

Influence of National and Organizational Culture on HRM Practices in an international company: a conceptual model proposal

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Abstract:

This study delves into the intricate nexus between national culture, organizational culture, and local institutional frameworks in the setting of multinational corporations. We present a novel conceptual schema that explicates their reciprocal interactions, to enrich comprehension of this multifaceted relationship. Contrary to the pervasive presumption suggesting international firms can mold host country institutions to fit their demands, our model underscores the contrary, indicating this belief is largely erroneous. The research unravels the mixed blessings offered by the interaction of national culture, organizational culture, and local institutions, which both pose challenges and present opportunities for firms aspiring to harmonize their organizational culture with local norms and regulations. Our findings accentuate the success companies attain when they amalgamate comprehension of local culture and institutional norms into their human resource management (HRM) practices, thus empowering them to tackle diverse cultural environments and modify their organizational culture effectively. This study holds substantial value due to its contribution to the extant literature on international business and organizational behavior, by illuminating the intricate interplay between the three variables. It extends actionable insights for managers, advising on effective integration the of local cultural and institutional factors into HRM tactics. Firms, acknowledging constraints on their influence over host country institutions, can augment their cultural intelligence, thereby leveraging local norms and regulations to build thriving operations and foster congenial relationships in their host countries. In essence, our research conducts an exhaustive examination of the relationship between national culture, organizational culture, and local institutional environment in global companies, stressing the significance of integrating local cultural and institutional understanding into HRM practices. This integration aids corporations in maneuvering through diverse cultural contexts, enhancing their prospects of succeeding in international operations.

Key words: National culture, Institutional settings, Organizational culture, Human resource management, international companies, Multinational companies.

JEL Classification : Z1 P5 M14 M5 F23

Paper type: Theoretical Research

1. Introduction

Multinational enterprises (MNEs) are companies with activities in several different nations. Due to their extensive control over the world's resources, markets, and technology, they are frequently seen as strong and significant players in the global economy. MNEs must manage their operations across several nations and regions, which presents various difficulties and problems. How to cope with the multiplicity of cultures and institutions that exist in the host nations where MNEs operate is one of the main parts of operating an MNE.

Institutions and culture both have a significant impact on how individuals and organizations behave and function. Institutions relate to the official and informal laws and rules that control social interactions, whereas culture refers to the common values, beliefs, conventions, and practices of a group of people. Countries and regions differ greatly in terms of both culture and institutions, and these differences have a big influence on how businesses function and how they handle their human resource management. Therefore, both scholars and practitioners need to understand how culture and institutions impact the organizational structure and human resource management (HRM) practices of MNEs.

In a business climate that is characterized by the expansion of globalization and extremely fierce competition, an increasing number of organizations are looking for the possibility of further growth and development through the internationalization of their companies. However, entering the international business scene is troubled with difficulties. First, doing business in other countries requires knowledge of their legal norms, the features of the local labor market, the political and economic system, the national culture, and so on. For these reasons, organizations entering the international market must change their previous business practices and, in particular, the human resource management (HRM) system.

Few attempts have been made to integrate the lessons from both streams of research into the literature on HRM in MNEs and comparative HRM (Brewster et al., 2020). The management of human resources by MNEs is centered on how they strike a balance between the demands for local responsiveness and global integration (Schotter et al., 2021). According to Brewster et al. (2016), CHRM¹ focuses on how HRM practices differ across nations and regions and how they are affected by local institutions and culture. Although both streams have helped us better comprehend the variety and complexity of HRM in many situations, they have also had certain drawbacks.

For instance, CHRM frequently overlooks the importance of agency and process in explaining HRM variations and changes, whereas HRM in MNEs frequently ignores the impact of context and time in influencing HRM practices and results (Brewster et al., 2020). A more comprehensive strategy is thus required to fill up these gaps and advance our understanding of HRM in MNEs and CHRM. This research adopts such a strategy by drawing on two theoretical frameworks, American institutionalism and European institutionalism, which may capture the contextual, temporal, processual, and agential components of HRM in MNEs and CHRM.

National culture as a system of values held by society, attitudes, and behaviors influences the features of other systems in the country (legal, political, economic, etc.), and culture-observed countries are similar (Leung et al., 2005). It is thus an essential factor to consider before entering the international business landscape. As a result, the national culture also plays an important role in affecting international Human Resource Management. Comparative human development highlights the importance of national culture in determining HRM practices.

The analysis of multinational enterprises (MNEs) as organizations has so far attracted very little interest from sociologically oriented organizational researchers (Westney & Zaheer,

¹ Comparative Human Resources Management.

2001). Studies on the behavior of and in MNEs are still very much driven by economically rational or contingency-theoretically functional assumptions (Buckley, 2009).

This work discusses the influence of cultural and institutional settings of host countries on the organization of international companies. Starting from a critical contingency theory² and cultural studies of organization and management in MNEs. The importance of institutionalist and cultural explanations for understanding organizational development trends in MNEs is emphasized, with a focus on the influence of the latter on HRM practices. This paper aims to answer the following research question: *How do national culture and institutions influence the organization and HRM practices of MNEs in different host countries?*

This work sheds light on the cultural and institutional differences between American and European institutionalism, and how they profitably contribute to a better understanding of organizational structures and processes in MNEs concerning HRM practices. The discussion of both approaches will also include conclusions on how cultural differences can influence HR practices, especially in the context of a multinational company.

The paper is structured as follows. Section 2 discusses the influence of national culture on organizations, and how different dimensions of culture can affect organizational behavior and performance. Section 3 examines the relationship between national culture, organizational culture, and HRM practices in an international company, and how these three elements can interact and influence each other. Section 4 reviews the institutionalist approaches in international comparative management research, and how they can help explain the variations and similarities of HRM practices across countries and regions. Section 5 presents a conceptual model of how national culture interacts with organizational culture and HRM practices, and how this interaction can shape the organization and management of MNEs. Section 6 concludes the paper with some implications for future research.

2. The influence of national culture on organizations

National culture has a significant impact on the organization, management, and personnel development within a local and global context. It affects the way organizations are structured, the way decisions are made, and the way people are managed. For example, in high power distance cultures, decision-making is centralized and top-down, while in low power distance cultures, decision-making is more democratic and participative. Organizations also need to be aware of the different communication styles and preferences of their employees from different national cultures.

National culture is an essential element of a country's characteristics, thereby having profound consequences on its economic structures and organizations and their performance. It contributes to shaping the beliefs, values, and attitudes of individuals in a society/country.

National culture has significant implications for organizational management and personnel development within a local and global context. Understanding national cultural differences is vital for organizations to operate successfully in different national contexts.

2.1. What is culture?

Let us briefly examine the concept of culture as an independent entity. Despite that the first scientific study of culture was perhaps during "The Enlightenment" era, there is still no unambiguous definition of the concept as it's very vague and can mean a wide array of concepts.

