



**The Impact of Cultural Factors on Human Resource Management  
Practices: The Case of Addis Ababa City Administration Revenue  
Authority**

**By  
Shine G/Meskel**

**Thesis Submitted to Addis Ababa University, School of Commerce, In  
Partial Fulfillment of the Requirements for the Degree of Masters of Art in  
Human Resource Management**

**June 2020  
Addis Ababa, Ethiopia**

**Addis Ababa University**

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## **DECLARATION**

*I, Shine G/Meskel, declare that the thesis entitled “The Impact of Cultural Factors on Human Resource Management Practices: The Case of Addis Ababa City Administration Revenue Authority” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, Dr. Abraraw Chane. Any other sources used for the study have been duly acknowledged. Moreover, this study has not been presented in Addis Ababa University or any other Institution.*

*Name of the researcher: Shine G/Meskel*

*Signature* \_\_\_\_\_

*Date of submission* \_\_\_\_\_

**Addis Ababa University**

**School of Commerce**

**Letter of Certification**

This is to certify that the thesis prepared by Shine G/Meskel titled: The Impact of Cultural Factors on Human Resource management Practices: The Case of Addis Ababa City Administration Revenue Authority and submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Human Resources Management complies with the regulation of the University and meets the accepted standards with respect to originality and quality.

Advisor: Abraraw Chane (PHD) Signature \_\_\_\_\_ Date \_\_\_\_\_

**Addis Ababa University**

**School of Commerce**

**Certification of Approval**

This is to certify that the thesis prepared by Shine G/Meskel titled: The Impact of Cultural Factors on Human Resource management Practices: The Case of Addis Ababa City Administration Revenue Authority and submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Human Resources Management complies with the regulation of the University and meets the accepted standards with respect to originality and quality.

Internal Examiner: \_\_\_\_\_ (PhD) Signature \_\_\_\_\_ Date \_\_\_\_\_

External Examiner: \_\_\_\_\_ (PhD) Signature \_\_\_\_\_ Date \_\_\_\_\_

## **Acknowledgments**

First of all I would like to express my deepest gratitude to the Almighty God for giving me strength to complete this study and thesis. Second, I acknowledge the contribution and support of my advisor Abraraw Chane (PHD), whose time, effort, guidance and comments were highly beneficial.

My heartfelt appreciation goes to my husband Ato Bekalu Tamene and My Daughter Mahder Bekalu for their help and patient during my study and preparation for this thesis. Their endless support, encouragement and understanding throughout my good and bad times are so meaningful to me.

Finally, I would like to thank Addis Ababa City Administration Revenue Authority staff for their cooperation in providing me the required data.

## Table of Contents

|  |     |
|--|-----|
| Acknowledgments.....                                   | i   |
| Table of Contents.....                                 | ii  |
| Tables and Figure.....                                 | v   |
| List of Figure.....                                    | v   |
| Acronyms and Abbreviations .....                       | vi  |
| Abstract.....  | vii |
| CHAPTER ONE.....                                       | 1   |
| INTRODUCTION .....                                     | 1   |
| 1.1. Background of the Study.....                      | 1   |
| 1.2. Description of the Study Area .....               | 3   |
| 1.3. Statement of the problem .....                    | 3   |
| 1.4. Research Questions .....                          | 4   |
| 1.5. Objective of the study .....                      | 5   |
| 1.5.1 General Objective .....                          | 5   |
| 1.5.2 Specific Objective.....                          | 5   |
| 1.6. Significance of the Study .....                   | 5   |
| 1.7. Scope of the Study.....                           | 5   |
| 1.8. Limitations of the Study.....                     | 6   |
| 1.9. Operational Definitions and Terms .....           | 6   |
| 1.10 Organization of the Study .....                   | 7   |
| CHAPTER TWO .....                                      | 8   |
| REVIEW OF RELATED LITRATURE .....                      | 8   |
| 2.1 Introduction .....                                 | 8   |
| 2.2 Conceptual and Theoretical Literature review ..... | 8   |
| 2.2.1 The Concept of Human Resource Practice.....      | 8   |

