

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/330195987>

# HRM–culture fit. Why the link between human resource practices and commitment varies across countries

Article · January 2019

DOI: 10.1177/08/DRMJ.2019.v08n01a02

CITATIONS

0

READS

194

2 authors, including:



Ferry Koster

Erasmus University Rotterdam

143 PUBLICATIONS 930 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Policy sociology [View project](#)

**HRM-culture fit**

**Why the link between human resource practices and commitment varies across  
countries**

Ferry Koster and Deimante Gutauskaite

Erasmus University Rotterdam

**Contact:**

Ferry Koster

Erasmus University Rotterdam, Department of Public Administration and Sociology

Burgemeester Oudlaan 50

PO Box 1738, 3000 DR, Rotterdam

The Netherlands

E-mail: [koster@essb.eur.nl](mailto:koster@essb.eur.nl)

Website: [www.ferrykoster.nl](http://www.ferrykoster.nl)

**Abstract**

Previous studies demonstrated that the relationship between human resource (HR) practices and organizations commitment varies across countries. This study aims to explain this variation by exploring the role of national culture on this relationship. Two cultural dimensions of Hofstede's model are investigated, namely (1) individualism and (2) power distance. Based on the theoretical notion of HR-cultural fit, it is argued that the effect that these two cultural dimensions affect how the HR practices autonomy and skills enhancement affect commitment. Hypotheses are tested using data from employees in 25 European countries. Using multi-level modeling, it is shown that the link between autonomy and commitment is moderated by individualism and that both autonomy and skill enhancement are moderated by power distance.

Keywords: organizational commitment, national culture, HR practices, individualism, power distance

An extensive body of work shows the benefits of human resource (HR) practices aimed at optimizing employee contributions through autonomy and skills enhancement (Huselid, 1995, Pfeffer, 1998; Zang, Fan & Zhu, 2014). Previous studies provide evidence that organizations applying such practices achieve greater financial performance (Combs, Liu, Hall & Ketchen, 2006), competitiveness (Boxall, 2003), productivity (Wu & Chaturvedi, 2009) and higher effectiveness (Hartog & Verburg, 2004). In part, the causal mechanisms linking HR practices and organizational outcomes lies in the effects they have on the attitudes and behaviors of employees (Zang et al., 2014). By investing in HR practices aimed at empowering employees to work autonomously and optimize their skills, organizations acquire possibilities to impact their decision to participate in the organization and contribute to its functioning (Luna-Arocas & Camps, 2008; Koster, 2011).

A large part of the literature on HR practices is in line with the contingency perspective in organizational research (Tsui, Nifadkar & Ou, 2007). This means that the importance of fit, both among HR practices and the wider organizational environment – ranging from economic openness (Koster & Wittek, 2016) to cultural climate (Hofstede, 1985) – is acknowledged in HR research. With regard to the internal fit, a large number of studies show that, in order to produce the required outcomes, HR practices need to be aligned with each other as it creates HR systems that “enhance employee’s competencies, commitment and productivity” (Muduli, 2015, p. 241).

Whereas the internal-fit approach is extensively studied, this is less the case for the external-fit approach, which holds that human resource practices need to be aligned with the context in which organizations operate in order to be effective (Lambooy, Sanders, Koster & Zwiers, 2006). However, it may explain one of the

puzzles found across the HR literature. While there is general agreement that HR practices are positively related to the level of organizational commitment of employees, it turns out that the level of organizational commitment varies across countries (Koster, 2011; Chordiya, Sabharwal & Goodman, 2017) and that the strength of the relationship between hr practices and organizational commitment varies across countries, even if the focus is on exactly the same practices (Luna-Arocas & Camps, 2008; Rode, Huang & Flynn, 2016; Ramaprasad, Nandan Prabhu, Lakshminarayanan & Pai, 2017). Hence, it cannot be attributed to the internal fit of these practices. To investigate why there is such variation, it is necessary to include the national context in the analyses. In this study, we explore this idea by examining the link between HR practices and organizational commitment of employees. To date, there has been relatively little in that the direction. The study by Rode, Huang and Flynn (2016) is an exception and provide a major starting point for the present study. While they find evidence for cross national differences in the relationship between hr practiced and commitment which can be attributed to cultural differences, their analyses is restricted to four countries (Sweden, Japan, Austria and Germany). The present study expands this analysis by including information from 18,309 employees in 25 European countries. This offers two advantages and extensions. First, it enables to generalize the findings by Rode, Huang and Flynn (2016) and secondly, it allows including more than one cultural dimension as there is more cross-cultural variance across the countries included in the analyses. We argue that there may be a cultural component at work explaining such differences. Here we investigate two of such cultural factors, namely (1) individualism; and (2) power distance (Hofstede, 1985; 2011). Based on the theoretical concept of HR-culture fit, which assumes that the effectiveness of hr practices in terms of generating organizational commitment

depends on its cultural context, we investigate whether this can account for cross-national differences in the outcomes of HR practices.

### **HR practices and organizational commitment**

There is extensive evidence for the positive relationship between HR and organizational commitment (Gellatly et al., 2009; Luna-Arocas & Camps, 2007; Ramaprasad, et al., 2017). As Chew and Chan (2008) one of the main tasks of the HR function is making sure that employees are committed given its positive relation with work attitudes and behaviors. And, the other way around, valuable employees are likely to leave the organization if they are dissatisfied with the HR practices (Luna-Arocas & Camps, 2007).

Several HR practices can instill organizational commitment. Those practices aimed at stability, development and rewards are identified as creating incentives for employees to commit towards an organization. By offering stability-oriented HR practices, organizations position a membership of organization as a salient benefit, which increases commitment accordingly. Development-oriented practices build employees capabilities, which are related to emotional commitment to the organization (Gellatly et al., 2009). In particular, HR practices providing responsibility and autonomy to employees affect their commitment (Fiorito, Bozeman, Young & Meurs, 2007). Furthermore, HR practices enhance positive exchange relations; e.g. receiving a stimulating work environment and return for commitment and performance (Macky & Boxall, 2007). An investment in HR practices aimed at improving knowledge, skills and abilities of employees, build capabilities among employees to perform at required level (Wright & Kehoe, 2008). HR strategies such as performance management system, incentives pay schemes,

performance bonuses aim to motivate employees and create affectionate commitment (Wright & Kehoe, 2008). In this study, we concentrate on two of the core HR practices found across the literature, namely (1) autonomy; and (2) skills enhancement (Koster, 2011).

