

## **Abstract**

Literature relating to business culture focuses on a regional view rather than a situational one. Business habits are considered to be driven by local culture. The researcher was motivated to question this assumption by considering the attitudes of business managers in starkly different environments but similar business constraints. Does a mid-sized business in USA think very differently from a mid-sized business in a developing country? Are the process and human resource management orientations similar or different? Developing countries are rife with low infrastructure capability, lack of government support and competitive market while developed countries can lobby for support in their bid to capture large markets. A democratic business owner in a fundamental environment will bow down to local needs at the time of recruitment but allow freedom within the workplace for ideas to flow. By the same token, a highly democratic country may have businesses that demand blind faith in the management among the employees.

The researcher proceeded to conduct a survey of similar sized firms operating in USA and Iran. One country stands for freedom of expression while the other is known for religious fundamental beliefs. A survey of managers was carried out in a bid to understand attitudes with respect to strategy, communication, technology and human resource management. The finding was that while local culture creates a certain competitive environment, the running of business is determined by the belief system of the business owner and manager style of functioning.

The business management style of open communication and employee engagement in business purpose was universally experienced, more so in Iran than America. The use of technology in developing countries is much lower than in the developed countries. Concepts of mutual loyalty and obedience run high in Iran whereas while obedience is on demand in America, mutual loyalty is not experienced.

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The Iranian style of business flows from religious tenets relating to treatment of people unlike in America. Business need determines the extent of communication in both the countries.

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## **Differences in techniques of HR in developed and underdeveloped countries**

### **Introduction**

The world is moving from local to global. The advent of superior technology to support communication, transport and process integration has led to the capability of businesses to widen their markets. Businesses that seek to consider international markets must be aware of the different business cultures in untapped markets and the cultures that affect management practices and success. The relevance of understanding the differences pertaining to the management of talent lies in the importance of human energy to implement strategic activity. This document will consider three stages of economic development – underdeveloped, developing and developed and focus on the practices pertaining to the two extremes of development. The document further clarifies the understanding from the literature review by carrying out a survey of a few local companies –based in US and Iran. The United States of America represents developed culture due to the amalgamation of cultures it represents. Iran, on the other hand, is a hard-line Islamic country that displays the uneven growth typical of underdeveloped economies.

### **Business boundaries and implications**

As local business opportunities stagnate, firms start to explore international opportunities and prepare appropriate strategies. The increasingly blurred boundaries between countries involved in business have had its effect on the way businesses are managed and factors that affect survival. Kvint (2009, p.177) suggests that companies from any type of country must understand the 'level of economic development and business condition... quality of banking institutions, general investment climate and the standard of living of potential employees, counterparts and consumers' before venturing into business with new countries. Cox, Clegg and Ietto-Gillies (1993, p. 52-53) chronicle the events that led to the diversification of the Imperial Bank of Iran,

'the regulatory and political conditions... deteriorated rapidly'. The stagnating business in Iran necessitated the move to look for external markets. The diversification into the Middle Eastern countries paralleled the discovery of oil and turned the fortunes of the bank around.

Hoskisson (2008, p. 232-235) relates the importance of capital in supporting international diversification. An attitude towards innovativeness allows the firm to reach international markets with competitive products. The author takes the example of Russia's political instability during the transformation to democracy and the impact on the business environment.

Decentralised political control and frequent changes in policies created chaos for many...Russian leaders took action such as prosecuting powerful private firm executives seeking to gain state control of firm assets and not approving some foreign acquisitions of Russian businesses.

Although the current leadership has attempted to assuage foreign investors, the environment of government corruption, weak legal regulations and suspect tax collection norms has made investment an unattractive proposition.

The political conditions had a bearing on business conditions as communist countries chose to shift towards participative approaches. Tayeb (2005, p. 48) elucidates how different countries managed this transition. Worker participation in management decisions was accepted though in differing degrees with China and Russia following a limited course to that of Yugoslavia where worker-directors displayed the extent of acceptance of the newly emphasised style of work. The new approach encompassed a new view of workforce management practices.

Kanter (1985, p. 324) further recognises the effect of changes in one industrial sector on dependent industries. The fuel crisis of 1979 paved the way for the acceptance of GM's new small car design in the US market that had shown a marked preference for larger cars.

The economic risk according to the author is dependent on factors concerning the safety of intellectual property of the firm and the country's capacity to curb insurgency. Foreign direct investments are hard to attract when the country's internal laws do not safeguard the intellectual property of the firm, as in Russia. Insurgency in countries like Indonesia create a difficulty in the ability to effectively manage terrorist attacks and have been the cause of the inability to attract necessary foreign investments for economic growth as opposed to China and India that have been more successful.

Shelley (2004, p. 12-14) brings up the challenges of doing business in the African continent. It is not viable for a company to attempt to make a foray into a single country on the continent in the hope of capturing the potential of a billion customers. Countries may form blocs but 'the problem is that any real pan-African common market is likely to be dominated by South Africa, something none of the other countries are very comfortable with.' Economically, African countries represent the poorest in the world. The GDP is low and businesses and banks are teetering on bankruptcy. The absence of good governance has made the countries receive attention for the disrepair and obvious stashing away of public wealth into private coffers. Most of Africa has been teeming with strife. The refugee situation is a major challenge for 'absorption and relocation'. Ghista (2004, p. 99) laments the prevalence of corruption linked with political and corporate heads in underdeveloped countries.

Johnston (2000, p. 845) warns against the dependence created by developed countries with the practice of 'unequal exchange' – a situation caused by 'exchanging goods at prices above their value' to countries with poor production capabilities and large populations of unorganised labour. The importing country depends on the developed country's goods and is unable to develop indigenous technology skills.

The effort to tap unexplored markets is fraught with uncertainty depending on the stability of the political and economic environment. The tendency to depend on imports without focusing on indigenous capability intensifies the underlying economic difficulty of the underdeveloped country. Organisations that seek to compete at an international level must possess the capability to view the effect of a nation's prevalent condition and weight the ability to implement strategic initiatives in the market.

### **Globalisation- cause and effect**

Gangopadhyay and Chatterji (2005, p. 287-289) believe that the current wave of globalisation has followed the previous waves that brought about industrialisation in Europe and resulted from a 'large income gap and a consequent de-industrialisation in the North and industrialisation in the South.' The current wave of industrialisation was made possible due to the upping of technology and foreign investments, the Internet explosion and the 'liberalisation of the telecommunications system'. Budzinski (2008, p. 11) highlights the effects of globalisation on world trade from 1982 to 2003. The World Gross Domestic Product has increased 3 times over the last two decades while FDI has gone up 28 times. This is an outcome of an overall increase in cross-border economic activity and reflects the interdependence between economies of different types.

McCarthy (1994, p. 100) explains that foreign investment in underdeveloped economy is beneficial to all parties. Employment is generated and new technology is introduced to a large part of the local population. The earlier trend of foreign investment was known to divest the land of its resources and leave it fallow. The current trend is towards investment in technology.

The convergence of cultures at the international workplace makes the case for considering the suitability of talent management practices. The work cultures of different countries are affected by a variety of factors pertaining to the technological advancement of the nation and the beliefs of the working population. Changing workforce demographics place pressure on the internal

management practices of corporations to enforce rules and practices pertaining to cultural sensitivity and management of bias. The opening up of the telecommunications sector has opened up lines of communication between nations and increased the need for understanding different languages and accents.

### **Problem statement**

This research is a non-experimental survey that explores the assumptions regarding the effect of culture on the management of human resources. Reams have been written while considering nation-states as a whole and cultures have been seen to impact large masses of the population in the same way. Information obtained in this study will provide an insight due to comparisons between similar setups in divergent cultural backgrounds. The views of managerial staff of developed and underdeveloped countries have been explored with respect to the management of talent resources available within the company. The intent of strategic human resource management practices is to garner the support of the latent intelligence available within the corporate towards larger business goals. This appears to be a universally acceptable norm. The final objective of the organisation is to employ its resources towards sustainable growth and profit objectives.

The study examines the human resource management practices in different work cultures and considers the attitudes that underlie them. A number of factors can impact the view towards human resource management. Size of business, the availability of alternate talent resources in the market, the capability to compete, the personal belief systems of the leaders of the organisations and the beliefs of the managers responsible for the subordinate groups have differing impacts on the management of human resources. The economic state of the country has an impact on the way business is conducted. The differences in infrastructure development, talent availability, regulatory control and support are external factors that impact the efficiency of business. These factors have a direct impact on the internal attitude towards survival and

management of business and human resources. The development of strategy whether formally conducted or otherwise is common to all business. The notion of strategic human resource management by aligning the larger organisation structure to the goals laid out varies across companies. Strategy may be communicated by speech or action, alignment may occur with intent or by happenstance. Local businesses are chosen since these represent the companies that have survived in challenging environments and dynamic business circumstances of developed and underdeveloped countries.

The base on which the researchers have worked is that despite the presence of abundant literature that points to the presence of different cultures that prevail in the business environment, the primary business objectives are profit and survival. In this scenario, businesses will respond to situations on the basis of their stage in the business life cycle, individual strength at the local and international levels and latent capabilities that will override the cultural profiles of their nations.

### **Research objective**

The objective of the research is highlight the sameness or differences of business managers from diverse cultures in similar business situations.

### **Research question**

Do cultural nuances related to the economic development or belief systems of the country affect these processes?

Does culture supersede business needs with respect to talent management?

Are manager's views about their relationship with the workplace and its people markedly different in the two cultures?

## **Scope of Research**

The subject under consideration is vast due to the presence of cultures present in groups and sub-groups. The variations of the levels of economic development and the business dynamics presented in each industry is an aspect that needs further understanding and is not covered in this research. Business and industry life cycles affect the views of business heads and managers about the capability to compete effectively. The qualitative dimension of the research contains a variety of factors that shape cultures and business function and consequently, talent management in these contexts. The quantitative dimension attempts to provide a view of the managerial grasp of talent mechanisms and processes that are considered to be universally applicable and the individual realities of supposed cultures.

## **Literature review**

Nardini (2001, p. 56) has theorised that a depression is the base for the 'evolution of economy'. As investments cease to provide the expected return, the investments are held back from the sector and increase the availability of 'loanable funds'. At a point in the depression, the demand starts to increase again either due to government interventions or due to external demand for the goods of the sector. This is explanatory of the move towards internationalisation.

Kvint (2009, p. 177) suggests that developed countries that are looking to tap international markets or workforces should create a classification system for a better understanding of the conditions prevalent in a country. Governments should know

which countries would benefit most and are prepared for liberalised trade regulations and freer movement of labour, resources and capital; and which countries are capable of collaborating on anti-monopoly and money laundering regulations

## State of the economy

The state of economies varies on the basis of resource availability and the capacity to tap resources. Under-developed economies and developed economies lie at the ends of a spectrum with different levels of development in between. Doole and Lowe (2008, p. 148) refer to the difference in levels of infrastructure development and government support as the main factors that determine a company's capability to thrive in developed and under-developed economies.

The indicators of an under-developed economy are low per capita income, dependence on agriculture for livelihood, absence of new technology, low literacy levels, manufacturing is unsophisticated and minor, low capital formation and high degree of poverty (Ghista, 2004, p. 24). Dinham and Hines (1984, p. 43) point out the importance of underdeveloped countries as potential markets due to the saturation reached in industrialised markets.

Developing countries represent the business potential of the developed countries since they constitute the buyer and manufacturer for the developed economy (Budhwar & Debra, 2004, p. 4). Hoskisson, et al., (2000) highlight emerging economies as 'low-income, rapid growth countries using economic liberalisation as their primary engine of growth.'

Tayeb (2005, p. 48) clarifies that differences based on the economic conditions of developed countries shape the attitude of the management and the government towards the workforce. The protection of workers is of particular importance in socially-oriented developed countries. Developing countries face issues of poverty, economic stagnation, large family dependencies and the absence of a structure to support the poor in crises.

The developed countries have technology and the availability of an international workforce as the base for the gains from increased productivity that accrue with globalisation (Vance and Paik, 2006, p. 65). Labini (2001, p. 96) believes that labour intensive activity in developed economies display higher productivity despite the movement of labour from agricultural activity

towards higher paying jobs. The reduced labour supply is managed by increased wages and greater dependence on technologically superior methods of cultivation.