|  |     |
|--|-----|
| 2.2.2 Types of Human Resource Practices .....              | 8   |
| 2.2.3 Main Human Resource Management Practices.....        | 9   |
| 2.2.4 The Concept of Culture .....                         | 10  |
| 2.2.5 Hofstede Model of "Dimension of Culture" .....       | 11  |
| 2.3 Empirical Literature review .....                      | 16  |
| 2.4 Conceptual Framework .....                             | 188 |
| CHAPTER THREE .....  | 19  |
| RESEARCH DESIGN AND METHDOLOGY .....                       | 19  |
| 3.1 Research Design and Approach .....                     | 19  |
| 3.2 Source of Data.....                                    | 19  |
| 3.3 Target Population .....                                | 19  |
| 3.4 Sample and Sampling procedures .....                   | 19  |
| 3.5 Instrument Design/Measurement .....                    | 20  |
| 3.6 Data Collection Procedures .....                       | 21  |
| 3.7 Data Analysis .....                                    | 21  |
| 3.8 Reliability Analysis Test .....                        | 21  |
| 3.9 Ethical Considerations.....                            | 22  |
| CHAPTER FOUR.....  | 23  |
| DATA PRESENTATION, ANALYSIS AND INTERPRETATION .....       | 23  |
| 4.1 Response Rate .....                                    | 23  |
| 4.2 Demographic Information of the Respondents .....       | 23  |
| 4.3 Descriptive Statistics: Socio cultural force .....     | 25  |
| 4.4 Descriptive Statistics: Human resource practices ..... | 26  |
| 4.5. Analysis of Inferential Statistics Results.....       | 28  |
| 4.5.1 Correlation Analysis .....                           | 28  |
| 4.5.2 Regression Analysis .....                            | 29  |
| 4.6 Discussion on Major Findings.....                      | 34  |

|   |    |
|---|----|
| CHAPTER FIVE .....                            | 36 |
| SUMMARY, CONCLUSIONS AND RECOMMENDATIONS..... | 36 |
| 5.1 Summary of Major Findings .....           | 36 |
| 5.2 Conclusions .....                         | 37 |
| 5.3 Recommendation.....                       | 39 |
| 5.4 Suggestion for Further Study .....        | 40 |
| REFERENCES .....                              | 41 |
| Appendix.....                                 | 44 |

## Tables and Figure

|  |    |
|--|----|
| Table 3.1: Reliability measurement .....                                     | 22 |
| Table 4.1: Demographic profile of respondents .....                          | 24 |
| Table 4.2: Mean and Standard Deviation for Socio cultural forces.....        | 25 |
| Table 4.3: Mean and Standard Deviation for Recruitment and selection .....   | 26 |
| Table 4.4: Mean and Standard Deviation for Training and Development.....     | 27 |
| Table 4.5: Mean and Standard Deviation for Performance management .....      | 27 |
| Table 4.6: Mean and Standard Deviation for compensation administration ..... | 28 |
| Table 4.7: Correlation Analysis .....  | 29 |
| Table 4.8: Regression model summary.....                                     | 30 |
| Table 4.9: Regression –ANOVAa .....  | 30 |
| Table 4.10: Regression Coefficient (recruitment and selection) .....         | 31 |
| Table 4.11: Regression Coefficient (Training and Development).....           | 32 |
| Table 4.12: Regression Coefficient (Performance management) .....            | 32 |
| Table 4.13: Regression Coefficient (Compensation Administration).....        | 33 |

## List of Figure

|                                       |    |
|---------------------------------------|----|
| Figure: 1. Conceptual Framework ..... | 18 |
|---------------------------------------|----|

## **Acronyms and Abbreviations**

ERCA: Ethiopian Revenue and Customs Authority

AACARA- Addis Ababa City Administration Revenue Authority

MAS - Masculinity

LTO - Long-Term Orientation

UA - Uncertainty Avoidance

IDV- Individualism

PD - Power Distance

HRM – Human Resources Management

SPSS – Statistical Package for Social Sciences

ANOVA – Analysis of Variance

## ABSTRACT

*This study attempts to address the relationship between cultural factors and human resource management practices and assess the impact of culture on recruitment and selection, training and development, performance management and compensation administration. In order to achieve the above objectives, quantitative research designs were used in determining the relationship between cultural factors and human resource management practices. Primary data was collected through questionnaire. The research relied on the case of Addis Ababa City Administration Revenue Authority three small tax payer branch offices which are Lideta, Arada and Adisketema. The three branches were chosen based on the fact that they encompass different social groups from all around the country and are accessible to collect data. In order to collect the required data the target population of this research was 958 employees out of which 282 employees were taken as a sample using simple random sampling. The gathered data was analyzed using descriptive and inferential statistics. Pearson Correlation and regression analysis were conducted to determine the relationship and the effect of two variables by using SPSS. Finally, this thesis concludes that all of the cultural traits that are in the model have a positive relationship with HRM practices in AACARA. The four HRM practices are influenced by all cultural dimensions mentioned in the model except Masculinity that has a small association with recruitment & selection and Compensation administration and no association with Training & development and performance management and need to be taken into account when developing HRM policies and programs.*

**Key words:** *cultural factors, recruitment and selection, training and development, performance management and compensation administration.*

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Human resource management is concerned with all aspects of how people are employed and managed in organizations. The practice of referring to people as resources as if they were any other factors of production is often criticized. Osterby and Coster(199:31) argued that the term “human resource” reduces people to the same category of values as materials, money and technology, and the resource are only valuable to the extent they can be exploited or leveraged in to economic value, people management in some time referred as an alternative, but in spite of its connotation ,HRM is most commonly used.