### **HR practices and organizational commitment across countries**

Research shows that the contexts of organizations can matter for the way in which employees are managed (Wu & Chaturvedi, 2009; Rode et al, 2016; Koster & Wittek, 2017). Nevertheless, because most of these studies investigate the direct effect between organizational contexts and HR practices, it does not say much about the question whether some of these practices work better (e.g. improve commitment) in a particular context and less so in others. Much of the research focused at human resource management, investigates differences between organizations within one country or only focuses on multinational corporations (Cooke, Wood, Wang & Veen, 2019). Hence, an overall assessment is not available at the moment. Prior research, however, provides evidence that this may actually be the case the link between HR practices and organizational commitment. A comparative study of Japan, Sweden, Austria and Germany demonstrated that this link varies across these countries (Rode et al, 2016). For instance, while in Japan and Sweden training is positively related to organizational commitment, the opposite is true for Austria and Germany. In other studies it was found that similar HR practices lead to more organizational commitment in India compared to Switzerland, for example (Paul & Anantharaman, 2004; Giauque, Resenterra & Siggen, 2010). While these studies provide evidence the country level moderates the relationship between hr practices and employee outcomes, empirical support is lacking (Farndale & Murrer, 2015).

These research results suggest that the outcomes of HR practices are context-dependent. To understand this context-dependency, we theorize that the functioning of HR practices ultimately depends on the extent to which it fits the wider institutional setting in which organizations are embedded. While the context refers to a broad set of circumstances and factors, there are theoretical reasons to assume that national cultural may be important in understanding the impact of HR practices.

### **The HR practice-culture fit**

Cultural theories provide insights into how cultural values moderate the link between HR practices and behavior and attitudes employees (Tsui, Nifadkar & Ou, 2007). The general notion of the cross-cultural perspective is that organizational practices tend to lead to positive outcomes when they are aligned with the national cultural that reflects the values of employees (Kim & Wright, 2011). Furthermore, Schuler and Rogovsky (1998) argue that consistency between HR practices and national cultural values yields more predictable behavior and creates less frustration. There seems to be a need for matching HR practices with national culture because it transmits cultural awareness and rewards desired behavior. As a result, the fit between organizational practices and cultural context results in a greater employee performance (Schuler & Rogovsky, 2009). Despite the fact that cross-cultural studies highlight the prominence to reconcile HR practices with employee's values in order to endorse positive attitudes, there is little empirical work in that direction.

This, however, raises the question, what part of national cultural may play a role in the relationship between autonomy, skills enhancement and commitment. In that regard, the framework offered by Hofstede (1985) is useful. In this framework national cultures are defined as the collective programming of the mind, which make



social groups distinct (Hofstede, 2011). National cultures are embedded in a shared knowledge and beliefs that are formed in the childhood and remain stable throughout the life course. This is relevant for organizations, since every organization is affected by these cultural factors at the national levels, thus reflecting these factors (Hofstede, Hofstede & Minkov, 2010). Hence, the cultural dimensions not only define national values, but also refer to organizational values, based on which the organizational culture is created. Hofstede (1985) explained this in terms of national values of founders of organizations, which they bring to the organization itself. As such, the structure of the company is shaped to achieve higher goals while taking into account the compatibility between national values and specific practices. In Hofstede's model, six dimensions are distinguished, namely: power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, long-term versus short-term orientation, and indulgence versus restraint. Hofstede's model is both praised and criticized. A major criticism comes from the GLOBE project ([globe.com](http://globe.com)). This organization intends to improve the measurement of national cultures. While they have generated interesting and worthwhile data, they have constructed measures for a selection of countries. Using these measures for the present analyses would mean a huge drop in the countries that could be included, hence undermining the goal of generalizing the finding of earlier studies. Therefore, this study utilizes Hofstede's measures, with acknowledging that the model is open to improvement (Beugelsdijk & Welzel, 2018).

For the present study, two of these dimensions are further explored as they are theoretically close to autonomy and skills enhancement:

- 1) The individualism – collectivism dimension, which refers to “the degree to which people in a society are integrated into groups” (Hofstede, 1985; p.11).

Individualistic cultures are being more loosely tied, whereas in collectivistic cultures members of society are tightly integrated into groups. Furthermore, the individualism dimension differentiates societies into groups based on whether they appreciate more independence (individualistic) or interdependence (collectivistic).

- 2) Power distance dimension, which is "...defined as the extent to which the less powerful members of organizations and institutions accept and expect the power is distributed unequally" (Hofstede, 1985; p. 9). In other words, the power distance indicates hierarchical power structures in a society in the authority – subordinate relationship, which is perceived as a norm in a high power distance society in contrast to a low power distance society.

Focusing on these specific dimensions follows previous studies in this field. The individualism dimension is one of the most investigated dimensions in studies on cross-national topics and is found to be relevant for organizational outcomes (Yang et al., 2012). And, whereas the power distance dimension has also been identified as significant variable in organizational environment (Fisher et al., 2005), far less is known about it. Given the results of previous studies, this paper explores the effect of national culture in terms of individualism/collectivism and power distance dimensions.

### ***Individualism***

By using HR practices, organizations aim at developing the full potential of their employees. The HR practices operate in a way to make employees able to perform their job, empower them to act and motivate them to engage (Combs et al., 2006). As

such, the investment in HR practices is aimed at creating a stimulating environment for individuals to involve and commit to their job. As it is assumed by social exchange theory, individuals engage in the relationship with an organization in order to maximize benefits that the organization provides (Newman et al., 2011). Thus, the investment in human capital made by the organization is related to a greater appreciation of implemented practices. In return to such investments, employees create psychological contract with an organization, which results in a positive organizational behavior (Newman et al., 2011; Meurs, Koster & Van Nispen tot Pannerden, 2014). The literature indicates that employees enhance higher level of commitment towards an organization when the organizational strategy reflects their expectations based on personal interests (Rode, Huang & Flynn, 2016). Given that people in individualistic cultures form their behavior and attitudes according to their personal needs and how well they are fulfilled, high-performance HR practices could be a strong predicate of increased commitment towards organization in such cultures.