² Critical contingency theory in management is a theory that places emphasis on the importance of situations in determining how efficient leadership styles are in organizational practices. It argues that the efficiency of a leader or organization is related to his or its ability to adapt to changing circumstances.

The complexity and multifaceted nature of culture can be because it is difficult to define what culture exactly is. The term “culture” originated from the Latin word “culture”, that is, cultivation, upbringing and education or development.

Jean-Jacques Rousseau, one of the leading figures of the French Enlightenment, saw culture as that which distinguishes man from nature. The German thinkers of the same era, similarly, believed that culture is the transition of man from an animal state to a social order. Herder (1969) believed that culture is a stage of human perfection, above all, a stage of sciences and enlightenment. Herder’s concept of culture is that which unites people, it is the impetus of development. At the end of the 19th century, Karl Marx broadened the concept of culture with the inclusion of not only spiritual but also material components.

Edward Tylor was the first to define culture as a complex formation consisting of knowledge, beliefs, art, morals, laws, customs, and certain other abilities and habits assimilated by man as a member of society (Richard et al., 2009). Oswald Spengler viewed culture as a dynamic phenomenon in development, and having certain stages in its life cycle, like a biological organism (Hughes, 1991). Sigmund Freud viewed culture as the product of biological impressions that are sublimated. Accordingly, the greater sublimation, the higher the level of cultural development. Thus, the notion of culture was introduced to the human personality (Thurschwell, 2009).

The Dictionary of Philosophy (Blackburn, 2005) defines culture as follows. It is the totality of material and spiritual values created by mankind, characterizing the historically achieved stage in the development of society. In a narrower sense, it is customary to speak of material culture (technology, production, material possessions), and spiritual culture (production, distribution, and consumption of spiritual values in the field of science, art, philosophy, morals, enlightenment, etc.).

In a nutshell, culture is at the center of the relationship of human beings to nature and their environment, the totality of people’s relationship to nature, among themselves, and to themselves.

2.2. Organizational culture

To understand the essence and content of organizational culture there are various approaches. All definitions of organizational Culture can be divided into three groups (see Table 1):

- Definitions-characteristics of the activities of the organization and its members;
- Definitions that list the elements of organizational culture;
- Definitions that define organizational culture as a holistic category.

The basic principle is that the organizational culture must be embraced by all members of the organization. The central component in most interpretations of organizational culture is values. Organizational culture is the ideology of management and its socio-economic system. Organizational culture is aimed at increasing labor productivity, and it must thus take into account the national environment in which in torganization operates. The organizational culture is aimed at expressing the main values of the organization.

Management ideology is understood as a system of views, ideas, development strategies, methods of achieving the s, the and business ethics of the organization (i.e., moral principles, norms, rules of an organization related to behavior, relations with business partners consumers, society, etc.).

Organizational culture manifests itself in the mission and goals of the organization; it has a significant impact on employees’ attitudes toward the organization and vice versa (working conditions, social guarantees, etc.).

It has a significant impact on the attitude of employees to the organization and its staff (working conditions, social guarantees, etc.), to society, business partners, consumers, etc.,

the organization's worldview concerning the external, internal and external environment of the organization about its external and internal environment.

Values are of great importance with regard to certain material objects, actions, and phenomena for the organization as a whole and its staff.

The emergence of the concept of "values" is legitimate only if we are talking about complex subject-object relations. However, in the context of organizational culture, a subject is understood as an employee expressing his/her attitude to an object.

Proceeding from the above definition of value, it is necessary to note the important distinction between value and the carrier of value.

The object-carrier of value can be material (embodied) or spiritual, or intangible (for example, some action or an event). Value, on the other hand, is the significance of a given object as a subject. Values are a kind of reference point for employees in the process of their activity, decision-making, etc.

For example, if high quality is a priority value, then when forming a strategy, in operational management, the focus will be placed in forming a strategy, then operational management will focus on the production units; in the area of HR management, more attention will be paid to the recruitment of highly qualified workers and production specialists.

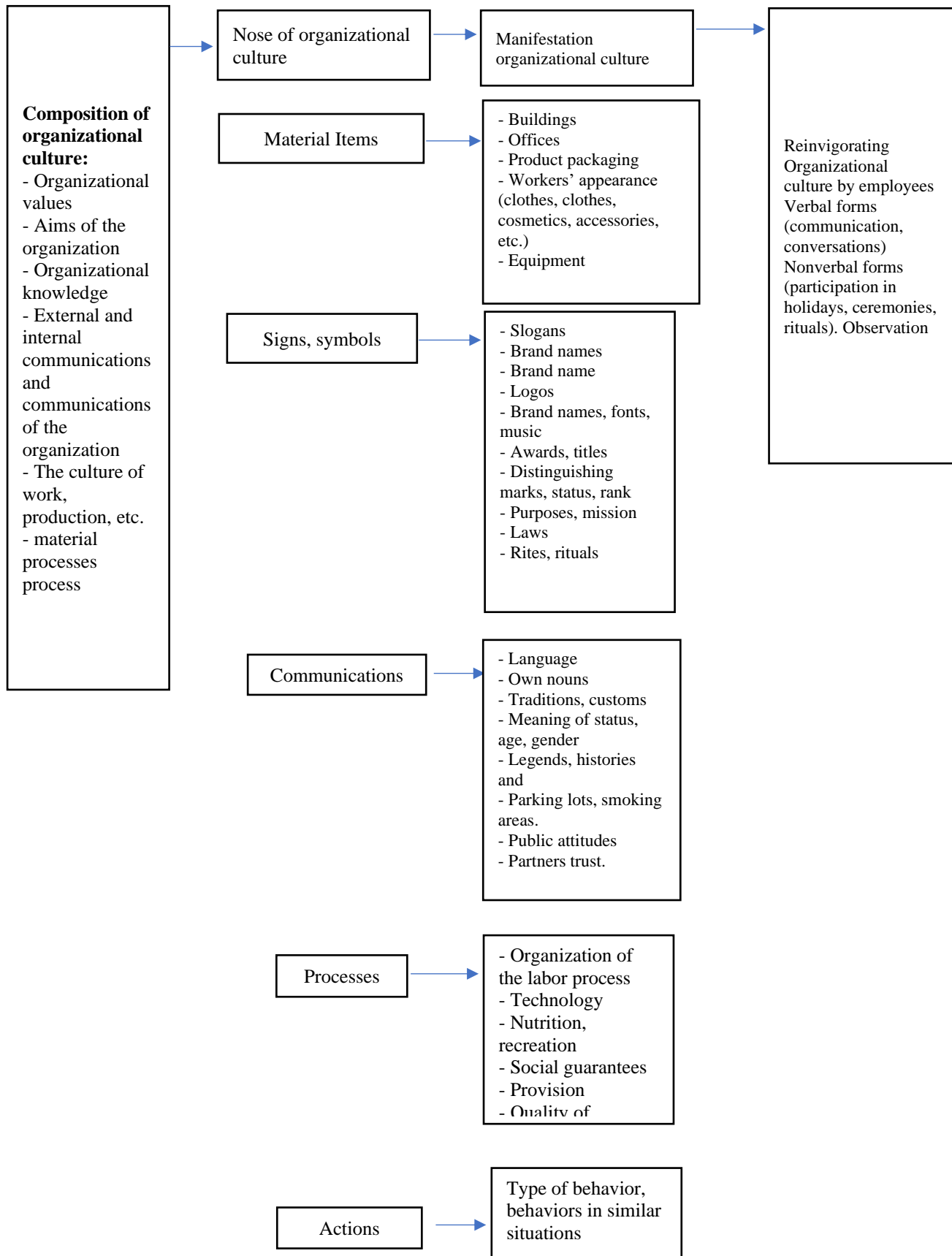
Significant importance should be given to the technical upgrading of the firm and introduction of new technologies in the long term, purchase of modern equipment, and work with reliable suppliers of raw materials.