### **Business support**

Modern business demands the availability of infrastructure within the nation to support its activities. Galliers and Leidner (2003, p. 174-175) find that developed countries are easily able to provide the necessary software and face issues relating to 'data resource management, strategic planning for MIS and organisational learning' whereas underdeveloped countries struggle to provide basic hardware and software requirements. 'The government policies and belief system have an impact on the IT readiness of a nation.' The US has a high infrastructure capacity as opposed to countries like Eastern Europe and Russia where the government imposes 'restrictive policies'. Government involvement in ensuring rapid technology growth is seen in Taiwan, Singapore and South Korea. The technological readiness of underdeveloped countries is exacerbated by the absence of government initiative and support. Adaptation to new technology is carried out with the aid of training interventions while the prevalent practices remain unchanged.

The infrastructure of a nation is another indicator of the level of business support capability. Grimsey and Lewis (2007, p. 29-30) observe that the traditional mode of public sector undertaking infrastructure creation and management is increasingly making way for joint effort from the public and private sector. This has reduced the burden on the government budgets and shifted the paradigm of taxpayer bearing the costs of infrastructure to users bearing the costs. In return, the private infrastructure providers are liable to provide quality and efficiency.

Kamel (2006, p. 16) warns against the tendency found in underdeveloped economies, that of incomplete IT/ IS development that fails to provide the expected service and earns a bad reputation for services emanating from the country.

## Workforce demographics

Vance and Paik (2006, p. 64) highlight the fact that the recent trend towards globalisation has led to the transfer of labour intensive jobs to the underdeveloped economies where labour is abundant and cheap.

Price (2007, p. 142) points to the main trends of the developed country workforce. The population is stable or reducing and the ageing populations are increasingly replaced by immigrants. The initial population growth due to reduced infant mortality will be followed by a phase of increased growth birth control mechanisms that lead to population stabilisation. Over time, the reducing availability of suitable working populations will lead to 'developed world decline in importance, in line with their reduced working population.'

Underdeveloped economies have seen a variety of changes to the workforce. Zwass (1995, p. 66) describes the changes in Russia with the introduction of 'perestroika'. Workers were put in charge of production and elected their leader. The workers were able to drive an increase in wages but national product reduced. The economy did not undergo a beneficial change.

Ljungqvist (Mookherjee & Ray, 2001, p. 138) explains that an

underdeveloped country is characterised by a high ratio of unskilled workers in the labour force, a small stock of physical capital, a low gross national product, a high rate of return on human capital and a corresponding large wage differential between skilled and unskilled workers.

Developed countries have a relatively higher degree of healthcare and a growing population in the industrialised sector. The labour force in the underdeveloped economy agricultural sector has seen a steady decline though there is an increase in population. The urbanised areas of the underdeveloped world have seen the growth of the service sector without the availability of sufficient employment opportunities for the available population. Labour productivity is low.

Natural resources are limited and prices are very high (Warnock, 1987, p. 310). Gandossy and Verma (2006, p. 75) observe that social norms regarding feminine work are changing and three-fourths of the female population is gainfully employed across the world. Minority groups and ethnic groups in the workforce have increased dramatically.

The working populations of the developed and underdeveloped economies are different because of national and local factors and are changing due to changing cultures.

Developed economies face changes in the workforce with the population aging and an increased flow of women, minority ethnic groups and a decline in the availability of educated and skilled labour. Current business management practices are seen as reducing in relevance for the changing workforce. Skilled labour has demand at a global level though the larger unskilled workforce is dependent on specific skills obtained from employment and faces low demand in the global and local employment market.

### **Fundamental differences between developed and underdeveloped economies**

Mookherjee and Ray (2001, p. 138) explain dualism, that is the 'co-existence of a modern industrial sector and a backward agricultural sector' is special to the condition of the underdeveloped economies. The differences in wages for various levels of education and skill vary more widely in the underdeveloped economy than in the developed world.

Palley (2000, p. 166) enumerates the differences between developed and underdeveloped countries when conducting business.

Developed economies have unlimited access to international finance, so that financing imports from underdeveloped countries is not problematic. The same is not true of underdeveloped countries whose low levels of wealth, high levels of debt and generally lower standing within international financial markets limit their ability to finance purchases from developed countries.

Szirmai (2005, p. 82-83) refers to Gerschenkron's assertion that late developing economies have the advantages of being able to direct growth towards targeted sectors unlike developed economies that underwent spurts of growth that witnessed unprecedented social turmoil and massive shifts in cultural beliefs.

In addition to the shortage of capital, lies the issue of high labour availability in the underdeveloped economies while developed economies have the opposite situation and find the shifting of labour-intensive production facilities to these locations a profitable solution. The effect of this is to reduce the demand and thereby the earning potential for labour in the developed countries. The author argues that the reduced wage load for many translates into higher profit for a few in the corporate structure.

Underdeveloped economies possess large populations of low skilled labour that has no access to basic education and is used for rudimentary activities. The development of this workforce poses a challenge to the country since the increasing economic divide poses an increasing law and order situation that may threaten the sanctity of business operations and the attractiveness of the location for international business opportunities.

Developed economies possess the wherewithal to tackle economic differences by the provision of state support and equal opportunities.

### **Industrial development**

Mountjoy (2007, p. 81-83) explains the difference between the industrial development of countries like Britain as opposed to developing economies like India. Industrial development in Britain occurred in a

bumbling, haphazard way... and took some eighty years over it... The earliest industrial countries had virtually no rivals: they were first in the field and their gains were great and... cumulative.

The author opines that with the speed of knowledge transfer and technical knowhow, the gestation period for developing countries need not be as long as it was for the developed countries. The developing countries of today have a large young workforce available for utilising the increasing technological development of the country and maintaining a steady supply of labour to the increasing demand for it. The presence of a large part of the young population in the unemployed category makes the management of the group difficult since necessary training is a capital intensive activity.

### **Technological advancement and innovation**

Labini (2001, p. 98) cites Colin Clark's regarding the development of sectors in the sequence of agriculture industry and service as a sign of economic development and explains this as an outcome of innovation. Advanced transport systems in advanced countries are at a stage of innovation in underdeveloped countries.

Vance and Paik (2006, p. 63) highlight the presence of technological advancement in highly industrialised countries becoming the reason for super-specialisation at a national level. Low labour supply and increasing union-related issues have led to 'many manufacturing jobs have packed up and left in search of lower wages and decreased problems with labour unions.' This has led to the under-skilled workforce being rendered unemployed and forced to accept lower paying jobs.

Sachs and MacArthur stress the fact that economic advantage lies with the countries that focus on technological innovations and move to the market first (Bai & Yuen, 2002, p. 158-160).

Thomke and von Hippel (2002) report a study that demonstrates how companies compete to satisfy the customer. The prohibitive costs associated with and the absence of an assured market for, the efforts research and development teams have led to changed strategies.

Companies now provide customers with options to choose from and prepare the products suited

to personal preferences. These innovative approaches help companies stay ahead of the competition.

Internet Technology is the differentiator between countries, opine Reinert, et al., (2009, p. 631). 'The gap is due to differing literacy and technical skills and the gap in availability of useful digital content.'

Kanter (2006) cautions against the view that breakthrough innovation is on an upswing. The world has seen the drive to innovation without a parallel focus on customer needs landing face down before the opportunity for making a mark in the consumer's mind. The main reason was the focus on generating high profits and the use of technology. The current trend towards innovations is being tempered by an understanding of customer needs and creating solutions to cater to these needs.

Countries that possess the necessary level of technological knowledge and infrastructure are better able to partner with outsourcing companies. The capacity to innovate is dependent on the capacity to educate the workforce in development of skills.

### **The effects of business between developed and underdeveloped countries**

Business cycles are universal phenomena. Labini (2001, p. 113-117) explains the process of cyclical growth in the developed countries as being driven by international demand and the prices of raw material. An increase in price of raw material reflects on the price of the finished product though the sequence does not follow in the case a price reduction. In the case of underdeveloped countries, especially those that supply the raw material, the marketplace is competitive with strong buyer cliques from the advanced countries and the absence of infrastructure to store the material and national policies to subsidise price fluctuations within the home country leads to a highly competitive environment. The underdeveloped countries import the finished product and depending on the width of diverse raw material availability are able to

benefit from the changing price situation. The reduction in raw material prices however, has a negative impact on the fortunes of the underdeveloped countries that have low diversity in raw materials for supply.

Hedvig Borrrson discusses the development of the practice of countertrade that has come about with the increased trade relations between countries. The reason for this development varies from 'shortage of currencies and other financial problems, trade barriers of industrialised countries, difficulties in expansion of markets and a need to involve exporters in development projects.' This practice has an impact on the business organisations that are part of the countertrade agreement. '...mutual processes within the relationships between organisations will be affected.' In such cases, the organisations must have the capacity to manage complex negotiations and 'adapt to each other's values and needs, based on cultural and social backgrounds, becomes crucial.' The companies must possess resources to enable this form of contract (Forsgren & Johanson, 1992, p. 100-111).

### **Competition between developed and underdeveloped countries**

Developing countries are undergoing a change, observe Khanna and Palepu (2006). 'Waves of liberalisation have all but washed away protectionist barriers' and many business houses in the underdeveloped economy have developed their capability to become world class organisations. Local companies know their way around the institutions and have the capacity to raise finances from the public on the strength of their brand reputation. Thereby, they have an edge over foreign competitors who grapple with the intricacies of doing business in these countries.

Bremmer (2005) refers to the dangers of corporations from developed countries doing business in developing countries without a keen eye on the political environment and the attitude of the government's leadership. Political changes that are visible or covert have an immediate impact on the bottom line. The close connection between economies is exemplified by the example of

the September 11 attacks on America and the impact of their counter-offensive on different parts of the world.

The absence of support allows for the permeation of alternate routes that involves the use of local networks. This is available to local players while outsiders grapple with the situation of managing in the absence of the bare essentials for doing business.

### **The aspect of culture**

Legal regulations, cultural norms and beliefs affect strategy implementation and the management of the people responsible for making businesses effective. Culture is a term that refers to the global ways human societies differ from one another' (Williams, et al., 1998, p. 5). Hofstede (2005, p. 3) views culture as 'the source of one's mental programs (that) lie within the social environments in which one grew up and collected one's life experiences.' Developed countries according to Hofstede's (2005, p. 172) study display a higher degree of uncertainty avoidance by choosing to reduce ambiguity and look for 'structure in their organisations, institutions, and relationships that makes events clearly interpretable and predictable. In contrast, it may be an inference that underdeveloped countries are familiar with ambiguity and feel no fear or uncertainty when faced with situations that do not possess a clear route. Culture is considered to be a phenomenon particular to nations.

Hofstede (2005, p. 283) explains that organizations with

strong cultures... arouse positive feelings in some people... The attitude towards strong organisational cultures is partly affected by national culture elements... The culture of IBM Corporation was depicted with horror by... a French social psychologist... French society as compared to US society is characterized by a greater dependence of the average citizen on hierarchy and on rules.'

The cultural differences between countries of the developed kind are in evidence above. The cultures and business practices prevalent in organisations from the developed and underdeveloped countries are dependent on the phase of growth in each country and the type of industry. Industries in the manufacturing sector have been in presence in most countries the world over. The practices and processes are set and undergo change on a need basis. The need arises as a result of major changes that affect the industry. Seliktar (2000, p. 76) refers to the failed attempt by the US in Iran due to the 'lack of trust; the 'bazaar' mentality of excessive short-term profiting and low productivity...widespread corruption... self-serving manipulation' rampant in the host country.

Labini (2001, p. 52-53) posits on the prevalence of two types of cultures: humanistic and scientific. Humanistic cultures are highly developed in the area of arts while the scientific cultures are 'founded on experiments and presupposes laboratories... supporting structures that require significant economic development.' People from underdeveloped countries possess an 'inferior scientific culture, which negatively conditions economic growth, by limiting the capacity to innovate.' Budhwar and Debrah (2004, p. 131) offer the belief that the percolation of foreign investment into and the opening up of markets of underdeveloped countries like Iran create the environment necessary for openness to contemporary management thought and practice.

Albrecht (2001, p. 32) believes that cultures of countries and their people may be considered 'monochronic' with its emphasis on 'compartmentalisation' and 'polychronic' that are all-encompassing.