On the other hand, the enactment of HPHR practices not only improve knowledge, skills and abilities needed to accomplish tasks together with both opportunities and motivation to perform, but also develop social arrangements within an organization, which accelerate communication and cooperation among employees (Combs et al., 2007). Collectivistic societies appreciate the interdependence and the feeling of belonging to a group, by creating objectives for attachment to an organization and more incentives to continue participate in it. The cooperative and open environment allows to create relational contracts among employees, resulting in higher organizational commitment (Rode et al., 2016). Based on the latter statements, HR practices could serve as a trigger for the commitment in collectivistic countries.

This means that the link between HR practices and organizational commitment can be affected by individualism in two different ways. First, by serving the personal need of employees to develop knowledge, skills and abilities to perform in a workplace successfully. In contrast, however, it may hinder the social configuration of the organization that is enhanced by applying high-performance HR practices. In line with these approaches, the following contrasting hypotheses have been formulated:

*Hypothesis 1:* The higher the level of individualism, the stronger the positive relationship between HR practices and organizational commitment is.

*Hypothesis 2:* The higher the level of collectivism, the stronger the positive relationship between HR practices and organizational commitment is.

### ***Power distance***

Another goal of HR practices is to create an empowering culture, by involvement of employees in decision-making processes or provision of discretion towards their job. As concluded by Khandelwal and Dhar (2003) commitment is enhanced when higher managerial levels empower their subordinates to act and share a common vision. This means that there seems to be overall agreement that empowering employees is a condition for organizational commitment. Involvement in decision-making activities, which is accompanied by a flat organizational structure of the company, may hence lead to positive organizational behavior and psychological attachment.

Nevertheless, this may be only the case if such organizational structures are valued. In countries with a higher power distance, this is not the case, since people value hierarchical relations, meaning that power is unequally distributed and decision-making is centralized (Hunter, Tan & Tan, 2013). Arguing from a HR-cultural fit perspective, this means that adopting HR practices aimed at autonomy and skill

enhancement in a cultural that is typified by a high power distance, the preferred outcomes are not reached (Kim & Wright, 2011). Evidentially, as high-performance HR practices enable less hierarchical power structure in the organization by blurring lines between superiors and subordinates, we expect that power distance negatively effects the link between HR practices and organizational commitment.

*H3*: The higher the level of power distance, the weaker the relationship between HR practices and organizational commitment is.

## **Method**

### ***Data***

The data for this study were taken from several sources. The *European Social Survey (ESS)* provides the individual (employee) level data for this study. The ESS is a cross-national survey, which was conducted across Europe every two years. This large-scale survey measures the attitudes, beliefs and behavior patterns of people in more than 30 nations. The survey is based on a questionnaire consisting of core and rotating sections. The core module is surveyed every two years, with additional two rotating modules, which vary each round. The ESS2 (conducted in 2004) includes the module “Family, work and wellbeing” and it contains work related questions. Country level data about *Hofstede’s national culture dimensions* are available through Hofstede et al (2010). Additionally, data measuring economic circumstances in the country is included in the analysis. The measures of it are taken from *World Development Indicators Database* (World Bank 2004), *The World Factbook* (CIA, 2004), and the *International Monetary Fund* (2004). The complete dataset encompasses 18,309 respondents from 25 European countries.

## **Measures**

*Dependent variable: organizational commitment.*

Organizational commitment is measured with a question about the respondent's intention to continue working for the same organization: "*I would turn down another job with higher pay in order to stay with this organization*". Scores of this question indicate the overall commitment to the organization without distinguishing organizational commitment into three dimensions as it conceptualized by Mayer and Allen (1991). Therefore, the measure of organizational commitment in this study does not provide us with motivational factors of why employees are staying in the organization, but rather indicates individual's overall intentions to be part of the company in the future as well as attachment to the job. The dependent variable is measured on the scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

*Independent variable: HR practices.*

The ESS survey includes several questions referring to HR practices that respondents experience in their workplace. Respondents are asked to evaluate on a scale ranging from 1 ("I have no influence") to 4 ("I have complete control") to what extent, for instance, they are *allowed to influence policy decisions about activities of organization*. On a scale from 1 ("Agree strongly") to 5 ("Disagree strongly") respondent have to indicate to what extent their work is *closely supervised* (this item is reverse-coded) and on a scale ranged from 1 ("Not at all true") to 4 ("Very true") respondents are asked to indicate to what extent it is true that *current job requires to learn new things*. Dimensions of variables representing HR practices were examined by using principal factor analysis together with varimax rotation. As table 1 shows, this results in two dimensions of HR practices. Dimensions were named *autonomy*

and *skills enhancement*. Cronbach's alpha for the autonomy dimension is 0.75 and 0.61 for skills enhancement. While the reliability of the autonomy dimension is good, the reliability is lower (but still sufficient), which is probably due to the fact that the scale consists of the minimal number of items.

[Table 1 about here]

Table 2 indicates means of raw scores measuring the use of HR practices across 25 European countries. Results on the table show that respondents from northern European countries report higher levels of autonomy, with employees working in Norway and Finland reporting the highest scores ( $m = 5.12$  and  $m = 5.07$  respectively). The lowest level of autonomy is reported by respondents from Central and Eastern Europe. Employees from Slovenia and Czech Republic report relatively low level of autonomy ( $m = 2.94$  and  $m = 3.27$  respectively) in comparison with other countries participating in the survey. In a similar manner, a level of skills enhancement is distributed across countries, with highest level of skill enhancement reported by respondents in Sweden ( $m = 3.26$ ). The lowest level of skills enhancement are found in Portugal and Turkey ( $m = 2.45$  and  $m = 2.62$ ).