The organizational culture can be schematically represented as an enlarged model based on the relationship between the composition of organizational culture, its carriers, types of its external manifestation, and the ways of perception and assimilation by employees (Figure.1)

Thus, the structural components of organizational culture are:

- Values of the organization.
- Knowledge of the organization.
- Internal communications and connections;
- External communications and communications.
- Goals of the organization.
- Culture of labor, production, and other material processes.
- Labor potential.

Figure 1. Aggregated Model of Organizational Culture



Source: authors

2.3. Features of human resource management in an international company

The most vital element in the production process is human capital, which is also the most valuable resource for any organization. This factor signifies competitiveness, growth, and efficiency, and has a direct influence on a company's overall worth. With intangible assets like brand, employee intellectual potential, and personnel policies growing in importance, human resource management is critical for an organization's success and survival in the highly competitive modern market. Indeed, it is this management aspect that allows companies to ascend from being good players to market leaders.

A sophisticated human resource management system is intimately connected to an organization's intangible assets, which can be replicated. By adeptly utilizing the inherent intellectual potential of employees as a reproducible resource, a company can attain economic efficiency and quality transformation. Human capital must be regarded as an economic category associated with costs, revenue generation, and productivity growth.

To evaluate the efficacy of human resource management in an international company as opposed to a local one, various factors must be considered, including cultural and economic aspects, management styles and practices, labor markets, and costs, labor movement issues, industry relations, national orientation, and control factors. International human resource management practices exhibit greater diversity, characterized by heightened managerial engagement in the workforce, a more differentiated approach to manager training, and increased external influence.

2.4. Culture within an international company

The international management system identifies five approaches for an international company to develop its culture: 1) Dominant headquarters style, transferring elements to its branches; 2) Adapting to the host country's conditions (with "home" approaches dominating); 3) "Fusion," where various managerial and cultural aspects of the headquarters and branches synthesize; 4) Universalism (establishing a neutral, averaged style accepted by different cultures); and 5) Combined approach (mixing all previous approaches for regional and country offices).

It's noteworthy that research indicates successful international companies that devote substantial time to training and organizational culture development allocate a significant portion of their budget for this purpose (Putthiwanit, 2015). Companies such as IBM, Google, and Sony serve as benchmarks due to their highly developed cultures and increased cross-cultural interaction resulting from their global market domination.

Common features of IBM, Google, and Sony's organizational culture, essential for any company seeking competitiveness, flexibility, and rapid adaptation in the era of globalization and informatization, include continuous improvement in technology and services; introduction of innovations; customer orientation; ability to identify latent client needs; creative problem-solving; personnel training; fostering self-improvement conditions for employees; and recognizing the importance and usefulness of each employee's work for the company's values.

It is also vital to consider challenges that may arise for human resources and organizational culture in international companies. All international companies face significant personnel selection problems, with cross-cultural interaction being particularly impactful. Employees, as carriers of their national culture, introduce their traditions, norms, and values into the organizational culture, which must be considered when shaping an international company's overall organizational culture.

Managers chosen to work abroad increase the organization's staff development costs. Additionally, production worker training programs in host countries must be tailored to the local education system's standards. For example, Toyota, like other major Japanese

corporations, follows the tradition of lifetime employment and takes extensive measures to hire the right people. Toyota collaborates with Japan's secondary education system, training and recruiting future employees directly from the school. However, this approach is not feasible in all countries where Toyota operates, as local school systems may not be prepared for such partnerships with individual firms.

In Germany, secondary education offers extensive vocational training, but it is not as firm-specific as in Japan. In contrast, U.S. public schools emphasize general education, with limited vocational training opportunities. Moreover, many countries have a completely uneducated and unskilled workforce. Consequently, Toyota adjusts its recruitment, selection, and training practices to meet each operating country's requirements.

Ghoshal & Bartlett's (1990) evolutionary paradigm is the most influential contribution in this area. Their approach assumes that ideal-typical forms of similar organizational structures emerge in the internationalization process, despite varying task environments. The typology culminates in the transnational organization's evolutionary final stage, whose strategy and structure are considered the most flexible and efficient for solving the global-local paradox. This proposes a new "best way" for organizing globally successful MNEs. However, there is limited empirical evidence for the existence of a growing number of successfully operating transnational enterprises (Belanger et al. 1999).

2.5. Limitations of culturalist approaches

Particularly associated with the names of Geert Hofstede and Alfons Trompenaars, a strand of comparative international organizational research emerged quite early on that examined the influence of different national cultures on local organizations and their management.

The core of these approaches is the assumption that basic cultural assumptions, values, and norms are relatively enduringly embedded in societies and that these forms of collective programming of the mind vary fundamentally from society to society (Hofstede, 1994). This theoretical approach, often referred to as the ideational approach to organizational culture (Child & Tayeb, 1982), treats culture essentially as based on cultural programs of a specific national culture acquired in primary socialization.

While Hofstede's merit is clearly in overcoming economic constraints, the adaptive concept of culture as defined by Child & Tayeb (1982), is used here because it takes into account that cultures do not exist solely on an abstract level of values and norms but are socially mediated through institutions. Thus, the institutional theories discussed hereafter are not directly opposed to the concept of national culture. However, they go beyond the subjective level of values and norms.

3. National Culture, Organizational Culture, and HRM Practices in an International Company

The cultural milieu of an organization is profoundly affected by the prevailing national cultural context. Efforts to alter the organizational culture of multinational corporations (MNCs) without accounting for the idiosyncrasies of the host country's culture are prone to failure. As observed in contemporary management literature, categorizations of organizational culture by country have gained prominence, acknowledging the role of ethnicity in shaping the cultural dynamics within organizations.