The notion of a national culture is argued against by Myers and Tan (Tan, 2003, p. 24). 'Nation-states do not have a common basis in race, culture and language.' Kamoche (2004, p. 169) refers the creation of the nation of Libya by the 'three provinces of Tripolitania, Fezzan and

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Cyrenaica were amalgamated.' The country is not an 'Arab indigenous state' because of its history. This example furthers the case put forth by the authors.

There are a variety of views pertaining to cultures and the presence of sub-cultures that affect the working of business. The nature industry, global scope and applicability and market dynamism are forces that further affect the capacity for survival in the global scenario.

### **Culture and competition**

Porter (2008, p. 171) emphasises the importance of culture with respect to competition by stating

The basis of competition has shifted more and more to the creation and assimilation of knowledge, the role of the nation has grown. Competitive advantage is created and sustained through a highly localised process. Differences in national values, culture, economic structures, institutions and histories all contribute to competitive success.

Adekola and Sergi (2007, p. 204) refer to the impact of culture on the competitive environment within organisations. Clothing may be treated as a telling sign of success in fashion conscious countries like Italy whereas Canada sticks to conservative clothing.

The concept of competition varies from appearing powerful with clothing to possessing a skill or academic qualification that edges out other players. Some cultures are averse to an open show of competitive spirit while others believe in its necessity. The desire to outdo others may be universal whereas the manifest behaviours are an outcome of individual culture.

### **Culture and technology**

Adekola and Sergi (2007, p. 204) believe that technology level of work environments in different countries and speed of work accomplishment are affected by culture.

Adekola and Sergi (2007, p.211) highlight three distinct cultures and their attitudes towards technology. 'Control cultures' like Europe and North America view technology is viewed as an effective means of controlling the environment. 'Subjugation' cultures like Central Africa tend to view technology with 'skepticism'. 'Harmonisation cultures' like Native America accept the place of technology as a part of the environment. Interactions between these three cultures are often based on cultural assumptions of inherent superiority and affect the manner in which the business environment is perceived.

### **Culture and strategic management**

Strategic management as a concept has come into some doubt. Mankins and Steele (2005) write about a situation in which a company had spent valuable resources in designing its strategic intent and drilling it down into objectives for individuals to achieve. At the end of the performance period, the company's performance was nowhere near the anticipated mark. In the course of discussions related to achievement of objectives, there was a doubt about the strength of the original strategic statement that had been utilised as the foundation for drawing up objectives.

Analysis of the environment and internal capabilities are the essence of strategic management. Cultural differences are the key determinant to the perception of and reaction to threats to the business. 'Japanese managers are more likely than their American counterparts to interpret issues as threats and restrict information scanning and sharing' (Rugman, 2002, p. 76).

Thompson (1993, p. 81) points out that the culture of the organisation may promote managerial learning by independent action and accept errors as part of the learning process while another may focus all efforts towards customer satisfaction and this will in turn impact the route of strategic action.

An understanding of the environment is dependent on the context of the business. In the presence of a much larger power, there may be a feeling of fear whereas some other countries may appear to be equals. These perceptions have their basis in history, notions about other countries and cultural habits about managing uncertainty. Cultures may react to the uncertain through infighting or reduced communication or strategising to tackle the competition. The greater diversity within a nation leads to myriad types of reactions that confuse external nations.

### **The use of resources**

Maddison (2006, p.17) argues about the need for the rich countries to get richer on the grounds of this providing a greater push for trade, technological developments and overall welfare.

Resource allocation is a result of forces in the external environment. The imperialist view held that underdeveloped countries should be the providers of raw materials for processing by the developed powers. The political processes were designed to support this system. (Menziez, 1977, p. 140)

Olsen and Landsberg (1975, p. 221) maintain that this is an untenable stand in the long run since it would 'retard economic growth' of the underdeveloped nations. 'It is difficult to imagine the underdeveloped nations agreeing to large sacrifices for the sake of the rest of the world...'

Porter (2008, p. 334) maintains that certain locations provide certain specific competitive advantages to the parent company. Honda's investment in US has led to high returns.

Companies may prefer to outsource design work to countries like Italy where the capabilities are highly developed or production work to countries where skilled labour is available in abundance.

Khanna, Palepu & Sinha (2005) have warned that multinational companies that are wary of expanding into emerging markets risk losing out on huge market potential. The 'institutional voids' that help safeguard the interests of the parent company have caused companies that have entered without sufficient understanding to flounder with adapting strategy with the

environment. They have found that local players are better able to adapt to the lack of support because of their search for alternative methods to go ahead.

firms that take the trouble to understand the institutional differences between countries are likely to choose the best markets to enter, select optimal strategies, and make the most out of operating in emerging markets.

### **Commonalities between developed and underdeveloped countries**

Organisations have similar practices worldwide. Work is divided in a bureaucratic setup.

Organisation structures are laid down. However, some aspects like psychometric tests or occupational tests are designed with a specific cultural setup in mind and are not universally useful (McCourt & Eldridge, 2003, p. 11).

The ability to maintain processes that are central to the business appears to be led by the home country as the example of McDonald's brings out. Briscoe and Schuler (2004, p. 130) describe the local changes that were made to the McDonald's in locations like Korea, Austria and Germany. Yet, the customer experience of quality, timely service, hygiene and the identity of the brand are retained globally.

### **Development and underdevelopment**

Cowen and Shenton (1996, p. 90-92) comment on Furtado's economic theory while describing the underdeveloped economy, an economy in which, 'capital, however fully utilised, could not absorb 'the working force of labour' which was displaced from the archaic... sector of the economy when capital entered the 'developed' sector where advanced technology predominated.

### **Cultural differences and HRM Practices**

Adekola and Sergi (2007, p. 204) point out how the promotion of an individual in a team can lead to a morale drop in Japan and a morale increase in US since it displays the possibilities that come with performance.

## **The case for human resource management**

Hendry (1995, p. 4) brings out the idea that human resource management covers

employment practices ... combine together to reinforce one another... reward systems, the way promotions are made, who gets trained and why, all have effects on motivation and say something about what kind of organisation it is and what behaviours it wants to promote... This philosophy emphasises securing employee commitment and motivation... characterised by high-trust relations, with scope for employees to exert influence.

McCourt defines HRM as 'the way an organisation manages its staff and helps them to develop' (McCourt & Eldridge, 2003, p. 2).

The increased diversity in the workplace leads to 'the possibility of stereotyping and discrimination... managing diversity becomes more important.' (Hunt, 2004, P. 61) Another important focus of HRM is the gender bias with respect to female colleagues that see reduced opportunities for growth at the workplace (Burke & Mattis, 2005, p. 38).

Butler and Park (2005, p. 14) see scope for superior HR activities in impacting workplace safety by enhancing employee participation and management focus on the issue. Decisions to improve safety measures are facilitated by a two way communication process.

The prime focus for the function lies in aiding skill development for diverse deployment opportunities and the definition of career path possibilities apart from ensuring equitable pay. (Paauwe, 2004, p. 28)

International business growth leads to the need for expatriation of employees from the parent country to a host country. A period of training and understanding the culture of the new country is essential to aid better adjustment. Companies must avoid making the assumption that expatriates will learn their way around once they reach the new location. Expatriate training

must emphasise workplace behaviours and personal value systems at work outside of the corporate environment (Parhizgar, 2002, p. 364).

### **Human Resource Management**

Traditionally, human resource management has dealt with the administration of processes relating to human talent. The largely local workforce has given way to a mixed bag of cultures and methods of managing human talent. Stahl and Bjorkmann (2006, p. 71-77) refer to the literature pertaining to the traditional view that Human Resource Management practices would over a matter of time converge to include the best practices and observes that this view was largely propounded by theorists in the US. The authors believe that the 'high performance work systems' propagated by the US Department of Labour are contrary to the experiences of other countries. Cultural acceptance of processes that advocate the monitoring of attitude and work performance varies from one country to another.

McCourt (McCourt & Eldridge, 2003, p. 2) argues against the notion that 'HRM 'good practice'' are universally relevant.

Huber and Glick (1995, p. 297) highlight the importance of facilitating organisational learning as a means to understand and adjust to changing business environments. Organisations that are designed to allow two-way information flow to 'reflect cultural values and economic perspectives of top management'. This is of particular relevance in a multinational corporation.

### **Development of HRM thought**

McCourt (McCourt & Eldridge, 2003, p. 21-26) chronicle the change in the concept of human resource management from routine administration to negotiation and to contemporary thoughts related to strategic management. The administrative aspects of HR were relevant at a time when bureaucracy and defined hierarchies and job structures made the task of managing the workforce relatively easy. Individuals were slotted into jobs and business was stable and predictable. Negotiation as a part of human resource management gained importance with

improvements in industrialisation and an increase in distrust and acerbic relations between the management and workers. The negotiator was expected to manage this relationship while representing the management. The authors cite a study by Taylor that brought out the presence of the routine administration HR model as prevalent in governments offices in Tanzania, Kenya and Zimbabwe. The negotiating HR manager may be found in countries with a culture of trade unionism like South Africa. The strategic HR model propounded by the authors refers to the 'view that organisations exist to achieve a purpose which they pursue with a single-mindedness that...'

Armstrong (2003, p. 105) defines strategic HRM as

An approach to making decisions on the intentions and plans of the organisation concerning the employment relationship and its recruitment, training, development, performance management, reward and employee relations strategies, policies and practices.

Strategic HRM is viewed as being a senior management responsibility towards planning a 'coherent strategy towards the management of human resources'. The operational aspects are in the purview of 'the middle and junior levels' of management. (Clark, 1993, p. 4)

Strategic HRM aims to utilise the capabilities of the workforce towards a unified goal. It works on the view that talent should be suitably applied to get the desired business results while ensuring employee satisfaction with work conditions. Holbeche (2001, p. 13) adds to this view with the observation that SHRM has a 'focus on implementing strategic change and growing the skill base of the organisation to ensure that the organisation can compete effectively in the future.' The necessary ingredients for an effective Strategic HRM process are the learning processes to facilitate future strategy development and adaptation to changes in the business environment.

Ready and Conger (2007) reiterate the role of talent development in providing company's the competitive edge to stay in the marketplace. They believe that companies that create 'talent factories' have the right mix of 'functionality and vitality' to fill key positions as and when the need arises.

Storey (2007, p. 79-80) foresees a risk to the study of human resource management claiming to be a strategic function in the absence of a 'robust analytical framework'. Terms like knowledge management have not been proven on grounds of efficacy in gearing the business up for change. The author suggests that some part of the responsibilities can as well be transferred to departments like marketing for managing the communications and the HR department relegated to the purely administrative practices of yore.

Ivancevich (2004, p. 48) recognises the role of the leader in laying the ground for effective HRM practices. Functional specialists provide the framework to carry out effective talent management processes, individual team heads determine the importance laid on the processes and the extent of motivation and advocacy that the framework derives. Hamm (2006) adds to this thought with the five areas that leaders must commit to communicate on, 'organisational structure and hierarchy, financial results, the leader's sense of his or her job, time management and corporate culture.' All too often, the author finds leaders getting by with platitudes of intent that are left for audiences to decipher and a failure to commit on areas that employees deem necessary and are directly concerned with.

Harrison and Shirom (1999, p. 222) comment on the need for the HR model of companies to change and support variations in the business model. Human resource processes must alter appropriately to support the changing business structure in case of a shift from functional structuring to diversified operations. Administrative functions, performance management systems and processes must be re-aligned to remain relevant in the changed setup.

Mabey, Skinner and Clark (1998, p. 22) cite the stakeholder theory to impress upon the relevance of HRM practices. The management of the interests of the employee stakeholders must be the responsibility of a group that owes allegiance to it. The focus of the business head is on satisfying the shareholders and tends to reduce the necessary attention of the workforce that enables the company to compete in the market.

### **Convergence or divergence**

The interdependence between the two types of economies – developed and underdeveloped - and the trend towards globalisation have led to a mixing of cultures without the necessary development of HRM practices to cater to the requirements of the people that represent the cultures. Levitt (1983) had put forth the thought that global forces pushed companies towards production of standardised goods without catering to individual consumer preferences. The author opined that technology was a global binding force creating a ‘converging commonality.’ This would be the end of multinational corporations that created products to suit local needs and made way for the global corporation with its focus on standardisation across borders.