*Moderation/fit variable: national culture (Hofstede's dimensions).*

The scores on dimensions of the national culture are provided by and accessible on Hofstede's analysis (Hofstede et al., 2010). Scores are measured on a scale from 0 to 100, with higher scores indicating higher individualism and higher power distance in the two dimensions accordingly. In order to explore the effect of the national culture in the conceptual model, scores on culture dimensions were incorporated into ESS

dataset by creating additional variables named “Individualism” and “Power Distance”. Scores of new variables were matched with countries in the dataset respectively. The Table 2 shows values of Individualism and Power distance in 25 countries investigated in this study. Based on scores from the table it could be noticed that European countries demonstrate a moderate variation in national cultures considering both individualism and power distance dimensions. Scores on individualism are higher in western and northern European countries, with highest level of individualism in United Kingdom (89) and the Netherlands (80). The lowest score on individualism refer to more collectivistic cultures, indicating that Ukraine is the most collectivistic (25) followed by Portugal and Slovenia (both 27). Measures of the Power distance demonstrate a considerable variation across countries as well, with highest level of power distance in Slovakia (100) and the lowest level in Austria (11).

#### *Control variables.*

Scores on organizational commitment address responses of participants at an individual level, yet it could also be affected by variables at a national level. Given that this study is an international comparative study, the context of countries needs to be taken into account. Therefore, a few contextual variables at a national level are included into the analysis as control variables. In addition to this, other control variables at an individual level are added to the analysis.

National level control variables. In order to control for differences across countries in terms of an economic situation, the level of *income inequality* is included to the analysis (measured by the Gini coefficient) as well as the level of *GDP per capita*. Another variable that could affect the level of the organizational commitment



is a *social spending* in a country (measured with the public social spending as share of GDP) and is included in a dataset.

Individual level control variables. This group of variables includes items measuring the *age* of respondents (measured in years), *gender* (0=female, 1=male) and full *years of education* completed (measured in years). Individual level variables also indicate a work environment, including items on *replaceability* (how difficult it is for employer to replace employee if he/she left, measured on a scale from 0=extremely difficult to 10 = extremely easy), *opportunities to find another job* (how difficult it is to get similar or better job with another employer, measured on a scale ranged from 0 = extremely difficult to 10 = extremely easy), *work-life balance* (how often respondents feel too tired after work to enjoy things they like to do at home, measured on a scale from 1 = always to 5 = never).

#### *Data analysis*

The data used in the research study is examined by applying a *multi-level analysis*. The dataset encompasses information at two levels – individual and national; therefore, ordinary least squares regression model cannot be applied. According to Bickel (2007), a multi-level analysis is a useful instrument for investigating nested data (in this study individuals in countries).

Models examining the effect of the national culture on a relationship between HR practices and organizational commitment include the same control variables. The analysis was conducted for Hofstede's national culture dimensions separately, in order to investigate the interaction effects more carefully. As such, these analyses are executed in consecutive steps by adding more variables in every model. A multi-level analysis is started with an empty model (Model 0) which is the basic level of analysis

based on which the changes in the fit of following models are investigated. The fit of models is measured by computing the deviance of log-likelihood. Model 1 includes control variables at both individual and national levels. In model 2 the effect of HR practices autonomy and skills enhancement on dependent variable is estimated. It is worth mentioning that Model 1 and 2 are the same for both analyses; therefore, they are presented only in Table 3a. Model 3 investigates the direct effect of Hofstede's culture dimensions on organizational commitment. Model 4 and 5 investigate interaction effects between national culture dimensions and each HR practice. Models 4a and 4b estimate the significance of interaction between skills enhancement and national culture's dimensions, whereas Models 5a and 5b investigate the effect of interaction between autonomy and culture dimensions. Adding these interaction effects are a means to show whether the fit between the individual and the national variables matter for commitment.

## **Results**

### ***Descriptive results***

The mean levels of organizational commitment per country are presented in Table 2. Table 2 shows that the overall mean of organizational commitment is 2.76, which shows that on average employees across 25 European countries are committed moderately to their organizations. The distribution of a level of the organizational commitment among countries in question shows no pattern in terms of regions. The lowest level of the organizational commitment is reported in Estonia ( $m = 2.29$ ) and Slovakia ( $m = 2.30$ ). The highest levels of committed are found in Belgium, Switzerland and Portugal ( $m = 3.09$ ).

[Table 2 about here]

### ***Results of the multi-level analyses***

Tables 3a and 3b present the results of the multi-level analysis. Table 3a demonstrates the interaction effect of individualism dimension of Hofstede's national culture, whereas Table 3b addresses the effect of power distance dimension on the relationship between HR practices and organizational commitment. Models 1 and 2 include the same variables for both analyses; as such an observed effect of control variables and HR practices is equal for multi-level analyses of both individualism and power distance dimensions. According to the baseline model there is 4 percent of variance to be explained at the national level ( $ICC=0.04$ ); thus, the variation of organizational commitment could be explained by 4 percent variation at country level variables.

Table 3a shows that in Model 1 all three national level control variables are significantly related to organizational commitment, yet only income inequality and social spending remain significant throughout the entire analysis in both cases. At the individual level, only the age of employees has a stable effect on the commitment of employees; older employees report higher level of organizational commitment. The number of years of education turns out to be significant, however the effect of it is not stable throughout the analysis, meaning that his effect depends on the specification of the model. Moreover, there are no gender differences in experience of organizational commitment among employees. Work related variables have been shown to have a strong and stable effect on organizational commitment. Employees who are able to find a job in another company and those perceiving themselves being easily replaced by their employer are less committed to the organization. On the other hand, employees' ability to balance work and life increases their commitment significantly.

Adding the HR practices autonomy and skill enhancement improves the fit of the model significantly (Deviance = 843.94,  $p < 0.01$ ). As it was expected, autonomy and skills enhancement are positively and significantly related to the level of organizational commitment. The higher intensity of HR practices in a company predicts the higher attachment to organization experienced by employees. HR practices also affect control variables in few directions. To begin with, the introduction of autonomy and skills enhancement to the analysis decreases the significance of social spending and turns the effect of GDP and years of education to non-significant, meaning that these variables are mediated by HR practices. Opposite could be observed with income inequality, which becomes more significant after HR practices are added to the model.