Human resource teams help the organization in achieving its objective and making sustainable competitive advantage (Huselid, 1995). However the growing body of empirical research has found that HRM practices are not always sources of sustained competitive advantage unless they are aligned with cultural and other contextual factors (Ahmad & Schroeder, 2003).

Although there are a long list of human resource practices that can be affected by the cultural environments the study take some important practices. The first is recruitment and selection, recruitment is the process of gathering qualified applicants while selection is choosing the most suitable applicants who satisfy the requirements for a particular job. The second one is training and development. Training aims to impart instructions or information to improve performance, knowledge or skill of trainee (saed and Asgher, 2012). Development helps individuals attain new knowledge or skill that are necessary for their personal growth. The third One is performance management which is a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goal of the organization. The last but not the least human resource practice we will see in this paper is compensation Administration which is concerned with the formulation and implementation of strategies and polices that aim to reward people fairly, equitably and consistently in accordance with their value to the organization.

Despite the general applicability of HRM theories HRM practices carry a significant amount of local flavors. In any particular nation HRM practices rooted in the countries historical

political & social differences (Tanure and Duarte, 2005). (Tayeb,1998) claims that as opposed to universal aspects locally meaningful of HRM are based on employees work related values and attitudes. Sustainable HR development policies should concenter the components such as demographic development, economic situation, education and culture. Human resource practices are influenced by the evolution of culture; especially the political, economic, behavioral, moral, family culture etc. Sustainable development of human resources can be achieved through the extension, diversification and increased quality of social and government services.

Culture has been defined in many ways according to (Hofstede, 1991)"culture is the collective programming of the mind that distinguishes the member of one group or category of people from others." Within each collective there is a variety of individuals, thus this collective programming can take place at different context and levels such as at national and organizational level (Hofstede, 2005).In this study we focus on the organizational level- the impact that cultural factors of a certain nation has on HRM practices.

These factors provide dimensions for measuring and comparing cultures, Dutch social psychologist Geert Hofstede conducted one of the most comprehensive studies of how values in work place are influenced by culture. He used the five cultural dimensions this are:-

**Power Distance (PD);** that is the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally.

**Individualism Vs Collectivism (IDV Vs COLL);** collectivism, that is the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties between individuals are loose.

**Masculinity Vs Femininity (MAS Vs FEM);**

- Masculinity; Men are supposed to be assertive and women are more modest (tender) carrying.
- Femininity; both men and women are supposed to be modest, tender and concerned with quality of life.

**Uncertainty Avoidance (UA);** deals with a society's tolerance for uncertainty and ambiguity. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in absolute Truth; 'there can only be one

Truth and we have it'. People in uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy.

**Long-Term Orientation (LTO) Vs short-term orientation (STO);** It can be said to deal with Virtue regardless of Truth. Values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one's 'face'. Long term look to the future, while short term related to the past and present.

The researcher found this frame work convenient to undertake a study of the most common HR practices used in Addis Ababa city administration revenue authority three small tax payer branch offices(Arada sub city small tax payer branch office, Lideta sub city small tax payer branch office, Addis ketema sub city small tax payer branch office, which administer 1078 employees from different parts of the country with different culture, language and social back ground and to explore how the cultural dimensions influence the identified HR practices factor analysis.

## **1.2. Description of the Study Area**

According to (ERCA,2011), due to the agreement concluded between the Addis Ababa City Administration and Ethiopian Revenue and Customs Authority (ERCA), after December 2010 the Addis Ababa Revenue Authority and ERCA have merged. But now January 2018 ERCA and Addis Ababa City Administration agreement were cancelled and Addis Ababa City Administration Revenue Authority (AACARA) formed.

The new Authority has four office divisions micro, small, middle, and large taxpayers' offices. The Authority has one large taxpayer's offices, four middle taxpayers' offices, 10 small tax payer branches offices in the ten sub- city and 116 wereda offices in the city for those taxpayers who are classified under micro office division. (Source: Addis Fortune)

So the researcher selected this organization for the study because employees are from different cultural back ground and in order to minimize the time and resource constraints the study area is going to be limited on the three small tax payer branch offices of the Authority and will try to assess how the four HRM practices influenced by cultural factors.