The relationship between corporate culture, national culture, and HRM practices in various situations and locations has been the subject of several empirical research. For instance, Aycan et al.'s cross-cultural study of 10 nations in 2000 revealed that national culture significantly influenced HRM procedures including hiring, performance reviews, and

incentive programs. Additionally, they discovered that organizational culture mediated the connection between national culture and HRM practices, indicating that MNEs might modify their HRM practices to reflect the cultural norms and values of the area. Similarly to this, Fey et al. (2009) investigated the impact of organizational and national culture on HRM practices in 92 Russian subsidiaries of MNEs. They discovered that corporate and country cultures had an impact on HRM activities including staffing, remuneration, and training.

Additionally, they discovered that organizational culture moderated the association between national culture and HRM practices, showing that MNEs may develop a solid organizational culture that can help them navigate some of the problems and cultural differences in the host nation. Farndale et al. (2010) evaluated the human resources management procedures used by 18 multinational enterprises (MNEs) across six nations and discovered that national cultures directly influenced HRM procedures such as employee participation, communication, and teamwork. Additionally, they discovered that corporate culture affected HRM strategy and structure, which in turn had an indirect impact on HRM practices. In various contexts and locations, these studies offer some evidence regarding the nature and direction of the link between corporate culture, national culture, and HRM practices.

In the early 20th century, the subject of national culture in management was initially explored (Benedict & Mead, 2019). Subsequently, American sociologist Alex Inkeles and psychologist David Levinson delineated the fundamental components of national cultures, encompassing attitudes towards power structures, the interplay between individuals and society, conceptions of masculinity and femininity, and approaches to conflict resolution, including the management of aggression and the expression of emotions.

National culture is molded by a multitude of factors, including family structures, educational systems, economic conditions, political landscapes, religious convictions, socialization mechanisms, healthcare systems, and the equilibrium between work and leisure. Pioneering research in this domain was undertaken by Hofstede, who investigated 40 countries worldwide between 1960 and 1980. Utilizing his findings, Hofstede (1983) assigned scores to each nation, with 0 denoting the absence of a particular attribute and 100 representing its maximum presence. Thereafter, Hofstede devised his concept of organizational culture based on these classifications.

According to G. Hofstede's theoretical framework, five "cultural dimensions" distinguish one culture from another:

- Power distance (large vs small) – This dimension gauges the extent to which a society tolerates disparities in power distribution. A low power distance is indicative of relative equality, while a high power distance suggests an acceptance of authoritarian management styles. Hofstede's findings imply that the power distance criterion affects the centralization of power and leadership paradigms.
- Collectivism vs individualism – Hofstede contends that individualism is predominant in developed, Western countries, while collectivism is more prevalent in less developed, Eastern regions. For instance, research in Ukraine demonstrates that the Ukrainian organizational culture is more akin to collectivist cultures.
- Uncertainty avoidance – This dimension denotes the degree to which individuals in a country prefer structured, predictable situations as opposed to unstructured ones. Structured situations are characterized by well-defined, formal procedures governed by established rules, regulations, or traditions. Countries with high uncertainty avoidance tend to seek control over future outcomes and circumvent risks. Hofstede asserts that the uncertainty avoidance index is highest in Latin American and Germanic countries and lowest in English-speaking, Scandinavian, and Chinese cultures.

- Masculinity vs femininity – This dimension categorizes countries based on the rigidity or flexibility of social role allocations. Societies with stringent social divisions are labeled "masculine," while those with more fluid role distribution are deemed "feminine." Masculine societies prioritize values customarily associated with men, such as achievement, performance, and competition. In feminine societies, both men and women emphasize values traditionally linked to women, including interpersonal relationships, family values, social security, and the capacity to achieve consensus.

The role of national culture in shaping organizational culture cannot be overstated, especially in the context of multinational corporations. As such, scholars and practitioners alike need to account for these cultural dimensions when studying or managing organizations.

The characteristics of cultures with high and low power distances are presented in Table 1. In a high-power distance culture, management tends to not get involved in employees' personal lives, while in a low-power distance culture, employees expect the organization to be involved in their personal affairs. The impact of the organization on employees' well-being is weak in high-power-distance cultures, but strong in low-power-distance cultures.

In high power distance cultures, employees believe they should protect their interests, while in low power distance cultures, they trust that the organization will protect their interests. High power distance cultures value individual initiative, while low power distance cultures value duty and employee loyalty.

Regarding promotion, high power distance cultures may promote employees based on competence, while low power distance cultures tend to promote based on length of service. In terms of motivation, management in high power distance cultures uses new ideas and methods, while management in low power distance cultures often uses traditional methods.

Lastly, social connections in high power distance cultures are characterized by distancing, while low power distance cultures have a sense of cohesion among individuals.

Table 1. Comparing cultural parameters in low and high uncertainty avoidance cultures

Cultural Parameters	Low Uncertainty Avoidance	High Uncertainty Avoidance
Time Orientation	Present-focused	Future-focused
Organization Size	Small organizations	Large organizations
Middle Managers' Age	Youthful	Middle-aged and senior
Goal Achievement Motivation	Stable	Low
Attitude Towards Success	Hopeful	Fearful
Risk Appetite	High	Low
Career Orientation	Position-based	Knowledge-based
Manager Expertise	Not necessarily experts	Experts
Conflict Perception	Natural state	Undesirable
Employee Competition	Normal	Discouraged
Compromise Willingness	High	Low
Uncertainty Readiness	High	Low

Source: Authors

Eight cultural characteristics—social roles, dominance, primary values, life and work, priorities, ambitions, attitude toward freedom, and sensitivity—are presented in Table 2 to

compare the cultures of men and women. The table illustrates how gender-related expectations, beliefs, actions, attitudes, and relationships in masculine and feminine cultures are different. According to Hofstede (1980), one of the most famous researchers in cross-cultural studies, the table depicts some of the key traits of masculine and feminine cultures.