Models from 3a to 5a include the effects of individualism. The inclusion of individualism to the analysis does not affect organizational commitment directly. The hypothesized effect of individualism on a relationship between HR practices and organizational commitment is tested with Models 4a and 5a. The interaction effect of individualism and autonomy is reported in Model 4a. Doing so, the fit of the regression model improves (Deviance = 5.23,  $p < 0.05$ ). Furthermore, the level of individualism affects the relation between autonomy and organizational commitment. The multi-level analysis shows that individualism at a country level has no significant effect on the contribution of skills enhancement on organizational commitment (Model 4a). Based on the results of the analysis, it is concluded that in more individualistic countries, the use of autonomy in organization is related to increasing levels of commitment.

Table 3b depicts the results of the multi-level analysis with power distance dimension as a moderator of the link between HR practices and organizational

commitment. Model 3b shows that power distance has no direct effect on the level of organizational commitment. Model 4b investigates whether power distance interacts with autonomy. Adding this interaction effect improves the fit of the model significantly (Deviance = 10.72,  $p < 0.01$ ). The interaction effect is negative, meaning that the relationship between autonomy and organizational commitment is weaker as the level of power distance is higher. Model 5b shows that the power distance affects the relation between skills enhancement and organizational commitment similarly (Deviance = 8.73,  $p < 0.01$ ). The more equal a country is, the stronger the link between opportunities to enhance skills for employees are related to a higher level of commitment.

In summary, the results have the following implications for the hypotheses. Firstly, hypotheses 1 and 2 are opposing to each other. Hypothesis 1 is partly supported as it only applies to autonomy. The contrasting hypothesis, Hypothesis 2, is refuted. Hypothesis 3 is fully supported by the outcomes.

[Table 3 about here]

## **Conclusion and discussion**

This study explores the importance of the national culture for the functioning of HR practices. The main purpose of this study is to investigate whether features of national culture play a role in affecting the attitudes and behavior of employees that are strengthened by internal practices applied by organizations. Doing so, this study aims to extend prior research into cross-national differences in the relationship between HR practices and organizational commitment. National culture is defined in terms of power distance and on the continuum of individualism and collectivism as part of

Hofstede's culture concept (1985). Based on this, the research question that was formulated for this study focuses on testing whether the relationship between high-performance HR practices and organizational commitment vary across countries and whether it could be explained by Hofstede's cultural dimensions. The analysis has confirmed the general expectation that in a different cultural context utilization of identical high-performance HR practices have a dissimilar impact on employees' attitudes, more specifically, organizational commitment. However, a more in-depth investigation of the effect of national culture demonstrates that the impact of a culture is not universal.

The outcomes of the analysis investigating the effect of individualism on the relationship between HR practices and organizational commitment is somewhat different than theorized. In particular, the moderation of the individualism dimension is far weaker than may be expected. While an individualistic culture interacts with autonomy, it does less for skill enhancement. As a possible explanation for this result is that more self-concerned profiles of people in individualistic countries and their higher need for autonomous environment. Newman and colleagues (2011) explain the connection in terms of the psychological contract; employees have a psychological contract with an organization and perform more positive behavior and attitudes towards it in the presence of practices that are consistent with their personal predispositions than in the absence of such practices. The level of commitment is also found to be higher in situations when personal interests by employees are reflected by an organization's strategy (Rode et al., 2016). As such, in the context where individualism is highly valued, possibilities for employees to perform autonomously seem to increase their willingness to stay with current employer. In contrast to previously discussed results, the higher possibilities for employees to enhance their

skills lead to higher commitment regardless of the level of individualism. As it is also concluded by Hunter and colleagues (2008), seeking individual development is probably the universal trait and organizations applying these practices increase employees' decision to participate and stay in a company. As a result, cultural individualism is pertinent for commitment formation by applying HR bundles aimed to empower employees, but not in the presence of skills enhancement practices.

Regarding the results for power distance, they are more pronounced and straightforward. Cultures in which the hierarchy between superiors and subordinates is perceived as valuable relationship, implementation of the autonomy and skills enhancement practices decrease the level of organizational commitment. In such cultures, high-performance HR practices aimed at giving more power to employees in planning and coordinating their job as well as developing their work-related skills are decreasing employees' attachment to organization. Khandewal and Dhar (2003) emphasize the importance of fit between organization and individual for commitment to be built. By enforcing autonomy and skill enhancement in cultures characterized by high power distance, organizations create the frustrating situation for employees, due to mismatch between their cultural mind-set of authority and the organizational environment. As a result of possible frustration, employees develop less commitment towards organizations. It is agreed by researchers that the negative perception of organizational structures and practices is diminishing the commitment (Wu & Chaturvedi, 2009).

The overview of results presented in this study suggests that cultural features such as power distance and individualism affect organizations not at the same level. The outcome of this study indicates power distance to be more pertinent trait for the functioning of organizations. Every organization is based on some sort of power

allocation between managing coalitions and other member of an organization. Given the essence of organizations, in a broad sense, to control behavior of its members (Hofstede, 1985), the relevant dispersion of power is the key component to achieve objectives for companies. Given that every structure is based on power relationships to some extent, the fit between the nationally valued power distribution and organizational environment is necessary. On the other hand, individualism is related to societal relationships, therefore the transcendence of this value into business organizations may affect relationships among colleagues more, than commitment towards organization. Another explanation for the stronger effect of power distance could be more data related. HR practices aimed at creating autonomy and enhancing skills might be more vulnerable to moderating effect of power distribution than individualism, due to their nature and are weakened by power distance.