Extending this thought to human resource management would have entailed the application of existing practices to a changing workforce. Multinational giants like Bayer and Siemens have strong HRM practices that are applicable globally regardless of the individual cultures of the country of operation.

The real world market has not responded as predicted by Levitt. de Mooij (2009, p. 8-13) places an argument that the changes that occur are at a ‘macro-level... at micro-level there is little convergence. The author explains this with the analogy that the relationship between different generations will see patterns of change over a period of time; this is true at a macro level.

However, the individual relationships will vary widely.

Countries in Europe have converged for the total number of passenger cars per 1000 population but the distribution across populations, numbers owned per household, or type of car owned diverge...In Latin America... the rich in each country have more in common with the rich across borders than with their poorer compatriots, but middle income people differ from one country to another in the use of their discretionary income.

Hofstede (2005, p. 350) adds to this view by demonstrating that culture dictated customer preferences within markets but there was no cultural convergence between markets and nations. 'In masculine cultures husband and wife each wanted their own car; in equally wealthy feminine cultures they more often shared a car.'

An application of the convergence-divergence theory to HRM practice is attempted by McCourt and Eldridge (2003, p. 43-45) who cite Warner's finding that HRM practices are neither converging nor diverging within or between countries but there are 'numerous instances of individual practices converging. Examples include flexibility in Chinese firms, performance appraisal in Japan, use of temporary employees in Singapore...' The cultural differences with respect to seniority continued to remain without a sign of convergence or divergence. The authors refer to Nepal as a location where 'fighting against favouritism is a priority.' In the face of such diversity the universal HRM practices come under question. Mabey and Lees (2007, p. 179) quote studies that demonstrate how the spread of multinationals bring about the spread of global practices and reduce the strength of prevalent cultural norms towards business.

### **Business practices - US**

America has been touted for its technological advancements, research and development capability, innovativeness and large scale expansion throughout the world. These along with its food and raw material export capacity have made the country a leading power in international markets (Lawrence & Edwards, 2000, p. 18).

Poole (1999, p. 71) makes a reference to the factors that affect human resource policies. 'Market pressures' dictate the extent of utilisation of labour while the presence of a union impacts the extent of flexibility in labour utilisation and the 'government regulations' can have a direct effect on the policies and implementation.

Bratton & Gold (2001, p. 74-75) quote the academic view that America's superpower status now stands challenged by European powers and Pacific Rim countries. This has led to increased globalisation and the free flow of capital across borders. Government regulations have allowed for the inflow of talent and the possibility of global outsourcing.

Klienberg observes that American managers expect limits and decision making authority of their roles to be defined clearly. The designation that is provided must correlate with the responsibility and defined pay levels. The limitations of the job define the limits of action and the manager is likely to unfavourably view the expectation to look beyond the limits of the work (Weinshall, 1993, p. 362).

American corporations have been successful at adopting management techniques from other countries to improve internal process efficiencies. The adoption of these techniques has helped shape the expectations of worker groups (Wood, 1989, p. 212). The preferred leadership style in American corporate life is 'authentic'. Goffee and Jones (2005) warn against the tendency to act authentic and the failure to 'invest himself... in leadership behaviours.' The fear of being cheated in the wake of the many corporate scams and scandals has created a sense of disbelief unless the leader personally walks the talk. Doh (2006, p. 42) refers to the loss of faith in corporate leadership as the cause behind the increased focus on ethical issues both in management schools and firms. The interest towards ethical concerns has come due to 'leadership legitimacy' coming under the scanner.

George (2003, p. 18) recommends that a person may aim to be an authentic leader if there is a genuine desire to serve a cause through their leadership capabilities. The qualities of authentic leadership include a keen 'understanding of purpose, practising solid values, leading with heart, establishing connected relationships, (and) demonstrating self-discipline.'

Schaffer, Agusti and Earle (2008, p. 155) warn against the American style of negotiating contracts. The approach to business contracts is 'aggressive, adversarial...view contracting as a win-lose proposition... pride in having driven the hardest bargain.' This attitude works to the disadvantage of the second party signing the contract.

### **HR Management in US**

Noe (2004, p. 454) contends that an effective HRM policy for companies in the US to follow will consider the security concerns raised by the attacks of September 11, 2001. The country has taken a stand of reducing immigration possibilities and thereby put pressure on local companies to look elsewhere for people to recruit. Recruitment of talent for assignments into different cultures involves satisfying criteria pertaining to competency, new country language skills, understanding of cultural nuances in behaviour and family support for the move.

Pieper (1990, p. 8-9) observed that the reducing quality of education in US has led to an increasing population of graduates who have barely learnt basic skills through their years in school. Companies do little to provide broad-based technical skills. The human resource management practitioner is free to follow hire and fire policies that would be considered illegal in many developed countries of the world. Dowling, et al., (2008, p. 58) point out that the recruitment in the USA tends to be 'short-term, individualistic' as compared to practices in other parts of the developing world. The country displays a strong belief in training and career development for managing talent. (Child, et al., 2003, p. 169)

## Management in Iran

Leung and White (2004, p. 33) comment on the cultural perception of good leadership in Iran being based on the leader being 'familial, humble and faithful'. Schyns and Meindl (2005, p. 231) add to this finding with the observation that 'interpersonal relationship is the cornerstone of the concept of leadership in Iran.' The acceptance of charismatic leadership that goes beyond the boundaries of the existing system is seen in this culture. 'Personal charisma is the power relation of command and obedience' based on the mutual belief in the superior powers of the leader (Weiner & Banuazizi, 1994, p. 102).

Bamberg (2000, p. 68-74) chronicles the forces that affected British Petroleum's business foray into Iran as a part of the expansionist drive. The business model was centralised and integrated with regional reporting to specialist functions in the home country. The structure was changed to allow for the movement of expatriates to Iran and provide home grown talent to the country's oil exploration. The business was to be directly involved in operations and workforce relations in Iran until the nationalisation of operations. The scope of involvement changed from operational to managerial. Managerial and niche technological talent was scarce internally since expatriates in Iran had been reassigned and externally since the business was facing an upswing in many corporations leading to high demand. Internal policies and practices were refined to allow the recruitment of married women, the upping of talent among women and provision of more challenging assignments to female staff. The British Empire was losing control over its many subordinate countries the world over and was fast losing the reputation of being on the decline. British Petroleum found the image extended to itself as it lost out on oil production and started losing control in the international expansions it had undertaken.

Ali (2005, p. 179) refers to Hofstede's claim that 'management problems remain the same over time, but their solutions have differed from society to society.' The traditional form of society 'might borrow Western technique and frameworks, but molds them to fit its needs.' The author

refutes as insufficient the observation of Inzerilli and Laurent that 'superior-subordinate relationships are defined as personal.' The author believes that 'In the Islamic culture, most of the relationships at the workplace are personal, but equality among people remains the hallmark of organisational and societal culture.'

Budhwar and Debra (2004, p. 131) draw attention to the low success of American management techniques in Iran. Iranian management practices are a product of the 'sheltered market' that are devoid of exposure to international practices.

Practices such as participative decision making, quality circles, total quality management and multi-skilled teamwork presuppose... a willingness to participate in group decision making and decision implementing and a strong commitment to the workplace... assume a certain degree of confidence and trust in employees and willingness to delegate authority to team members.

The authors contrast this with the experience of Japan where American concepts like total quality management and quality circles were easily adopted because of the commitment of employees to organisational goals.

People tend to stay with the same organisation for a long time. Johnson (2002, p. 28) believes that the culture of uncertainty avoidance in Iran is behind the incidence of people having long employment tenure with the same organisation.

'Social groups and their norms and aspirations have immediate influence on economic activities' (Ali, 2009, p. 48). The author explains that the presence of varied Islamic sects and sub-sects in the region can make corporate effort challenging.

Politically, Iranian leaders utilise anti-Western rhetoric though there is a conscious effort to adopt Western management practices (Suwaidi, 1996, p. 348). Suder (2006, p. 92) attempts to

describe Iran's place in the present geopolitical context – it is a part of the Muslim world yet manages to stay away from the regional fights. US have tried to pressurise Iran into avoiding trade with other countries. The Muslim countries are wary of a strike by the US on Iran. Contemporary Iran is isolated from the regional conflicts in the Muslim regions and has managed to enter deals with India and Turkey in a bid to escape the 'isolationist tactics' of US. Iran is struggling to diversify its export offerings to reduce its economic dependence on oil.

### **HRM Iran**

Ali, Abbas (2005, p. 197-198) refers to human resource management practices as prescribed by religious leaders and the bureaucratic procedures required to follow the methods. Performance evaluations are carried out with focus on three important factors: 'religious consideration, personal relationships and bureaucratic tendencies.' Religion dictates that people cannot be removed from their jobs - kindness and justice be used in the treatment of people. If a person has found underperforming without bad intent, the religious view is that it be pardoned. Personal relationships cause the managers to consider the effects of a negative performance rating on grounds of the reactions of relatives, neighbours and friends of the individual. The evaluation procedure may call for specific guidelines and procedures to be followed. If a manager is to consider an 'exit strategy for' an employee, it will be documented and filed as per process requirements but never implemented. The employee may or may not be informed of the action. Najafbagy (1970, p. 208) refers to the importance of loyalty in the Iranian context. A letter of employment is offered only after an oath of loyalty is signed by the candidate.

Mohammad Beheshti (Mohammadi, 2003, p. 149-160) elucidates that the course of human resource development through education and training has been grossly inadequate to support the economic growth requirements of Iran. The author laments that Iran 'always imitated other countries' development models and therefore could not attain any substantial achievements of its own.' Iran's indigenous industry does not provide adequate employment to the population.

Industrialisation has occurred with the development of the service sector. Literacy rates have been on the decline.

Weinshall (1993, p. 2) corroborates this view with the observation that the growth of multinationals in Iran has resulted in stagnation in the areas of science and technology. Bacon, Redman, Wilkinson and Snell (2009, p. 399) comment that the focus on work performance is secondary to 'ideological orientation and personal trust and loyalty.' This attitude is a direct result of the Iranian revolution. O'Sullivan (2009, p. 107) believes that the suspicion that Iranians foster among their own kind is a result of the tumultuous history of the country. The dynamic and increasingly stringent legal regulations have the effect of making managers more wary about the recruitment of human resources into firms.

Harris, Brewster and Sparrow (2003, p. 85) focus on the preference for recruiting 'family and friends' in order to get the benefit of trusted employees and reduce the costs associated with formal recruitment channels.

## **Research Methodology**

The philosophies of research methodology may follow two paths – positivism and interpretivism.

Watson (2003, p. 14) describes positivism as that ‘method which uses quantitative methods’.

Kolalowski defines positivism as an approach that allows the researcher ‘to record only that which is actually manifested in experience’ (MacKenzie, 1977, p. 29).

‘Interpretivism... centres in people’s ways of interpreting/ making sense of reality... tend to be generated from data’ (Tones & Green, 2004, p. 310).

The methodology adopted for this exercise has been to derive data based on individual realities and draw inferences from the information generated. The researchers were constrained in the search for data since the chosen locations and types of businesses covered would have entailed extensive travel. The researchers depended on data that was provided in a survey form and drew inferences on the basis of the form and any further information that the respondent chose to provide by way of email or subjective inclusions in the form.

A questionnaire containing a set of statements corresponding to certain parameters was used as the mode of data collection from primary sources. Brace (2008, p. 30) describes a variety of web-based questionnaire techniques ranging from mails with separate attachments or URLs or an invitation to visit a site to respond to the questionnaire. The researchers used the method of contacting US based managers through the e-mail with a URL that could be clicked to reach them directly to the webpage containing the questionnaire. The managers in Iran were administered a paper pencil questionnaire in the presence of a local person who was able to provide assistance to the researchers by clarifying statements that may have appeared ambiguous to the respondents. Bryman and Bell (2007, p. 246) warn against ‘self-completion questionnaires’ of the kind used by the researchers due to the low likelihood of responses by

targeted groups. This was however, contrary to the experience of the researchers since the subject of the survey generated interest among many respondents and there was interest in knowing the findings about the extent of differences and similarities found between managers of the two countries.

