, R., National Business Recipes: A Sector Perspective, in Whitley, R. (ed.), *European Business Systems: Firms and Markets in their National Contexts*, London: Sage Publications 1993.

Schein, E., *Organisational Culture and Leadership*, London: Jossey-Bass Publishers 1985.

Schneider, S. C., National vs. Corporate Culture: Implications for HRM, in Puick, V./Tichy, N. M./Barnett, C. K. (eds.), *Globalizing Management*, New York: John Wiley and Sons 1993, pp. 159–173.

Soeters, J. L./Schwan, R., Towards an Empirical Assessment of Internal Market Configurations, *The International Journal of Human Resource Management*, 1, 1, 1990, pp. 272–287.

Sparrow, P. R., Towards a Dynamic and Comparative Model of European Human Resource Management: An Extended Review, *The International Journal of Human Resource Management*, 6, 1, 1995, pp. 481–505.

Sparrow, P. R./Budhwar, P., Competition and Change: Mapping The Indian HRM Recipe Against World Wide Patterns, *Journal of World Business*, 32, 3, 1997a, pp. 224–242.

Sparrow, P. R./Budhwar, P., Strategic HRM Through the Cultural Looking Glass: Mapping Cognitions of British and Indian HRM Managers, *Proceedings of British Academy of Management Annual Conference*, 1997b, pp. 434–476.

Sparrow, P./Budhwar, P., Human Resource Management in India in the New Economic Environment, A. Saxena/H. Devedi (eds.), *HRM in the New Economic Environment*, Jaipur: National Publishing House 1996, pp. 28–73.

Sparrow, P. R./Hiltrop, J. M., *European Human Resource Management in Transition*, London: Prentice Hall 1994

Tayeb, M., Organisations and National Culture: Methodology Considered, *Organisation Studies*, 15, 3, 1994, pp. 429–446.

Torrington, D., How Dangerous is Human Resource Management? A Reply to Tim Hart, *Employee Relations*, 15, 5, 1993, pp. 40–53.

Trompenaars, F., *Riding the Waves of Culture Understanding Cultural Diversity in Business*, London: The Economist Books 1993.

Van Maanen, J./Schein, E. H., Towards a Theory of Organisational socialisation, in Staw, B. M. (ed.), *Research in Organisational Behaviour*, 1, 1979, pp. 209–264.

Venkata Ratnam, C. S., Economic Liberalization and the transformation of industrial relations policies in India, in Verma, A./Kochan, T. A./Lansbury, R. D. (eds.), *Employment Relations in the Growing Asian Economies*, London: Routledge 1995.

Whitley, R., (ed.), *European Business Systems: Firms and Markets in their National Contexts*, London: Sage Publications 1992.

Zucker, L. G., Institutional Theories of Organisation, *Annual Review of Sociology*, 13, 4, 1987, pp. 443–464.