The present study contributes to existing literature in a few ways. To begin with, there is a lack of comparative studies in the area of HR practices and organizational commitment across different contexts. As such, this study provides more clarity on the importance of cultural context in building organizational commitment by internal practices, such as autonomy and skills enhancement. Another contribution is the scope of the study. The analysis includes respondents from 25 countries across Europe. Therefore results could be generalized in terms of application of autonomy and skills enhancement HR practices more easily since the ESS survey includes the representative samples from every country. In addition to this, the present study investigates the effect of variables at national level on individual level data in this way enriching the knowledge of importance of cultural differences in HR area.



There are a few practical implications that could be concluded based on the present study. Firstly, it is evident that in order to achieve a higher level of organizational commitment, employers should take into account the context of national culture while creating the HR strategy. More specifically, in countries where power distribution is lower the implementation of HR practices increases the likelihood to have committed employees. However, in countries where traditions of strong hierarchical relationships play a role, HR practices will not result in higher commitment; thus, HR professionals might consider the implementation of relevant single HR practices rather than bundles of autonomy or skills enhancement practices. In addition to that, it seems that HR practices aimed at empowering employees are more affected by national culture and requires more consideration before application in a workplace if the final goal of organization is to achieve employees' commitment.

Finally, it is worth mentioning that this study is not free from limitations. Firstly, the analysis is based on the cross-sectional data and cannot be interpreted in terms of causality mechanisms consequently. In order to eliminate this flaw, the future research in this area ideally should be based on data collected by using a longitudinal study. Secondly, the data in this analysis do not include the organizational level measures, for instance the financial performance of the organization or productivity. The inclusion of this data could provide better understanding of the importance of organizational commitment for companies. In order to eliminate this limitation, future researches should consider collecting data at individual, organizational and national level. Lastly, items that have been used to determine bundles of HR practices are limited in this study, due to the secondary data used in the analysis. As a result, the limited scope of HR practices is investigated in the present study, which prevents from generalizing results for boarder range of HR practices. To overcome this flaw,

the more extensive data on HR practices applied in an organization should be collected in a future research.

## References

- Beugelsdijk, S., & Welzel, C. (2018). Dimensions and dynamics of national culture: Synthesizing Hofstede with Inglehart. *Journal of Cross-Cultural Psychology, 49*(10), 1469-1505.
- Bickel, R. (2007). *Multilevel analysis for applied research: It's just regression!* New York: Guilford Press.
- Boxall, P. (2003). HR strategy and competitive advantage in the service sector. *Human Resource Management Journal, 13*(3), 5-20.
- Central Intelligence Agency (2004), *The World Factbook*. Washington: CIA.
- Chew, J., & Chan, C. C. (2008). Human resource practices, organizational commitment and intention to stay. *International Journal of Manpower, 29*(6), 503-522.
- Chordiya, R., Sabharwal, M., & Goodman, D. (2017). Affective organizational commitment and job satisfaction: A cross-national comparative study. *Public Administration, 95*(1), 178-195.
- Combs, J., Liu, Y., Hall, A., & Ketchen, D. (2006). How much do high-performance work practices matter? a meta-analysis of their effects on organizational performance. *Personnel Psychology, 59*(3), 501-528.
- Cooke, F. L., Wood, G., Wang, M., & Veen, A. (2019). How far has international HRM travelled? A systematic review of literature on multinational corporations (2000–2014). *Human Resource Management Review, 29*(1), 59-75.
- Cortina, J. M. (1993). What is coefficient alpha? An examination of theory and applications. *Journal of applied psychology, 78*(1), 98-104.
- DiMaggio, P., and Powell, W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American*

*Sociological Review* 48, 147–60.

ESS Round 2: European Social Survey Round 2 Data (2004). Data file edition 3.5.

NSD - Norwegian Centre for Research Data, Norway – Data Archive and distributor of ESS data for ESS ERIC.

Farndale, E., & Murrer, I. (2015). Job resources and employee engagement: a cross-national study. *Journal of Managerial Psychology*, 30(5), 610-626.

Fiorito, J., Bozeman, D. P., Young, A., & Meurs, J. A. (2007). Organizational commitment, human resource practices, and organizational characteristics. *Journal of Managerial Issues*, 186-207.

Fischer, R., Ferreira, M. C., Assmar, E. M. L., Redford, P., & Harb, C. (2005). Organizational behaviour across cultures theoretical and methodological issues for developing multi-level frameworks involving culture. *International Journal of Cross Cultural Management*, 5(1), 27-48.

Giauque, D., Resenterra, F., & Siggen, M. (2010). The relationship between HRM practices and organizational commitment of knowledge workers. facts obtained from Swiss SMEs. *Human Resource Development International*, 13(2), 185.

Gellatly, I. R., Hunter, K. H., Currie, L. G., & Irving, P. G. (2009). HRM practices and organizational commitment profiles. *The International Journal of Human Resource Management*, 20(4), 869-884.

Hartog, D. N., & Verburg, R. M. (2004). High performance work systems, organisational culture and firm effectiveness. *Human Resource Management Journal*, 14(1), 55-78.

Hofstede, G. (1985). The interaction between national and organizational value systems. *Journal of Management Studies*, 22(4), 347-357.

- Hofstede, G., Hofstede, G.J., & Minkov, M. (2010). *Cultures and organizations: Software of the mind*. Revised and expanded 3rd Edition. New York: McGraw-Hill.
- Hofstede, G. (2011). Dimensionalizing cultures: The Hofstede model in context. *Online Readings in Psychology and Culture*, 2(1), 8.
- Hunter, M. G., Tan, F. B., & Tan, B. C. (2008). Voluntary turnover of information systems professionals: A cross-cultural investigation. *Journal of Global Information Management*, 16(4), 46.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of management journal*, 38(3), 635-672.
- International Monetary Fund (2004). *Government Finance Statistics Manual*. Washington: IMF.
- Khandelwal, S., & Dhar, U. (2003). Locus of control and hierarchy as determinants of organizational commitment in the banking industry. In Hawaii International Conference on Business (Vol. 3).
- Kim, S., & Wright, P. M. (2011). Putting strategic human resource management in context: A contextualized model of high commitment work systems and its implications in China. *Management and Organization Review*, 7(1), 153-174.
- Koster, F. (2011). Able, willing, and knowing: The effects of HR practices on commitment and effort in 26 European countries. *The International Journal of Human Resource Management*, 22(14), 2835-2851.
- Koster F., & Wittek R. (2016). Competition and constraint: Economic globalization and human resource practices in 23 European countries. *Employee Relations*, 38(2), 286-303.