Kumar (2005, p.130-131) highlights the lower expenses and time involved in the questionnaire method. Personal interviews involve the help of individuals who will go amid the respondents and take interviews to support the responses provided in the questionnaire. There is a possibility of personal understanding and bias that comes between the transmission of accurate information pertaining to the interview and the actual information shared at the interview. The extent of population coverage in the interview method is much lower than the coverage possibility with the questionnaires. Data can be collected, collected and analysed due to the unambiguous format of responses in the questionnaire whereas the subjective responses of the interview method are more time consuming and less accurate.

Research theory makes reference to inductive and deductive approaches to research. Inductive research starts with the process of data collection and 'uses the data to identify regularities or themes' (Hayes, 2000, p. 789). The deductive approach goes by the mode of 'hypothesis testing after which the principle is confirmed refuted or modified' (Gray, 2009, p. 14).

The researchers have utilised the inductive approach by formulating surveys and collecting responses to a series of statements and drawing inferences from the collected information and making conclusions about the feelings and intent behind the form by utilising additional information from the survey respondents. This method was considered suitable due to the complex of hypotheses to be checked to validate the width of the subject under consideration would have made the research effort time consuming with no increased validity.

Research methodology involved the use of both primary and secondary sources of data. The primary source of data was gathered by way of an internet survey that was undertaken to explore the differences in the perceptions of the working managers of two distinct economic and cultural setups. Multinational companies were avoided due to the cosmopolitan culture that would allow different management thoughts to permeate into work situations across boundaries. The companies represented in the survey are from diverse industries and were selected on the basis of size and local operation. The survey avoids reference to knowledge management processes that form part of strategic human resource management processes on the premise that medium sized organisations are less likely to adopt these processes in both the countries. The survey was limited to companies with a workforce size of 500 or less to ensure that effective comparisons were done. The companies were selected on the basis of the employee profile being largely local. This was done to gather the cultural impact on the managerial staff with limited access to global practices being implemented within the workplace. Directories available in the US were checked for possible companies that fitted the criteria. The companies were approached for allowing their middle and lower levels of management to fill a short questionnaire that would take less than five minutes of their working time. A few companies preferred that the employees fill the questionnaire on their personal time – a choice that the employees did not seem interested in. From an original shortlist of 50 companies, the survey team was able to garner acceptance from 22. Of the potential number of 482 respondent population, 328 forms were filled and submitted online.

Surveying managers in the local Iran context was a different ball game. The presence of an internet survey was treated with a degree of distrust. Personal contacts were utilised and participation in the survey was allowed by 12 companies. Paper forms consisting of the questions were sent to the companies by the contact and filled in the presence of the contact person. The companies were adept in the use of computer technology and had access to

internet resources to fill the survey forms. However, personal visits aided the process to be completed within the stipulated time. The experience was smooth with managers occasionally asking for direct transliteration of the statements for better understanding. Of the potential respondent size of 135, 124 forms were filled and returned.

The questionnaire was designed to provide 15 statements that could be answered with a 2-point rating scale that allowed either a Yes or No to reduce the scope for ambiguity. Analysis was conducted on the basis of these responses and respondent location to form a view of the different practices in evidence. The form was vetted internally by checking it with different ethnic groups to nullify the scope for misunderstanding. There was an opinion that the force fitment failed to elicit the correct picture. However, the survey was intended to provide little scope for degrees to avoid the possibility of 'middling' scores. The purpose of the survey was shared by way of mails to the American respondents and photocopied notes for the Iranian group. The respondents who answered on the internet were encouraged to provide their perspective via email contact or chat to enable a better understanding of the responses.

### **Purpose of the survey**

The purpose of the survey is to understand whether local organisations in the developed and under-developed countries share common or divergent views regarding organisational management. The underlying assumption was that the cultures of the two countries would lead to divergent views on the parameters covered by the survey.

The questions covered the areas of loyalty versus competence, use of technology, importance of defined job scope and personal involvement in business decisions.

### **Limitations of the research**

The survey questions were validated with a group of students who represented Iran but were not likely to represent its culture due to the cosmopolitan exposure that the students had.

The questionnaires possessed limited scope for respondents to elucidate their responses and provide insights into their thoughts.

Some questions were left unanswered and the researchers had limited to scope for more information from the silent respondents.

Limited level of detail available provides scope for further research with indicative findings but does not provide conclusive answers.

The research does not differentiate between industries on the basis of stage of life cycle. Ability to compete and understand the dynamics of business realities is affected by the maturity of the business.

Managers were considered on the basis of designation rather than job scope and allowed for a wide mix of experience, perspective and view of business.

The use of the questionnaire methodology has inherent limitations of lack of detailed opinion of the respondent.

### **Research validity and reliability**

The process of vetting the questionnaire to ensure universal understanding of the statements utilised was the route for ascertaining reliability of the instrument and thereby of the research.

Field trials of the instrument were conducted and checked for understanding with each of the trial respondents to ensure this. On the subject of validity, Kirk and Miller (1986, p. 21) explain that it refers to 'the degree to which the finding is interpreted in a correct way.' While reliability of the instrument has been checked for, there is a limit to the check for validity. The subject considers the impact of different views on HRM on account of differences in the development of the economy. In order to highlight each economy accurately, only local companies were identified for the research exercise to enable representation of attitudes that would have been

missing in a more cosmopolitan population. These steps worked to further improve the reliability and validity of the research undertaken.

### Demographic profile of respondents

The demographic profile of the respondents from the two countries is provided below:

	American Managers N – 22	Iranian Managers N – 12
Ratio of males to females	64:36	73:27
Total population covered	328	124
Age group	26-50	35-54
Average Tenure in Years	5	12

### Findings, Discussion and Analysis

#### Statements

*I am aware of the overall purpose of the business.*

Iranian Managers		American Managers	
Yes	No	Yes	No
94%	6%	73%	18%

#### Communication of strategy

Human resource management refers to the processes towards managing human effort during the tenure in the organisation. Strategic human resource management is the alignment of human activity towards business objectives. Communication of purpose and alignment of organisation structure and the design of job roles are parallel exercises towards aiding the talent groups to work towards common goals. The purpose of the survey was to understand the extent

of of the respondent group of the leadership in the two contexts. The parameter 'communication of strategy' had three statements pertaining to it and elicited the following responses:

6% of the Iranian managers provided a response of No whereas 18% of the American managers returned this response. What could be the reason for this? The respondent group that had provided this response were identified and asked, "Are you aware of the purpose of the business that you are in?" The group that had responded negatively were intuitively aware of the larger business purpose but expected to receive a formal communication of this. The group in Iran was asked, "Have you received a formal communication about the overall business purpose?" there had never been a formal verbal or written communication yet, there was a perception of awareness of the business purpose. Personal expectations may be considered to be a product of corporate culture and drive the presence of a feeling of involvement or lack of it towards the larger objectives.

*I have formally agreed to my role in achieving the business objective.*

Iranian Managers		American Managers	
Yes	No	Yes	No
12%	85%	65%	33%

A formal agreement is an accepted norm in the American context. Organisations enter into employment contracts with new employees and provide communication about the projected performance and expectations for a specified period. Despite this, it appears that companies miss the opportunity to garner consent for the devised objectives that have been set. This would involve a two-way communication process and clarify the individual roles of each player in the firm. Iranian managers accept the absence of a communication process regarding the organisational objectives. Their acceptance of role is tacit.

*My objectives for this year are clear to me.*

Iranian Managers		American Managers	
Yes	No	Yes	No
73%	27%	82%	18%

Despite the absence of a formal communication process in Iran and a complete communication process in America, both Iranian and American managers display clarity about their objectives for the period. A few of the American managers were asked to clarify this and the explanation was that there was an overall awareness of what their jobs entailed and this was sufficient to carry them along.

This brought up a vital question, is the presence of a formal two way communication process regarding overall objectives necessary? The manner in which organisations arrive at strategy is often uncertain and prone to change. Smaller companies in USA that are covered in the survey prefer to maintain some ambiguity about their objectives since they grapple with a great deal of uncertainty in the market and must be able to adapt to changing environmental situations.

Iranian firms look to make profits. This is clear to the employee base and forms the foundation of all business transactions for the companies. The notion of having to communicate a larger business objective may be seen as frivolous and obfuscating.

### **Alignment of effort to strategic intent**

Companies follow a variety of processes to gain support and acceptance from the workforce towards strategic objectives. The organisation structure, job descriptions and contractual agreements may be changed to allow for the added support required by the strategic objectives.

The connection between organisation achievements, career enhancement and rewards are revised and clarified. The parameter 'Alignment of effort to strategic intent' had six statements pertaining to it and elicited the following responses:

*I am aware of the importance of my role to the business*

Iranian Managers		American Managers	
Yes	No	Yes	No
94%		63%	37%

Contrary to the belief that communication of linkages between strategic objectives and individual performance would clarify personal positions in the American context, the information here provides a contrary picture. An email communication received by a few of the American managers revealed that some companies had made an attempt to translate business objectives into department and individual action statements. The process had led to a sense of confusion among many.

The Iranian managers work on a rudimentary understanding of the business processes and know by experience what is expected of them. The American managers have on the other hand gone through a strategy communication process that has failed to clarify how their own achievements will help the business.

*If the business achieves its objectives, individual achievements and efforts will be noticed.*

Iranian Managers		American Managers	
Yes	No	Yes	No
23%		54%	34%

This statement seemed to yield ambiguous responses despite the clarity of the statement. The contact person was repeatedly questioned about the relevance of this statement. The workforce felt that the expectation was alien to the work culture. The business head would provide for the workforce and this was the norm. There were no clear expectations of reward linked to business achievement. The Americans on their part seemed to be dissatisfied with the original strategy communication and its drill down to individual objectives and this statement further brought home the ineffective linkages.

*Clear job descriptions allow for higher efficiency.*

Iranian Managers		American Managers	
Yes	No	Yes	No
36%		59%	38%

This was again a vague concept to the Iranian managers who worked as department functionaries and willingly provided their support as per the requests of their superiors. The belief in job descriptions that specify scope of authority and responsibility allows for limited freedom. This is a situation that American culture purportedly appreciates. Some managers however wrote in that the job descriptions were sufficient when the business environment was static. In the presence of dynamic environments, the job description makes it difficult for managers to demand or request greater flexibility in viewing the job. This led to managers having to pitch in to do tasks that needed to have been done by subordinate staff.

*My opinion on work issues is considered.*

Iranian Managers		American Managers	
Yes	No	Yes	No
	84%	88%	10%

Iranian managers are expected to provide service, carry out tasks and activities that is required of them. Opinions may be provided by equals. The respondents felt this statement was not relevant to their working style. American managers are free to express their views on work related issues. Proactive thought, free speech and the flow of ideas were the terms used to describe business interactions within the firm.

*I am involved in business related decisions.*

Iranian Managers	American Managers
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<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
	<b>24%</b>	<b>84%</b>	<b>16%</b>

The American managers accept that there is a limitation to the extent of their involvement in the business as related to their roles. Further communication revealed an expectation of higher involvement that was often not met because of the speed with which decisions were taken and action demanded. The ability to respond to market situations took precedence over the stated norms of internal communication. The managers affirmed a belief that internal communication and the process of gaining internal acceptance was likely to hinder the speed of action and increase the internal turmoil that resulted from views that were not taken. Though it was 'nice to be involved' it was not feasible. The involvement was then limited to a communication or directive from the business heads to the managers that informed and required their feedback on likely process issues that could hinder the effective implementation of the decisions. The involvement was directed towards greater efficiency rather than as a means to garner views and greater acceptance.

The Iranian managers on their part do not have an expectation to be a part of the business decisions. The representative was questioned about the inclusion of the statement since it seemed to be at odds with the purpose of doing business. A large number of managers stated their belief that obedience of subordinates was the necessary route to implement decisions effectively and wanted to know how it was possible for businesses to act if managerial opinions were taken before appropriate action.

Despite the differences in culture, democratic America acted in a manner similar to that of authoritarian Iran. Business expediency was more important than expectations based on cultural demand. The process oriented business culture of the West has yet to percolate to the business and profit oriented developing countries.

*I do what I am told.*

Iranian Managers		American Managers	
Yes	No	Yes	No
86%		65%	26%

Iranian managers accept the role of obedience to a business head. They are assigned responsibility to face business situations and are expected to carry them out faithfully. The interesting part was that despite being involved in business decisions, a majority of Americans believed that they did the same. Obedience to the higher business requirements is common to both cultures though the processes exercised to achieve them differ.