Table 2. Ways masculine and feminine cultures can be different

Culture Parameters	Masculine Cultures	Feminine Cultures
Social Roles	Men are expected to earn money, while women are expected to raise children. In feminine cultures, husbands don't necessarily have to earn money and can help raise kids.	Both genders can raise children, and there is no strict division of labor based on gender.
Dominance	In masculine cultures, men are expected to be in charge and have more power. In feminine cultures, there is no preference for either gender to have power.	Both genders are seen as equal, and there is no emphasis on one gender having more power or control than the other.
Main Value	In masculine cultures, success is considered the most important. In feminine cultures, the quality of life is considered the most important.	Relationships and well-being are prioritized over material success and achievement.
Life and Work	In masculine cultures, people work hard to achieve success in life. In feminine cultures, people work to live a good life.	Work-life balance is emphasized, and people work to support their quality of life rather than solely for achievement or success.
Priority	In masculine cultures, people prioritize material wealth, money, and competition. In feminine cultures, people prioritize relationships with others and the environment.	People prioritize the well-being of others and the environment and see material wealth and competition as less important.
Aspirations	In masculine cultures, people strive to be the best. In feminine cultures, people strive for equality and fairness, without the need to be better than others.	People seek to achieve equal opportunities and treatment for all individuals, rather than striving to be the best or stand out above others.
Attitude to Freedom	In masculine cultures, independence and autonomy are emphasized. In feminine cultures, cooperation and interdependence are emphasized.	People emphasize working together and building strong relationships, rather than individualism and independence.
Sensitivity	In masculine cultures, winners and successful people are respected. In feminine cultures, people show empathy for those who are not successful.	People value empathy, kindness, and understanding for all individuals, and do not place a strong emphasis on competition or winning.
Decision-making	In masculine cultures, decisions are based on logic, reason, and analysis. In feminine cultures, decisions are also influenced by intuition, feelings, and emotions.	People value both logic and emotions in decision-making and believe that both are important factors to consider.

Source: Authors

3.1. The dimensions of national culture

The concept of national culture has been the subject of much research in the field of managerial sciences. It refers to collective mental programming or the values and attitudes that are shared by individuals from a specific country or society.

National culture shapes the behavior and beliefs of individuals regarding what is important and is influenced by factors such as language, religion, ethnic and racial identity, cultural history, and traditions. It can be expressed as values on a range of dimensions. These dimensions provide country-specific profiles that can be used to identify cultural differences between nations. For instance, high power distance cultures like China or India, view hierarchical relationships as important, whereas low power distance cultures like Sweden or Norway, emphasize egalitarianism.

Masculinity-femininity dimension reflects the degree to which a culture values assertiveness, competitiveness, and achievement (masculine values) versus caring, nurturing, and quality of life (feminine values). Countries like Japan or Germany, for instance, score high on the masculinity dimension, while Scandinavian countries score low, which makes them score high in feminine values.

The individualism-collectivism dimension refers to the degree to which individuals in a society are integrated into groups or remain autonomous. In individualistic cultures such as the US, the emphasis is on personal goals and the autonomy of the individual, while collectivistic cultures such as Japan and most Arab countries emphasize group goals and loyalty.

The uncertainty avoidance dimension refers to the extent to which people feel threatened by ambiguous or unknown situations and respond by avoiding them. High uncertainty avoidance cultures such as Greece or Portugal, prefer clear rules and structures to avoid uncertainty, while low uncertainty avoidance cultures such as the US or Canada, are more comfortable with ambiguity.

3.2. The nexus between national culture, organizational culture, and HRM practices

In today's business climate, which is characterized by a process of globalization and extremely fierce competition, an increasing number of organizations are looking for the possibility of further growth and development through the process of internationalization of the company. However, entering the international business scene is fraught with certain difficulties. Firstly, doing business in other countries requires knowledge of their legal norms, the characteristics of the local labor market, the characteristics of the political and economic system, the characteristics of national culture, and so on. It is for these reasons that organizations entering the international market must make changes to their previous business practices and, in particular, to the human resource management (HRM) system.

The impact of national culture on a multinational company's organizational culture and human resource management practices is of crucial importance for a better HR policy. National culture consists of shared values, beliefs, attitudes, and behaviors that citizens accept and implement in their daily lives. That is why it is consequential in defining the work habits and expectations of employees in a multinational organization.

When an international corporation opens operations in a foreign country, it must navigate and adapt to that country's national culture to match its organizational culture. Failure to integrate company culture with the culture of the host nation can make it difficult to create successful connections with workers, customers, and other stakeholders.

In this context, it is necessary to understand the host country's cultural values and norms. Communication styles are one way that national culture impacts an international company's organizational culture. Communication preferences vary among cultures and can influence

how employees provide and receive feedback, the tone of voice used in dialogues, and the amount of formality in communication. Understanding these communication preferences is thus essential for building effective communication techniques.

National culture has implications for the organizational culture regarding the views toward hierarchy and authority. Understanding the host country's beliefs regarding authority and hierarchy is crucial for building effective leadership and management strategies. This will likely affect how employees interact with their superiors as well as the level of autonomy of employees, and the level of formality in the workplace.

Human resource management methods in a multinational organization are also influenced by the country culture. distinct cultures, for example, may have distinct views regarding group harmony and individual accomplishment. Therefore, the criteria for performance assessments, promotions, prizes, and incentives must be adapted to the local culture. Failure to identify these cultural variations can result in employee demotivation and underperformance.

4. Institutional approaches in international comparative management research

Institutionalist approaches view MNEs as social actors that are deeply embedded in the respective social, cultural, political, and economic context of their environment. The central interest of institutionalist explanatory models is the research question of how organizations adapt to their institutional environments. Fundamental to the understanding and application of institutionalist approaches in the literature on international management is the differentiation between European and American institutionalism (Tempel & Walgenbach, 2007).

The main difference is that the former principally emphasizes the diversity of national cultures and national business systems (hereafter NBS) while the latter focuses on the global diffusion of practices, structures, and institutions. The central transmission mechanism of European institutionalism consists of the institutions of the respective NBS.

European Institutionalism

In recent history, it has received a particular interest due to, following the end of most (socialist) planned economy models and the simultaneous intensity of globalization processes, the growing awareness of the fact that there are considerable differences and, in some cases, downright divergent designs of capitalism within the capitalist economic model.

The most far-reaching and theoretically comprehensive approach to European institutionalism is Whitley (1997). The starting point of the theoretical frame of reference in the National business system NBS approach is the key characteristic of the historically evolved institutional structure of a country, usually synonymous with a nation-state.

Whitley (1997) distinguishes four core elements: the political system, the financial system, the labor system, and the cultural system. It is assumed that, depending on the institutional framework and the conditions of an economy, specific NBSs are formed which have a decisive influence on the decision-making processes in companies. In the case of MNEs, a distinction is made between home country and host country influences.

American Institutionalism

In contrast to European institutionalism, the focus of the representatives of American institutionalism is on the homogenization of institutional environments across national borders. It is assumed that regulatory, normative, and cognitive mechanisms ensure that organizations adopt rationalized organizational practices or best practices. This is not because they are more efficient, more profitable, or more optimal in terms of transaction costs, but because they are seen as legitimate in certain institutional environments (Scott, 2005).

The idea of the legitimacy of action in certain organizational fields, such as industrial sectors, is thus no longer defined in national terms, but is understood a global or transnational context

and thus ties directly into the current discussion about the role of MNEs in this process (DiMaggio & Powell, 1983). An important theoretical construct to explain the global convergence of organizations operating in the same organizational field is the idea of isomorphism (DiMaggio & Powell, 1983).