- Lambooij, M. S., Sanders, K., Koster, F., & Zwiers, M. (2006). Human resource practices and organisational performance: Can the HRM-performance linkage be explained by the cooperative behaviours of employees? *Management Revue*, 17(3), 223-240.
- Lengnick-Hall, M. L., Lengnick-Hall, C. A., Andrade, L. S., & Drake, B. (2009). Strategic human resource management: The evolution of the field. *Human Resource Management Review*, 19(2), 64-85.
- Luna-Arocas, R., & Camps, J. (2008). A model of high performance work practices and turnover intentions. *Personnel Review*, 37(1), 26-46.
- Macky, K., & Boxall, P. (2007). The relationship between 'high-performance work practices' and employee attitudes: An investigation of additive and interaction effects. *The International Journal of Human Resource Management*, 18(4), 537-567.
- Meurs, D., Koster, F., & Van Nispen tot Pannerden, P. (2014). Expectations and performance. *Journal of Positive Management*, 5(4), 50-68.
- Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human resource management review*, 1(1), 61-89.
- Muduli, A. (2015). High performance work system, HRD climate and organisational performance: An empirical study. *European Journal of Training and Development*, 39(3), 239-257.
- Newman, A., Thanacoody, R., & Hui, W. (2011). The impact of employee perceptions of training on organizational commitment and turnover intentions: A study of multinationals in the Chinese service sector. *The International Journal of Human Resource Management*, 22(8), 1765-1787.
- Paul, A. K., & Anantharaman, R. N. (2004). Influence of HRM practices on

- organizational commitment: A study among software professionals in India. *Human Resource Development Quarterly*, 15(1), 77-88.
- Pfeffer, J. (1998). Seven practices of successful organizations. *California Management Review*, 40(2), 96-124.
- Ramaprasad, B. S., Prabhu, K. N., Lakshminarayanan, S., & Pai, Y. P. (2017). Human resource management practices and organizational commitment: a comprehensive review (2001-2016). *Prabandhan: Indian Journal of Management*, 10(10), 7-23.
- Reiche, B.S., Lee, Y. T., & Quintanilla, J. (2012). Cultural perspectives on comparative HRM. In C. Brewster and W. Mayrhofer (Eds), *Handbook of research on comparative human resource management* (pp.51-68). Cheltenham: Edward Elgar.
- Rode, J. C., Huang, X., & Flynn, B. (2016). A cross-cultural examination of the relationships among human resource management practices and organisational commitment: An institutional collectivism perspective. *Human Resource Management Journal*, 26(4), 471-489.
- Schuler, R. S., & Rogovsky, N. (1998). Understanding compensation practice variations across firms: The impact of national culture. *Journal of International Business Studies*, 29(1), 159-177.
- Sun, L.Y., Aryee, S., & Law, K. S. (2007). High-performance human resource practices, citizenship behavior, and organizational performance: A relational perspective. *Academy of Management Journal*, 50(3), 558-577.
- Tsui, A. S., Nifadkar, S. S., & Ou, A. Y. (2007). Cross-national, cross-cultural organizational behavior research: Advances, gaps, and recommendations. *Journal of management*, 33(3), 426-478.

- World Bank (2004). *World Development Indicators*. Washington: The World Bank.
- Wright, P. M., & Kehoe, R. R. (2008). Human resource practices and organizational commitment: A deeper examination. *Asia Pacific Journal of Human Resources*, 46(1), 6-20.
- Wu, P. C., & Chaturvedi, S. (2009). The role of procedural justice and power distance in the relationship between high performance work systems and employee attitudes: A multilevel perspective. *Journal of Management*, 35(5), 1228-1247.
- Yang, L. Q., Spector, P. E., Sanchez, J. I., Allen, T. D., Poelmans, S., Cooper, C. L., & Antoniou, A. S. (2012). Individualism–collectivism as a moderator of the work demands–strains relationship: A cross-level and cross-national examination. *Journal of International Business Studies*, 43(4), 424-443.
- Zhang, M., Di Fan, D., & Zhu, C. J. (2014). High-performance work systems, corporate social performance and employee outcomes: Exploring the missing links. *Journal of Business Ethics*, 120(3), 423-435.



**Table 1. Factor analysis for HR practices**

<b>Item</b>	<b>1</b>	<b>2</b>
<b>Autonomy</b>		
Allowed to decide how daily work is organized	<b>0.82</b>	0.22
Allowed to choose/change pace of work	<b>0.71</b>	0.23
Allowed to influence policy decisions about activities of the organization	<b>0.81</b>	0.16
Can decide time start/finish work	<b>0.58</b>	0.13
My work is closely supervised <sup>(1)</sup>	<b>0.55</b>	-0.11
<b>Skill enhancement</b>		
Variety at work	0.23	<b>0.78</b>
Job requires learning new skills	0.13	<b>0.81</b>
Can get support/help from co-workers when needed	-0.01	<b>0.59</b>
Eigenvalue	3.04	1.28
Proportion of variance accounted for	38.00	16.08
Reliability (Cronbach's Alpha)	0.75	0.61