#### **Attitudes towards human resources**

Strategic human resource management calls for specific attitudes towards employees and must be considered alongside latent views regarding talent management. The route that suits a work culture may be treated as sufficient since it comes with a mix of attitudes towards employees, beliefs about business and the reality surrounding the business setting.

*Loyalty is important; competence can be developed.*

Iranian Managers		American Managers	
Yes	No	Yes	No
92%	7%	53%	42%

The near unequivocal response on the part of the Iranian managers was no surprise. Loyalty to religious group, ideology and employer has been documented in literature. The American response evoked interest. The survey team sent out a mail seeking a clarification on this point. The responses showed that managers prefer to tap the sense of loyalty of employees to college and institute classmates, buddies from different social groups and ex-colleagues when a

vacancy arose in the system. There was also a feeling that when people were asked to go, the last ones to enter the system should be systematically weeded out since they would be lowest on the learning curve.

*Recruitment of known people is more important than displayed capability.*

Iranian Managers		American Managers	
Yes	No	Yes	No
97%		88%	10%

The managers of both countries provided a similar view on this. The American view may have been further fuelled by the desire to prevent jobs from going to lower wage demanding minority workers. The managers explained that as soon as a vacancy arose, they quickly sent information to their friends' network to check for the possibility of their interest in joining the workplace.

*Loyalty must be proved with obedience.*

Iranian Managers		American Managers	
Yes	No	Yes	No
64%	5%	54%	32%

Groups of Iranian managers from the same organisation refrained from answering this question and refused to elucidate on this point. A larger portion of the American managers believed in this. This view is note-worthy with respect to the treatment meted out to employees who have a reputation of whistle blowing. Further employment opportunities are more difficult to come by with this incident in the career. The American managers explained the rationale that there were times that the organisations required employees to carry out legitimate work without the necessity of their concurrence on the subject. The unwillingness to carry out such demands was met with strong reactions that could lead to dismissal.

*If business need arises, people may be asked to go.*

Iranian Managers		American Managers	
Yes	No	Yes	No
2%	87%	85%	10%

The strength of the Iranian response affirmed the literature readings regarding the religious views with respect to removing employees on grounds apart from ill-intent. American managers have experienced this situation in the course of work and are aware of their own situation. They elucidated that there was a constant threat of being replaced by cheaper labour although the trend seems to be reducing now.

*I have undergone regular training at the workplace to up my skills*

Iranian Managers		American Managers	
Yes	No	Yes	No
14%	53%	74%	25%

In Iran, the concept of training is largely on-the-job. People aid others to learn the ropes and experience is valued. Newcomers may be left to observe or ask their way around, thereby initiating the learning process. The American context displays that training is imparted to a majority of the respondent group although the literature suggests that western organisations place high value on the training function, some companies do not feel this way. The managers elucidated, however, that they were explained the job functions and the way to go about specific work processes. They did not seem to view this as training which would require a formal setting away from the workplace. When the research team explained that training could be of any type, not necessarily in a formal classroom setting, the managers replied that their request for specific skills training had yet to gain acceptance.

*I provide regular training inputs to my subordinates.*

Iranian Managers		American Managers	
Yes	No	Yes	No
53%		74%	19%

The muted response of the Iranian managers had little to do with the presence of actual training imparted. When they were asked the processes of inducting newcomers in the job, adaptation to new processes at work, they responded that they did in fact spend time communicating and ensuring proper process. There was however a lack of awareness that the processes they undertook constituted training. This is similar to the view shared by the American managers regarding the earlier statement. Training is often viewed to be different from the ongoing processes at the workplace.

#### **Use of technology for effective human resource management**

*Integrated technology helps us manage talent effectively.*

Iranian Managers		American Managers	
Yes	No	Yes	No
18%	71%	85%	5%

Technology usage varies from rudimentary use of computers to that of sophisticated integrated applications for regular processes. The smaller size of the American companies has not deterred the use of technology to conduct effective processes to manage performance. The Iranian managers on their part utilise computers to enter and store data from paper appraisal forms.

*Technology ensures that rewards are provided on time.*

Iranian Managers		American Managers	
Yes	No	Yes	No

<b>3%</b>	<b>95%</b>	<b>87%</b>	<b>13%</b>
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The Iranian managers do not place a high value on the importance of technology in areas related to human resource management. A large part of the effort is manual and transferred to technology for basic calculation efficiency and documentation. There are departments devoted to carrying out these HR processes. American managers utilise internally developed or purchased software suited to the business scale for carrying out appraisals and reward processes. The packages are integrated and allow for automated appraisal data transfer to a reward system. The pre-planned reward policies are setup in the package and allow for quick data retrieval and access by relevant personnel. This allows for reduced manpower to manage the talent related processes.

*Technology speeds up the recruitment effort by offering quick shortlists.*

<b>Iranian Managers</b>		<b>American Managers</b>	
<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
<b>1%</b>	<b>48%</b>	<b>44%</b>	<b>7%</b>

Iranian managers were openly critical of the use of technology for the purpose of recruitment. The important attributes of individuals are not possible to be divined on the strength of keywords and job descriptions. The cultural leaning that demands religious indoctrination for being considered fit for recruitment is missed by automated recruitment processes. The presence of a preference to consider known people with specific attributes for employment in the company outweighs the need for automated efficiency. American managers on the other hand demand the use of specific keywords that can stand out in shortlist filters and quicken the speed of candidate shortlist.

The Iranian workforce is no stranger to the use of technology. However, the acceptance of technology in human resource management in small and medium sized companies is limited. The acceptance of the use of technology increases with exposure to the possibilities – an aspect that comes about when multinationals enter the market and working cultures are allowed to mingle. The exposure to technology in single culture firms in developing countries is limited partly because of an absence to a widespread awareness of the scope of technology at the academic and personal levels. The preference for manual techniques may also exist due to the possibility of engaging low skilled employees at low cost for doing the same job. The abundance of low skilled workers in Iran makes the introduction of the investment in technology for administrative functions a superfluous effort. The demand for specific religious beliefs and attitudes is another aspect that technology cannot satisfy.

The American workforce on the other hand displays a quick willingness to adapt to the use of technology because of exposure to its possibilities at an academic and personal level. The absence of low cost administrative staff and the availability of low cost technology to aid the administrative functions of talent management make the investment in technology a necessity. There is a preference for the openness and universality that comes with the use of technology in managing human resources.

A graphic representation of the responses is provided below. All responses are mapped on a bar graph that provides an independent view of the types of responses received on each parameter.

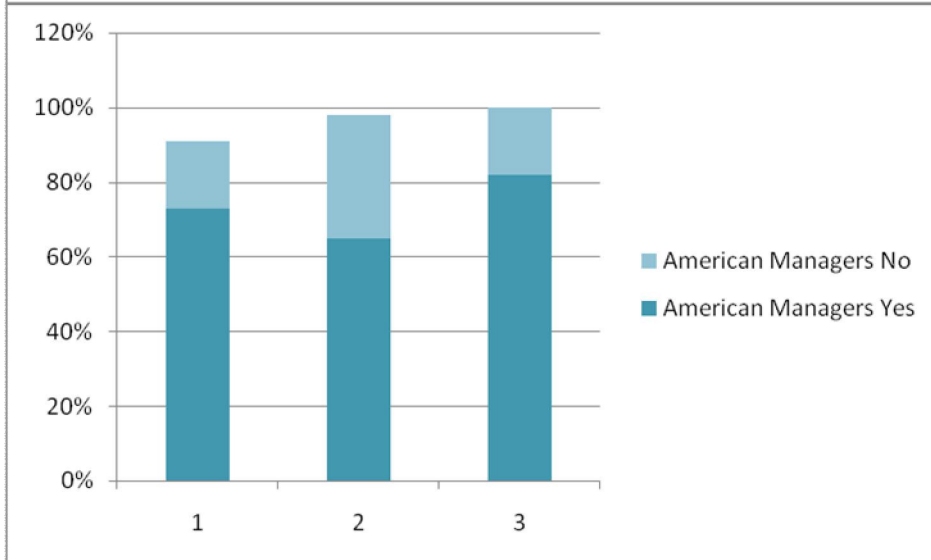
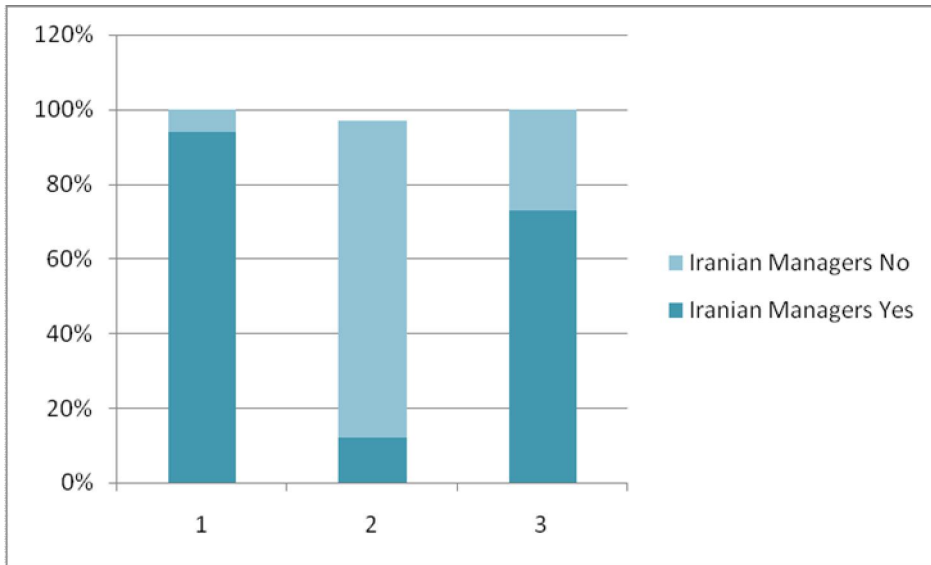
## Graphic representation

### Communication of strategy

#### Statements

- I am aware of the overall purpose of the business.
- I have formally agreed to my role in achieving the business objective.
- My objectives for this year are clear to me.

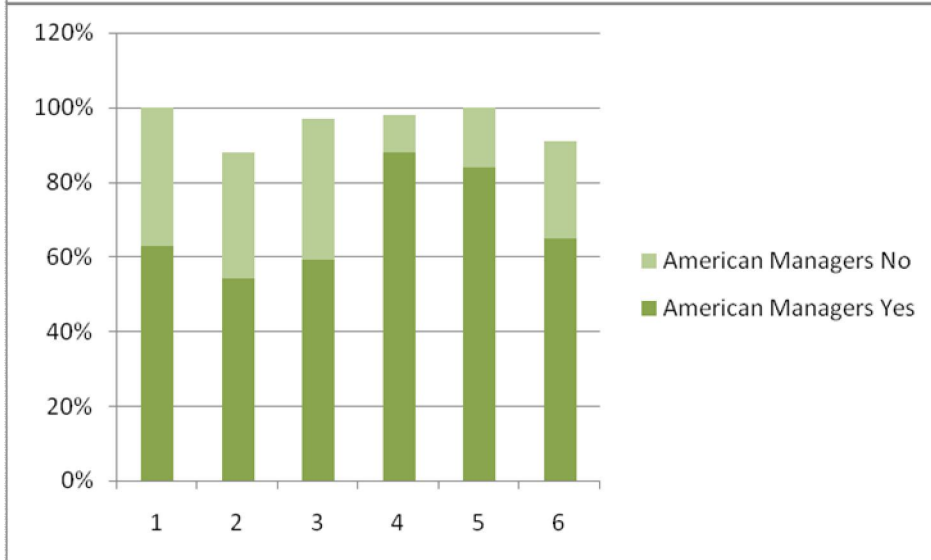
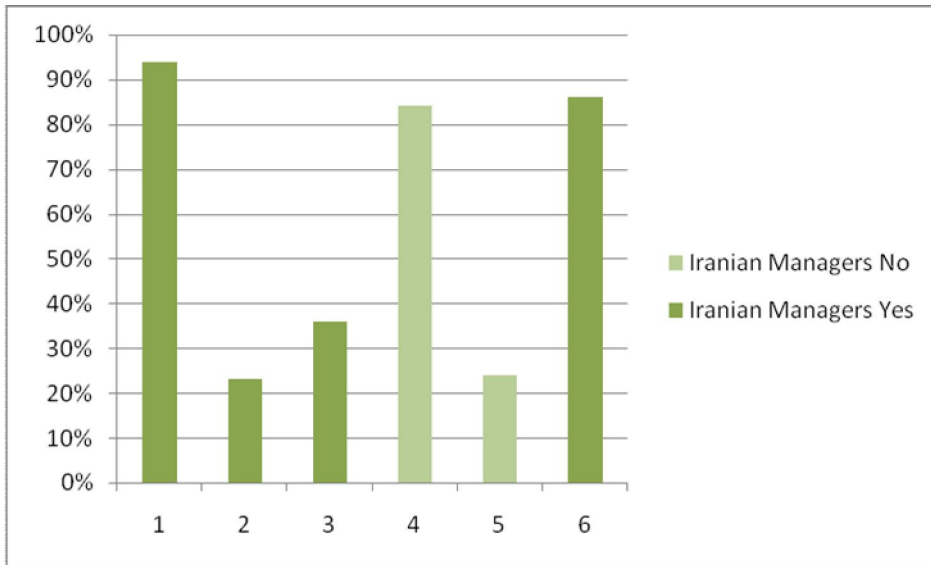
Iranian Managers		American Managers	
Yes	No	Yes	No
94%	6%	73%	18%
12%	85%	65%	33%
73%	27%	82%	18%



### Alignment of effort to strategic intent

- I am aware of the importance of my role to the business
- If the business achieves its objectives, my efforts will be noticed.
- Clear job descriptions allow for higher efficiency.
- My opinion on work issues is considered.
- I am involved in business related decisions.
- I do what I am told.