Contrary to the assumption of Hofstede and the European institutionalists, the result of isomorphic processes is precisely not cultural and institutional diversity of national and local rationalities, but increasing homogeneity. About the topic of this work and based on the basic assumptions of American institutionalism, the first question is whether and to what extent internationally operating companies are still influenced by national institutions, i.e., on the one hand by the institutional setting in their country of origin and on the other hand by the different national institutional structures in the countries in which they have subsidiaries.

Second, we shall ask to what extent the three forms of isomorphism promote the emergence of culturally homogeneous transnational management roles and organizational forms in MNEs. We tackle these questions in the subsequent pages.

4.1. Local and global isomorphisms, “National Business Systems” and the international company

From an institutional perspective, in addition to the general criticism of the convergence assumptions of universal and contingency theories, the following problems arise in particular, which considerably decimate the explanatory power of the evolutionary model that has dominated international management research for over 30 years:

- The evolutionary model is the best way in which logic blocks the way for a more differentiated view of MNEs: in particular, on why, beyond technological and economic constraints, it makes perfect sense for internationally operating firms not to expand or to expand only into a small number of countries (Westney & Zaheer, 2001) or to remain in one of the early evolutionary stages (Geppert & Dörrenbächer, 2014).
- Although U.S. firms are by far the most common among the most globalized ventures, there is a growing number of internationally successful firms from different countries of origin that do not necessarily follow the evolutionary model from the multinational to the transnational stage (Westney & Zaheer, 2001).
- The strong unilateral, monotonic bias toward international expansion (Westney & Zaheer, 2001) of evolutionary approaches to MNEs also prevents a more nuanced consideration of institutional diversity of influences and rationalities, for example, through the NBS of the host country of the subsidiaries (Geppert & Dörrenbächer, 2014).

We will now discuss the last two aspects in the remainder of this work. As will be shown, both home country and host country effects are discussed in both institutionalist approaches. The major difference, however, is that European institutionalism has historically grown through international comparative studies and is based on more qualitative research methods. The American institutionalism, in contrast, largely refers to quantitative analyses of populations of organizations (organizational forms) and is restricted to one nation-state, usually the United States (Rosenzweig & Singh, 1991).

4.2. Role of the host country

Comparative studies in the tradition of American institutionalism have shown that especially formal forms of control and coordination in MNEs correlate positively with cultural distance (Rosenzweig & Singh, 1991). This idea has been further refined concerning the fact that it is not cultural differences between the country of origin and the host country of the MNE that determine which strategic decisions are made. Rather, it is also of importance whether the strategies are recognized as legitimate in the establishment.

The question of institutional distance is thus linked to institutional differences (especially in the legal system) between the host country and the MNE's country of origin, or, in the style of evolutionary theories, to structural contingencies of the MNE about its task environment. The right mix between global integration and local adaptation cannot be explained by economic and technical constraints alone. It also depends on how managers in MNEs establish the legitimacy of their actions internally, i.e., vis-à-vis other departments and branches of the MNE, and externally, i.e., vis-à-vis the relevant stakeholders in the host country. In contrast to European institutionalism, the institutional structure of the home country is taken as given. Only the institutional distance of the strategic approach of the parent company in relation to the host country is discussed. Regulative, normative as well as cognitive elements of institutional influences are taken into account. In this sense, it is assumed that MNEs (Xu & Shenkar, 2002):

- In global industries are more likely to invest in similar institutional environments, with similar normative and cognitive institutional mechanisms. MNEs in multi domestic industries, on the other hand, arrange themselves in institutionally different environments.
- with greater institutional and structural diversity tend to be more tolerant of different norms and rules in their foreign establishments. As a result, there is also a greater willingness to invest there.

Homogeneous MNEs are more likely to operate in contexts similar to their home countries:

- where the normative and cognitive institutional distance from the host country is great, they are more inclined to make greenfield investments. Acquisitions take place where this distance is rather small.
- are more willing to take majority or full ownership in a joint venture if the host country's joint ventures if regulatory and normative institutional distance is low.

There are significant differences between American institutionalism and European institutionalism. There are many reasons for this. One important aspect is the level of analysis, which in European institutionalism is explicitly related to the nation-state and the institutional structure of the NBS, and not to organizational fields such as specific industrial sectors.

Starting from the basic assumption that there is no single best way of organizing economic activity, the European institutionalist approach denies the existence of a single mechanism for capitalist institutions contrasting with American institutionalism. A key question, therefore, is the extent to which internationally operating firms benefit from the competitive advantages of their home country's NBS.

The evolutionary model is dominant in international management research, where the transnational solution is propagated as the best practice or the new best way. In this respect, the identification of country-of-origin effects can also be understood as an attempt to show not only the institutional influences of the country of origin. Studies that show the residual influence of the NBS in MNEs despite tendencies of Anglo-Saxonization mainly deal with the following problem complexes: international acquisitions, human resource management (HRM) practices, control and coordination, and the transformation of work systems.

For instance, changes in Work Systems in MNEs are associated with global isomorphic tendencies, such as the increasing importance of financial aspects in management discourse (Geppert 2003), which led to an increased orientation of MNEs toward the service and maintenance sector, which is more profitable than manufacturing.

A key finding of international comparative studies, however, is evidence of the enduring influence of country of origin on global and local strategies for restructuring work systems. In the case of German MNEs, there continues to be a tendency toward production systems defined by Sorge & Streeck (1988).

U.S. MNEs focused on the global standardization of structures, processes, and products as well as the worldwide rationalization of production. These findings are consistent with the results of other comparative studies. U.S. companies standardize their HRM practices more strongly and are less willing to adapt them to local conditions (Garavan et al., 2002). Of course, this strategy also reflects the tendencies of Anglo-Saxonization described earlier, but the American experiment remains unique.

Since the U.S. sample of companies considered is confined to the companies listed on the New York Stock Exchange, the short-term financial orientation has a stronger impact. In addition, management target agreements, budgeting, and compensation systems are also typically American and geared to short-term profit maximization.

4.3. Influence of the host country

The role of the host institutional environment is given greater importance in American institutionalism than the country of origin. The basic assumption is that subsidiaries must adapt to the host institutional environment primarily because of regulatory and normative constraints. On the one hand, it is emphasized that management concepts developed in a very specific national context spread throughout the company via internal isomorphic processes and thus become legitimate best practices. However, on the other hand, it is also highlighted that MNEs can and do influence institution-building in the host country. For example, the example of the luxury hotel chain Marriott, exerted influence on the regulation of weekly working hours after it opened a hotel in Hong Kong (Rosenzweig & Singh 1991).

Ultimately, this also explains the decline in the influence of national institutions. Put differently, the growing power of MNEs on national legislation and the financing of formerly public, i.e., state-funded services by MNEs, is seen as an indication that specific nationally shaped institutional differences are increasingly disappearing.