<sup>(1)</sup> Item was reverse-coded

**Table 2. Means of variables at country level**

	<b>Organisational Commitment</b>	<b>Autonomy</b>	<b>Skills Enhancement</b>	<b>Individualism*</b>	<b>Power Distance*</b>
Austria	2.99	4.45	2.98	55	11
Belgium	3.09	4.42	2.95	75	65
Switzerland	3.09	4.67	3.18	68	34
Czech Republic	2.33	3.27	2.85	58	57
Germany	3.04	4.32	2.89	67	35
Denmark	3.05	4.96	3.13	74	18
Estonia	2.29	3.78	2.68	60	40
Spain	2.71	4.08	2.62	51	57
Finland	2.75	5.07	3.14	63	33
France	2.70	4.74	2.92	71	68
United Kingdom	2.67	4.36	3.05	89	35
Greece	2.85	3.99	2.81	35	60
Hungary	2.83	3.29	2.77	80	46
Ireland	2.86	3.86	2.98	70	28
Iceland	2.71	4.88	3.10	60	30
Luxemburg	2.88	3.80	3.07	60	40
Netherlands	2.74	4.69	3.04	80	38
Norway	2.88	5.12	3.26	69	31
Poland	2.46	3.88	2.74	60	68
Portugal	3.09	3.67	2.45	27	63
Sweden	2.73	4.95	3.15	71	31
Slovenia	2.64	2.94	3.05	27	71
Slovakia	2.30	3.71	2.76	52	100
Turkey	2.66	3.83	2.61	37	66
Ukraine	2.53	3.66	2.70	25	92
<b>Total</b>	<b>2.76</b>	<b>4.17</b>	<b>2.91</b>	<b>60</b>	<b>48.73</b>

Employee  $n=18309$ ; country  $n=25$ 

\*measured on a scale ranged from 0 to 100, with 0 lowest value and 100 highest value

**Table 3a. Multi-level analysis for organizational commitment <sup>a</sup>**

<i>Variables</i>	<i>Model 1</i>		<i>Model 2</i>		<i>Model 3a</i>		<i>Model 4a</i>		<i>Model 5a</i>	
	$\beta$	<i>SE</i>	$\beta$	<i>SE</i>	$\beta$	<i>SE</i>	$\beta$	<i>SE</i>	$\beta$	<i>SE</i>
<i>C X</i> Autonomy							0.01**	0.01		
<i>C X</i> Skills									0.02	0.03
Individualism (IC) <i>HR practices</i>					-0.37	0.24	-0.35	0.24	-0.37	0.24
Autonomy			0.01***	0.00	0.01***	0.00	0.01***	0.00	0.01***	0.00
Skills Enhancement			0.10***	0.00	0.10***	0.00	0.10***	0.00	0.10***	0.00
<i>National level</i>										
Income inequality	0.02**	0.01	0.03***	0.01	0.03**	0.01	0.03**	0.01	0.03**	0.01
GDP per capita	0.17*	0.08	0.08	0.08	0.14	0.09	0.14	0.09	0.14	0.09
Social spending	0.02**	0.01	0.02*	0.01	0.02**	0.01	0.02**	0.01	0.02**	0.01
<i>Personal level</i>										
Age	0.01***	0.00	0.01***	0.00	0.01***	0.00	0.01***	0.00	0.01***	0.00
Gender <sup>c</sup>	0.02	0.02	-0.00	0.02	-0.00	0.02	-0.00	0.02	-0.00	0.02
Education	0.02***	0.00	-0.00	0.00	-0.00	0.00	-0.00	0.00	-0.00	0.00
<i>Work level</i>										
Opportunities to find another job	-0.01**	0.00	-0.01***	0.00	-0.01***	0.00	-0.01***	0.00	-0.01***	0.00
Replaceability	-0.02***	0.00	-0.01***	0.00	-0.01***	0.00	-0.01***	0.00	-0.01***	0.00
Work-life balance	0.13***	0.01	0.12***	0.01	0.12***	0.01	0.12***	0.01	0.12***	0.01
Intercept	0.78	0.86	1.75**	0.86	1.11	0.91	1.11	0.91	1.11	0.92
Deviance	3594.79***		843.94***		2.29		5.23**		0.57	
CC	0.02		0.02		0.02		0.02		0.02	

<sup>a</sup> Multi-level analysis includes only Individualism dimension of national culture<sup>b</sup> Empty model: Intercept = 2.76\*\*\*(0.01); -2 Log Likelihood = 59,015.18; Intraclass Correlation Coefficient = 0.04.<sup>c</sup> Gender is a dummy variable with meanings 1-Male, 0-Female

\*p&lt;0.1; \*\*p&lt;0.05; \*\*\*p&lt;0.01

**Table 3b. Multi-level analysis for organizational commitment <sup>a</sup>**

Variables	<i>Model 3b</i>		<i>Model 4b</i>		<i>Model 5b</i>	
	$\beta$	<i>SE</i>	$\beta$	<i>SE</i>	$\beta$	<i>SE</i>
PD X Autonomy			-0.02***	0.01		
PD X Skills					-0.06***	0.02
Power Distance (PD)	-0.08	0.23	-0.07	0.23	-0.08	0.23
<i>HR practices</i>						
Autonomy	0.01***	0.00	0.01***	0.00	0.01***	0.00
Skills Enhancement	0.10***	0.00	0.10***	0.00	0.10***	0.00
<i>National level</i>						
Income inequality	0.03***	0.01	0.03***	0.01	0.03***	0.01
GDP per capita	0.06	0.11	0.06	0.11	0.06	0.11
Social spending	0.02*	0.01	0.02*	0.01	0.02*	0.01
<i>Personal level</i>						
Age	0.01***	0.00	0.01***	0.00	0.01***	0.00
Gender <sup>c</sup>	-0.00	0.02	-0.00	0.02	-0.01	0.02
Education	-0.00*	0.00	-0.00*	0.00	-0.00	0.00
<i>Work level</i>						
Opportunities to find another job	-0.01***	0.00	-0.01***	0.00	-0.01***	0.00
Replaceability	-0.01***	0.00	-0.01***	0.00	-0.01***	0.00
Work-life balance	0.12***	0.01	0.12***	0.01	0.12***	0.01
Intercept	1.99*	1.12	1.952	1.12	1.95*	1.12
Deviance		0.107		10.72***		8.73***
ICC		0.02		0.02		0.02

<sup>a</sup> Multi-level analysis includes only Power distance dimension of national culture; Model 1 and Model 2 of the analysis are presented in Table 3a.

<sup>b</sup> Empty model: Intercept = 2.76\*\*\*(0.05); -2 Log Likelihood = 59,015.18; Intraclass Correlation Coefficient = 0.04.

<sup>c</sup> Gender is a dummy variable with meanings 1-Male, 0-Female

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01