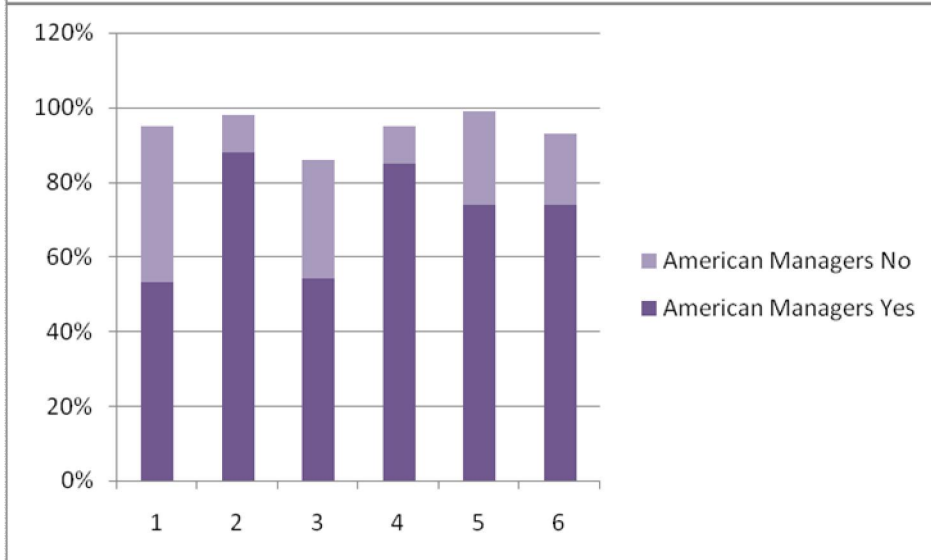
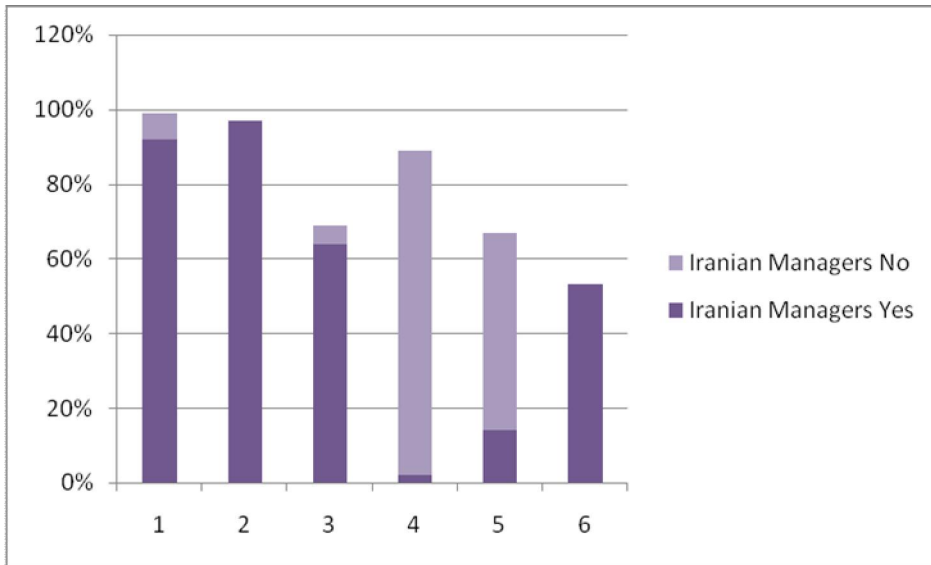
Iranian Managers		American Managers	
Yes	No	Yes	No
94%		63%	37%
23%		54%	34%
36%		59%	38%
	84%	88%	10%
	24%	84%	16%
86%		65%	26%



### Views on human resources

- Loyalty is important; anyone can do a good job.
- Recruitment of known people is more important than displayed capability.
- Loyalty must be proved with obedience.
- If business need arises, people may be asked to go.
- I have undergone regular training at the workplace to up my skills
- I provide regular training inputs to my subordinates.

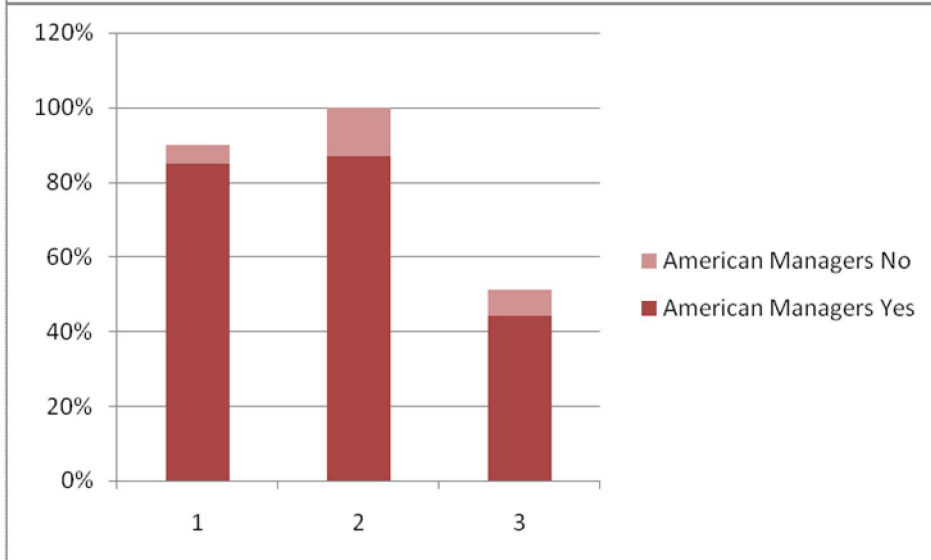
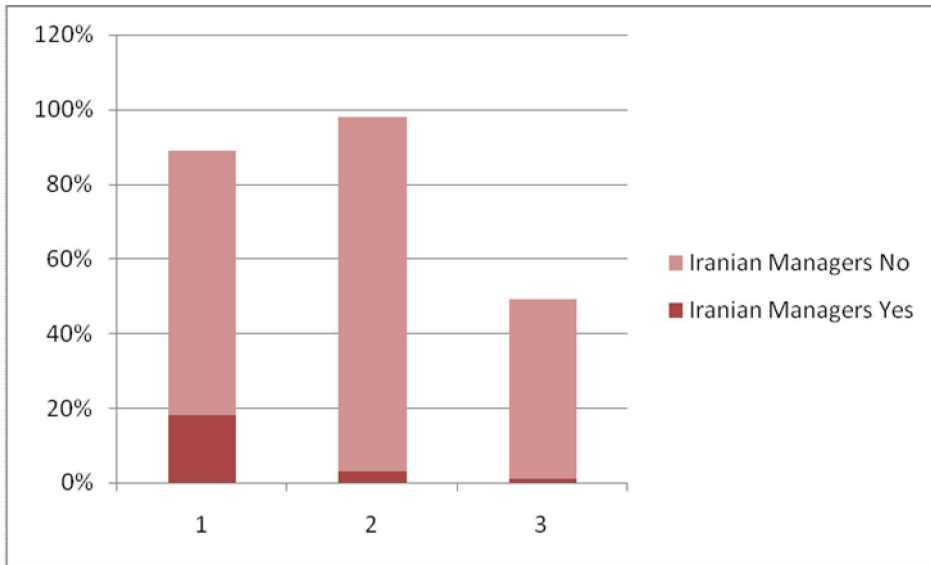
Iranian Managers		American Managers	
Yes	No	Yes	No
92%	7%	53%	42%
97%		88%	10%
64%	5%	54%	32%
2%	87%	85%	10%
14%	53%	74%	25%
53%		74%	19%



### Use of technology for effective human resource management

- Integrated technology helps us manage talent effectively.
- Technology ensures that rewards are provided on time.
- Technology speeds up the recruitment effort by offering quick shortlists.

Iranian Managers		American Managers	
Yes	No	Yes	No
18%	71%	85%	5%
3%	95%	87%	13%
1%	48%	44%	7%



## Conclusion

The differences in the impressions of the American and Iranian workforce appear to be a direct result of the originating cultures. The notions of ideal business may differ on grounds of cultural belief systems though real world situations lead to similar reactions.

The attitudes and practices pertaining to talent management vary across cultures. There are similarities in practices between the organisations from the two types of countries which relate to the original question put forth by the researcher. Business need determines the willingness of the workgroup to adjust the natural thinking to suit the situation. Job descriptions are preferred but if they reduce the attitude of adaptability and flexibility towards the work, they must be widened in scope to allow for attitudinal change. Technology acceptance is dependent on the availability of economically viable alternatives.

The research questions posed were:

Do cultural nuances related to the economic development or belief systems of the country affect HRM processes?

Does culture supersede business needs with respect to talent management?

The processes related to communication of strategy seem to be related to three important factors:

- Size and scope of business

Businesses that are large and multi-location run the risk of losing regional control and enforcing essential value systems across all levels due to reduced visibility among different levels of management. Strategy communication has the effect of increasing internal advocacy of belief in the organisation's value and business proposition. The processes are particularly relevant when the organisation faces temporary business slumps or occasional bad press.

In smaller sized local organisations, strategic management processes are less complex though the development of strategic intent is more difficult due to the lesser control of the market exercised by small and medium players. The absence of clear strategic objectives leads to a situational approach to business management that prove to be short-term oriented and come in the way of effective internal communication of business intent and direction. However, if there is a strategic need for communicating to employees in order to stave off the effect of external forces that may turn employees against the business itself, the employer is likely to utilise processes to ensure the transmission of relevant communication.

Business context then is the determinant of the preferred type of communication exercised to relay important business information to different levels of employment and not the national culture in which the business is set.

- Business culture

Business culture may not be directly associated with current national culture. A long-standing mid-sized organisation may have a paternalistic culture followed by generations of business owners. This internal culture may supersede the national culture of open communication. A paternalistic culture is likely to create an internal expectation of obedience and limited acceptance of openness. People who look to be employed in such firms must perforce adapt to the cultural expectations of the firm regardless of personal expectations of ideal business cultures. Similarly, a national culture that exalts obedience may have a small business in which the free flow of ideas and communication enhance the product or service offered to the customer. This culture encourages people to be open with their ideas for implementation and overall benefit.

Individual business cultures as discussed above appear to be driven by the belief systems of the business heads' perception of the right internal environment required for effective operation.

a business culture may not allow for free flow of ideas across levels but may remain open to ideas permeating from certain functionaries regardless of level or because of it. National cultures are superseded by individual and group notions of value.