However, studies in the tradition of European institutionalism raise doubts that the influence of host countries is disappearing altogether. For example, a comparison of British and German subsidiaries of MNEs in elevator and escalator manufacturing showed strong differences both in the change of structures and decision-making processes and in the use of manufacturing technologies and personnel.

In contrast, in the UK, NBS is less closely intertwined with work systems. Specifically, this means that industrial relations tend to be weak and labor policies tend to be underdeveloped. Vocational education and training, especially for skilled workers, technicians, and engineers, have a low priority here. As a result, employees in manufacturing plants tended to be semi-skilled or unskilled and less involved in management processes. In addition, people in strategic decision-making positions mostly had management degrees. In contrast, the majority of these management functions in German subsidiaries are performed by engineers.

5. A conceptual model of how national culture interacts with organizational culture and HRM practices.

How national culture interacts with corporate culture and HRM practices in MNCs has been the subject of several empirical research. For instance, in a survey of 269 managers from MNCs in Ghana, Ansah and Louw (2019) discovered that national culture dimensions like power distance and uncertainty avoidance had a significant positive impact on organizational culture, but collectivism and masculinity had a negligible positive impact. Additionally, they discovered that organizational culture mediates the link between national culture and HRM practices, indicating that MNCs may modify their HRM strategies to fit the regional cultural milieu. Similar to this, cross-cultural research of 10 nations by Papadionysiou and Myloni

(2023) revealed that country cultures significantly influenced HRM procedures including hiring, performance reviews, and incentive systems.

Additionally, they discovered that organizational culture mediated the association between national culture and HRM practices. This finding suggests that MNCs may develop a solid organizational culture that can help them navigate some of the problems and cultural differences in the host nations. Another study by Nazarian et al. (2017) analyzed the human resources management procedures of 18 multinational corporations (MNCs) in six nations and discovered that national cultures directly influenced HRM procedures such as employee participation, communication, and teamwork. Additionally, they discovered that corporate culture affected HRM strategy and structure, which in turn had an indirect impact on HRM practices. These studies offer some evidence of how, in various situations and places, corporate culture and HRM practices interact with national culture.

The body of knowledge on organizational culture, country culture, and HRM practices has also benefited from certain recent research. For instance, Beugelsdijk and Welzel (2018) offered a new paradigm that combines Inglehart's cultural values with Hofstede's cultural dimensions, and shows how it can be used to explain how HRM practices vary and evolve over time and between nations. Additionally, they proposed that social capital, institutional quality, and economic growth might all have an impact on national culture. Another research by Knein et al. (2020) looked at how culture influences international account management and the interactions between German suppliers and Indian customers. They discovered that the satisfaction and performance of both sides were significantly impacted by cultural variations in communication techniques, trust-building, and negotiating tactics.

Additionally, they advised global account managers to embrace a multicultural mindset and modify their conduct by the cultural norms of the region. Additionally, Mansaray and Jnr (2020) reviewed the research on the relationship between organizational culture and country culture and how they affect MNCs' HRM practices. They discovered that organizational culture and HRM practices were influenced both directly and indirectly by national culture and that this link was controlled and mediated by organizational culture. They recommended that MNCs have a strong organizational culture that can blend in with the community and take into account the complexity and cultural diversity of their host nations.

This section presents a conceptual model based on the aforementioned literature that sheds light on the complex interplay between two distinct variables: national culture, encompassing the unique cultural characteristics of Morocco, and the organizational culture upheld by the multinational company. This interplay significantly impacts various HRM practices, including recruitment, training, compensation, and performance management, in a multifaceted and dynamic manner.

However, it is crucial to acknowledge that the connection between national and organizational culture and HRM practices is far from straightforward. Several moderating variables come into play, such as the industry, size, strategy, and environment in which the company operates. Moreover, the interaction between national and organizational culture gives rise to a distinct cultural amalgamation, further influencing the effects on HRM practices.

The model also takes into consideration the outcomes resulting from these HRM practices, recognizing the causal relationship between effective HRM practices and positive organizational outcomes, including innovation, performance, and employee satisfaction.

This multidimensional framework offers a comprehensive approach to understanding the intricate dynamics of HRM practices within an international context. By incorporating the influences of national and organizational culture, the framework underscores the importance of cultural alignment in enhancing the effectiveness of HRM. It serves as a valuable guide for multinational companies seeking to optimize their HRM strategies in culturally diverse

settings, such as Morocco, with the ultimate goal of fostering innovation, improving performance, and enhancing employee satisfaction.

Independent Variables:

- **National Culture (Morocco)**

The power distance, collectivism, and uncertainty avoidance dimensions of national culture in Morocco have a significant influence on HRM practices. These cultural characteristics, such as respect for hierarchy, loyalty, and duty, are carefully considered when designing HRM strategies.

- **Organizational Culture**

Organizational culture encompasses the alignment with national culture, power distance, collectivism vs. individualism, uncertainty avoidance, and masculinity vs. femininity orientations. Additionally, the unique blend of culture resulting from the organization's original location and experiences also has an impact on HRM practices.

Moderating Variables :

Industry, Size, Strategy, and Environment: These moderating variables play a crucial role in shaping the relationship between culture and HRM practices. They influence the extent to which national and organizational culture impact HRM strategies and implementation.

- **Unique Blend of Culture**

The interaction between national culture and organizational culture gives rise to a distinct blend of cultures. This unique blend further shapes and moderates the influence of culture on HRM practices.

Dependent Variables:

- **HRM Practices**

Recruitment and selection, training and development, performance management, compensation and rewards, and employee relations practices are all influenced by the interplay of national culture, organizational culture, and the unique blend of culture.

- **Outcomes of HRM Practices**

Innovation, Performance, and Employee Satisfaction:

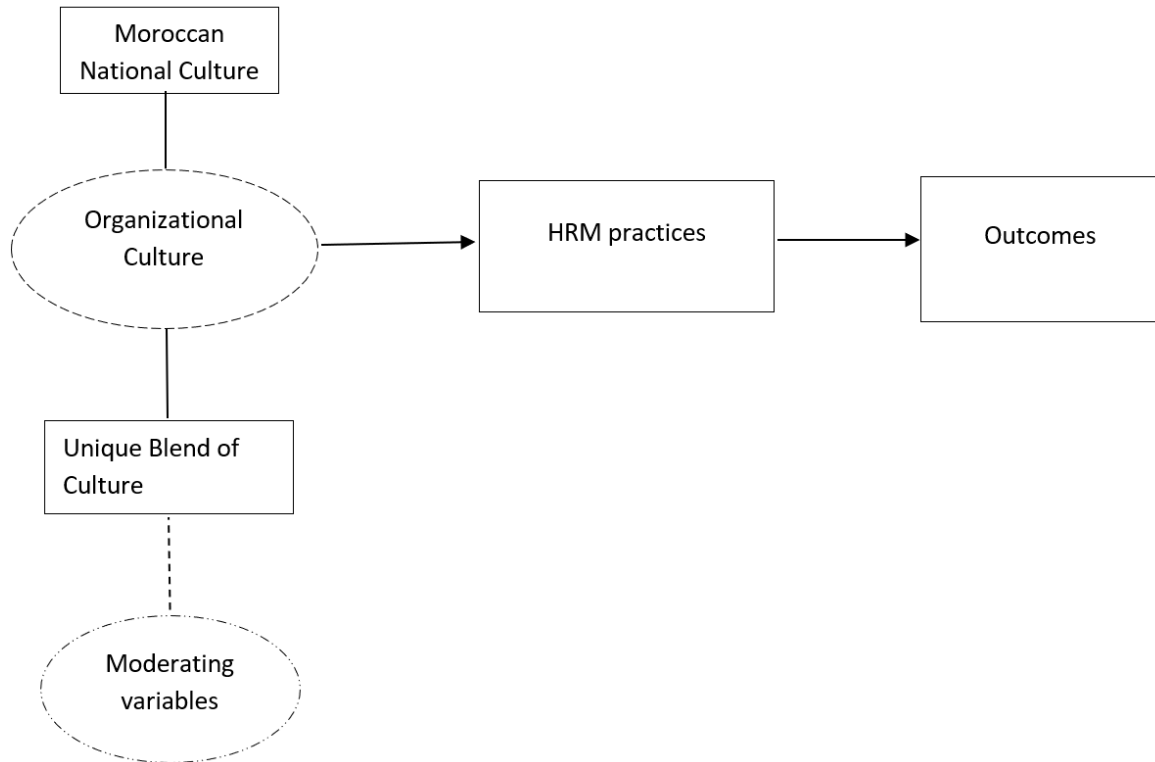
These outcomes are a direct result of effective HRM practices, which are influenced by national culture, organizational culture, the unique blend of cultures, and the moderating variables.

The model assumes that culture is a multidimensional construct that can be assessed using frameworks like Hofstede's cultural dimensions. It also considers HRM practices as an interconnected system of activities. Furthermore, it recognizes the causal relationship between HRM practices and outcomes, which can be moderated by various factors.

This integrated model acknowledges the dynamic and continuous influence of both national and organizational culture on HRM practices. The unique blend of culture-specific to the Moroccan branch of the international company, along with the moderating variables, plays a significant role in shaping HRM practices and their outcomes

In Figure 2, arrows represent the influence each element has on the others. The national and organizational cultures influence HRM practices and shape the unique blend of cultures. This blend, along with the moderating variables, then influences HRM practices and their outcomes.

Figure 2. A representation of the conceptual model



Source: Authors

Hypotheses and scenarios

- **H1:** If the company culture matches well with Moroccan culture, the company's HR practices will work better.
- **H2:** The Moroccan culture's respect for authority will change how HR works, especially in hiring people and evaluating their work.
- **H3:** Because Moroccan culture values the group over the individual, HR might give rewards to whole teams instead of just one person.
- **H4:** The mix of Moroccan and company culture will change how HR works a lot. If this mix is good, the company will be more innovative, do better work, and make employees happier.
- **H5:** The bigger the company, the more it can change the effect of culture on how HR works.
- **H6:** The kind of business the company is in (like tech, making things, or services) can change how culture affects HR.
- **H7:** If things outside the company change a lot, the company needs to match Moroccan and company culture better to make HR work well.
- **H8:** If the company wants to be innovative, it needs to match its culture with Moroccan culture to manage HR in a way that supports innovation.
- **H9:** If HR works well because it matches Moroccan and company culture, and this is changed by the company's size, business type, strategy, and outside factors, then employees will be happier.
- **H10:** If HR leads to more innovation and better work, it means the company's culture matches well with Moroccan culture. ;

Drawing from the conceptual model and the assumptions, here are the main conclusions:

- *Culture's Central Role*: National and organizational cultures significantly shape HRM practices in international organizations. This highlights the need for companies to be aware of and considerate of cultural contexts.
- *Crucial Alignment*: Ensuring alignment between the national culture (in this case, Morocco) and the organizational culture of an international company promotes more effective HRM practices. Thus, cultural adaptation and integration are pivotal in international business operations.
- *Significance of Moderating Variables*: The influence of culture on HRM practices is not direct, but rather influenced by factors like industry, size, strategy, and the external environment. This necessitates customized approaches to HRM practices based on contextual factors.
- *Dynamic and Continuous Process*: The interaction between national and organizational culture and HRM practices is an ongoing and evolving process. Over time, a unique cultural amalgamation emerges, further shaping HRM practices and outcomes.
- *Impact on Outcomes*: Effective HRM practices, influenced by the interplay of national and organizational culture and moderated by various factors, contribute to positive outcomes such as enhanced innovation, improved performance, and increased employee satisfaction.
- *Value of Cultural Frameworks*: Cultural frameworks, including Hofstede's cultural dimensions, offer valuable insights into the cultural nuances that influence HRM practices in international contexts.

Our study based on the above model highlights the complex interactions between national and organizational cultures and their impact on HRM practices in an international company operating in Morocco. By comprehending these dynamics, companies can optimize their HRM strategies to drive favorable organizational outcomes.

6. Conclusion

This paper highlighted the central role of national culture in shaping organizational culture and human resource management (HRM) practices within an international firm. Our findings highlight the need for international companies to recognize, understand, and adapt to local cultural values and norms to succeed in a foreign country.

Furthermore, this study highlights how institutional frameworks, such as political, legal, and economic environments, significantly shape national culture. Therefore, understanding these institutional frameworks is critical to adapting organizational culture and optimizing HRM practices to align with the cultural norms of the host country.

Our conceptual model, which incorporates these elements, demonstrates that successful international business management requires a comprehensive understanding of cultural differences and a willingness to adapt the company's organizational culture and HRM practices in the host country. Such an approach can foster strong relationships with employees, customers, and other stakeholders, which ultimately leads to improved organizational performance and long-term success.

However, the increasing influence of multinational companies on national legislation and the financing of previously state-owned enterprises has raised questions about the potential erasure of nationally shaped institutional differences. It has been suggested that international firms have the power to shape host country institutions, but our study, drawing on the European institutionalist tradition, challenges this assumption, pointing to the enduring influence of host countries.

This claim is supported by our comparison of the elevator and escalator manufacturing subsidiaries of multinational firms in Britain and Germany. Notable contrasts emerged in decision-making processes, structural changes, manufacturing technologies, and personnel

strategies. For example, the British NBS revealed a less interconnected relationship with labor systems, leading to the employment of less skilled workers in manufacturing plants and the limited participation of skilled workers in management. Conversely, German subsidiaries placed a high value on having more engineers in management roles.

It is thus important to understand and integrate national culture, organizational culture, and institutional frameworks when developing HRM practices in an international context.

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