- Availability of economical options

The value of human resources is enhanced when there is a low population in workforce and the demand for talent is greater than the supply. The availability of cheaper options like technology or alternate business processes leads to a reduction in the value placed on human resources. Abundant labour availability leads to controlled salary costs and makes technology appear less economically viable. In these circumstances the course of human resource management processes flows differently from what is theoretically propounded. The movement of processes to developing countries where abundant skilled labour is cheaply available drives the reduction of labour in the home country and thereby forces wage reductions and reduce the bargaining capacity of unions and employee associations. The forced wage reduction forces local talent in developed countries to search for job options internationally or accept the reduced pay. The competition creates a greater drive for local talent to hone its skills to increase employability. Businesses look for choices that allow for cost reduction and will value local or outside talent on the advantages it presents.

- Stage of growth of the business

This aspect brings out the fact that the more mature a business, the more efficiencies it garners from the talent processes. Considering the size of the businesses considered as a part of the business, the more mature companies may have reached a point of stagnation due to business strategy and practices that brought it behind larger businesses in competition. Some companies would be relatively new with a higher degree of growth by virtue of the business type. This diversity in possible stages of the businesses brings about diversity in talent management

practices. The high growth company would be more attractive to outsiders as an option for employment than the laggard business houses. High growth companies would be more innovative and open in management approach than the older ones. In these cases, the cultural nuances of the nation-state would be superseded by the notions the corporate had of the self. The retention of talent with a view to reaching larger strategic objectives would alter the perception of necessary action to motivate and engage the workforce. Lagging businesses will consider avenues for growth with scant regard to cultural expectations of life-long employment and security.

Cultural nuances may be considered as the prime driver behind perceptions when largely local groups work in a largely unchanging context. The need to be recognised as a part of a cultural group becomes an important need that is best fulfilled by adhering to the norms of the local culture. As cultures start to intermingle at the work place, the initial resistance may be managed through effective communication processes that are supported with like action. Once the feelings of fear for the self are allayed the work groups start to accept the different groups and adopt some of the practices. The context of the work culture changes and individuals feel the need to adopt wider approaches and better practices at the workplace.

The importance of training in understanding and accepting the norms that are relevant to different cultures is an aid to improving business efficiency both locally and internationally. Ethnic groups and minorities may be seen to be a source of learning about different parts of the world while retaining the capacity to maintain personal belief sets. Education imparted to people before they leave for offshore assignments allows for the quicker acceptance of the individual as alien cultures transform to the known.

### **Independent cultures**

The literature review provided a variety of insights into the economic development of the countries and the various factors that shape the culture of the nation. The research brought out human similarities in perception that come about by virtue of functioning in similar environments despite the cultural differences. It is pertinent to conduct detailed surveys among similar companies across boundaries to find out if the reactions to environmental factors like poverty, political turmoil, and underdeveloped facilities for human betterment evoke similar reactions from business groups. The research findings point to the existence of commonalities that are reflective of the human responses to the situations wrought by business conditions. These perspectives of culture are more likely to correctly explain the behaviours exhibited under different circumstances rather than a regional based perspective.

The competence of strategic management has varied connotations that may pardon ineptitude in times of good fortune and denounce honest effort during performance downturns. No doubt the path towards developing a strategy is fraught with uncertainty. The capability to look to the future is dependent on personal attributes and perception of the environment. The scope for sudden unforeseen events and their unrelated effect on the business environment and viability itself cannot be foreseen. Events like the 9/11 attacks, the swine flu viral epidemic close on the heels of a crunching economic crisis had a lasting impact on the business of tourism and related industries in the developed countries. Small players in the industry would have to manage by the changing moment rather than focus on long term plans. The strategic focus would necessarily move to short term survival and profit focus similar an attitude displayed by businesses in the developing countries.

The transfer of strategic management initiatives to the realm of strategic human resource management is another area of uncertain action. Small sized companies may not view strategic human resource management practices relating to consistent communication of relevance during an economic downturn. Training and developmental activity inevitably take a backseat in

the face of the changing business environment. Employee morale goes into a slump as employment terminations are carried out at short notice and the absence of alternate employment opportunities in the job market. The employers are less open to providing attention to the employee issues as they struggle to manage the business. In case of an upswing, the organisational focus shifts to one of coping with excess workloads and recruiting suitable talent. Business size in relation to competition has a large role to play with respect to the attitude towards talent development.

Small companies in new markets that have the first mover advantage are in a relatively advantageous position to exercise innovative talent management practices. The need to widen the gap unique resources and internal competitive capability ensure leadership. This strategy is facilitated by involving the workforce intimately in activities pertaining to achieving the desired goals. Innovations involve the use of technology for two reasons: one is to reduce the creation of administrative roles within the system and two, to improve the capacity for innovation. The move to outsource peripheral activities while retaining core business activity creates a talent pool of similar profiles that is better willing to work together without considerations of the cultural differences. In these cases, different cultures meet together to speak the same language of the corporate. The nation-state takes second position to the internal culture of the firm.

### **Meeting of cultures**

The similarities brought out in the responses of the two diverse cultures brings up the possibility of diverting energies and attention towards business goals and activities in order to increase better acceptance when individuals of different cultures are forced to work together. People understand the language of business better than they do the language of emotions and beliefs. Besides the feelings of being edged out by people of different cultures comes in the way of effective interaction. It is the management of feelings of insecurity and uncertainty in the face of changed business circumstances that interferes with cultural acceptance. These feelings require

to be soothed by businesses. Businesses must assuage the feelings of local employees with action and words before foisting cultural acceptance on them. The reduction of local workforce and the increased recruitment of employees from different cultures are situations that are bound to create non-acceptance of blended work cultures. Sensitivity to notions about people from different cultures and an acceptance that individual reactions to circumstances are not very different from each other will go a long way in fostering workplace harmony.

The power of effective leadership is the key driver in reducing the differences in practice and belief sets of different work groups of disparate cultures. The HRM processes of cultural training are an essential ingredient to understanding the diversity in cultures. The communication of the importance of these processes and the organisational expectations regarding the adoption of the learning must be done by the leader of the group. This sets the tone for smoothing out possible chinks in the corporate scenario and increases the acceptance of different talent resources. The overt communication of intent and expectation regarding the acceptance and sensitivity to be shown to people from diverse countries is an effective way to increase employee understanding. The corporate may focus on increasing opportunities for working and spending leisure time in mixed groups in a bid to speed the process. When these steps are undertaken in an environment that retains the position of the existing employees, the acceptance of the communiqué is higher.

Personal belief systems that work around the notion of the superiority of a nation-state and its citizenry as opposed to that of outside nations provide a complex front to the business. The presence of people with strong belief notions vitiates the efforts of the business to nurture an environment of acceptance. The belief systems are strengthened by actions that seek to weed out individuals who harbour such feelings and turn neutral individuals against the corporate system. Internal processes must be designed to act as reminders of the larger corporate belief and communicate the expectation of mutual acceptance.

## **Reflections on learning**

The researcher started the dissertation with a sense of apprehension regarding the acceptance of the survey in a country like Iran. The expectation was to face stiff resistance from the company owners regarding the exercise and an attitude of close-mindedness to the process. It was a pleasant surprise to find that the Iranian business heads were confident about the process being carried out and extended cooperation to the representative onsite.

The onsite representative anticipated wariness among the business owners though this was not openly stated and suspicion among managers and business heads. This would have been increased if the managers had been given independent time slots to finish the survey. The representative was required to be present through the process as an effective way to get the filled forms returned on the spot rather than depending on the time consuming postal services. The representative countered the wariness of managers who were participating in the survey by asking them to sit in a group for a ten to fifteen minute period. Managers were encouraged to clarify the meanings of statements and provide subjective inputs to the representative. There was no supervision required of the group process partly due to the inherent loyalty that the managers professed towards their business heads and the presence of other managers who were likely to report contrary behaviour to the superiors. This was contemplated by the researcher as a possible deterrent to providing an honest picture but the summary displayed no restraint in providing the responses. The joint group of managers acted as a deterrent for suspicion being created in the workplace and also allowed for clarifications being provided to the entire group on the spot. The possibility of dissenting groups providing contrary views and thereby reducing the efficacy of the representative was negated by the group approach. This approach was welcomed by the business heads since they were assured that there was a more balanced representation of their business practices.

The researcher had expected to face quick cooperation from the American business heads but found little or no response to the first few efforts at communication. A formal note sent by the university along with a synopsis of the research and the scope brought up little interest.

Telephone conversations and email exchanges warmed up some companies to the research under way. The building up of interest and the affirmation that the survey responses would be shared after due consultation with the university led to a slight increase in acceptance and cooperation. Some business owners chose to avoid being a part of the exercise while others put forward a senior manager as a representative on the grounds that the questionnaire would be simple and could be completed within ten minutes and the researcher would interact by using chat facilities with the employees. The researcher agreed to avoid more than two rounds of message exchanges before the companies agreed to participate in the exercise.

The American companies were on their part interested to be a part of the study since there was a shared belief that business needs would supersede cultural norms. The experience of gaining acceptance by virtue of the help of a mutually known representative in Iran and with the use of specific communication processes in the US brought out the importance of using the right mode for communication with business heads. Both the countries provided the desired response on the basis of the right channel utilised.

At the start, the researcher chose to speak to counterparts of Iranian origin to understand the strength of cultural norms and their bearing on the business. They averred that the ideas propounded in the literature regarding the short-term business orientation of the Iranian firms was more due to the absence of political and legal support of business and the consequent increase in the approach of doubtful business methods.

The process of vetting the survey questionnaire had revealed little ambiguity in understanding the statements put forth. Statements related to the involvement of managers in business

decisions and Western thought regarding talent engagement, performance management and the use of technology were received in a manner that differed from how it was at the time of vetting. The limitation in the vetting of the survey questionnaire brought out the difference in perception of people from the same culture that has gone through diverse work experiences. The questionnaire was provided to a set of research counterparts of Iranian background who had exposure to Western styles of doing business. The onsite experience was contrary to the expectations due to the complete absence and expectation of these practices in normal work life.

A major benefit from the exercise was the deeper understanding of the people who answered the survey questionnaires and the business heads who permitted the exercise. A reading of literature about the business practices in developed and developing countries brings up an impression in the minds of the readers about the types of people one will find in these two types of countries. The reality is that the approach to reaching the people from different cultures may vary – but people are the same. Under circumstance of suspicion, people need to be provided with forums that are less prone to creating misunderstanding. Independence may be provided under circumstances where open communication is encouraged. This is the role of culture and history but once the right method is chosen, people are more willing to place their faith in the process and providing insights into their ways.

### **Learning audit**

In all, the aspects related to getting acceptance by the business heads and managers of the two countries were filled with trial and error. The initial reluctance affirmed the belief that the businesses in developing countries would be less willing to participate in an exercise of this nature. Once the initial hurdles were overcome, the process was smooth. The emails that were sent as subjective inputs involved multiple rounds (more than the promised 'two') of communication since the researcher had multiple questions to put forth for better understanding.

This brought up the need for providing a subjective aspect to the original questionnaire that allowed the respondent to provide whatever information was considered necessary to aid understanding of the responses. This was specific to the American experience where there was no survey representative to take notes of the survey filling experience or additional inputs from managers. Of the five or six rounds of communication flow, at least two would have been covered by following this process.

Personally, the researcher has come to understand the importance of business environment in shaping business culture as an independent entity from national culture. The Iranian and American experiences related to levels of openness, willingness to share further information and mutual trust bring out the need for better understanding of the environment in which a business functions and allowing that to provide a further understanding of the culture within businesses.

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**Appendix:**

**Communication of strategy**

I am aware of the overall purpose of the business.

I have formally agreed to my role in achieving the business objective.

The objectives for this year have been set.

**Alignment of effort to strategic intent**

I am aware of the importance of my role to the business

If the business achieves its objectives, my efforts will be noticed.

Clear job descriptions allow for higher efficiency.

My opinion on work issues is considered.

I am involved in business related decisions.

I do what I am told.

**Views on human resources**

Loyalty is important; anyone can do a good job.

Recruitment of known people is more important than displayed capability.

Loyalty must be proved with obedience.

If business need arises, people may be asked to go.

I have undergone regular training at the workplace to up my skills

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I provide regular training inputs to my subordinates.

### **Use of technology for effective human resource management**

Technology helps us manage appraisals effectively.

Technology ensures that rewards are provided on time.

Technology speeds up the recruitment effort by offering quick shortlists.