## **1.3. Statement of the problem**

As depicted on the background of the study HRM practices carry a significant amount of local flavors. Transporting western HRM practices to other nations where the culture is

incompatible with the practices are likely to fail (Gomez, Mejia, Palich, 1997; Dowling et al., 1999). Past studies have successfully tried to explicate some of the discrepancy in HRM practices across cultures (Newman & Nollen, 1996, Erten-Buch & Mayrhofer, 1998;; Schuler & Rogovski, 1998). However, the level of cultural influence on HRM practices differs based on the specific practice, with some practices being more culture-bound than others (Vance, McClaine, Boje & Stage, 1992; Easterby-Smith et al., 1995; Myloni 2002; Sparrow & Wu, 1998; Weber, Kabst & Gramley, 1998; Yuen & Kee, 1993). So there is further need to research to determine which cultural factor has more impact on which HRM practice.

Hence, examining impact of each cultural factor enables organizations to identify a cultural trait which has greater effect on each of the different HRM practices. Coming to the specific case studying cultural factors and its impact on HRM practices might help Addis Ababa City Administration Revenue Authority to develop human resource policies and practices based on the cultural orientation of its employees.

Therefore, this study is conducted to identify impact of each cultural factor (power distance, Individualism - collectivism, masculinity - femininity, uncertainty avoidance and long-term - short term orientation) on the selected four human resource practices (Recruitment and selection, Training and development ,Performance management and Compensation administration).

#### **1.4. Research Questions**

Based on the gaps mentioned above the study seeks to answer the following research questions:

1. Does a cultural factor have any significance influence on the recruitment and selection activity of an organization?
2. Does culture affect training and development program of an organization?
3. Are cultural factors related to the performance management function of an organization?
4. Is there any significant relationship between the culture of a given society and compensation administration?

## **1.5. Objective of the study**

### **1.5.1 General Objective**

The general objective of the study is to assess the impact of cultural factors on Human resource management practices with in Addis Ababa City Administration Revenue Authority three branch offices.

### **1.5.2 Specific Objective**

In line with this general objective, the specific objectives are as follows:

1. To analyze the cultural dimensions and human resource management practices
2. Determine the relationship between cultural factors and human resource management practices
3. Assess the impact of culture on recruitment and selection, training and development, performance management and compensation administration

## **1.6. Significance of the Study**

The researcher is interested in the cultural factors and Human resource management practices because it is felt that this issue was ignored and no significant study has been made in the academic area especially in the institute. This study will enable the organization and the institute to understand that the implementation of human resource practices in one country or organization might not work in the other because of cultural incompatibility. So the study will assist on how to design HRM practices according to the Ethiopian cultural context.

## **1.7. Scope of the Study**

Although there are different cultural factors that determine the effectiveness of HRM practices the researcher focuses on the hofsteade "dimension of culture" model for measuring cultural impact on HRM practices.

Among the different types of Human resource activities the scope of the study focuses on recruitment and selection, training and development, performance management and compensation Administration. These four human resource activities are selected because they are common in any organization compared to other HR activities. Hence, major focus is given to these selected activities.

The study is limited to obtain an understanding on the impact of cultural factors on Human resource management practices at Addis Ababa City Administration Revenue Authority because it encompasses different social groups from all around the country.

The study investigates the relationship between the two variables (cultural factors and human resource management practices) within the three small tax payer branch offices.

### **1.8. Limitations of the Study**

In carrying out the study, several limitations were encountered, they included the following: First, There were no previous studies made on Hofstede "dimension of culture" model from Ethiopian context in the institute or in the country which could use as a guideline and Because of that this research highly depended on the perception of respondents. Second, employees felt uncomfortable and others simply felt not bothered to provide required information. Thus, there was some kind of limitation to the research in obtaining information. Thirdly, Because of the corona virus pandemic it was difficult to collect data. Although there are some limitations Close follow ups were done and respondents' awareness on the importance of research was highly observed, communicated and hence it was possible to undertake the study.

### **1.9. Operational Definitions and Terms**

In this section the researcher stated some of the key terms based on operational definition as follows;

- **Human resource management (HRM):** Activities of an organization conducts to use its human resource effectively and the aspects of management that concerns the coordination of all aspects of employment including hiring, training, evaluating, compensating motivating, disciplining and all day to day interactions as well as rewarding and appraising (dessler 2003,503).
- **HRM Practices:** are the means through which human resource professionals can develop the leadership of organization staffs.
- **Culture:** Culture is treated as “the collective programming of the mind which Distinguishes the members of one human group to another”, and as its building Blocks includes “Systems of values”(Hofstede 1980, 21).
- **Cultural environment:** A set of beliefs, customs, practices and behavior that exists within a population.

- **Cultural dimensions:** It describes the effect of society's culture on the value of its members, and how these values relate to behavior, using a structure derived from factor analysis.

### **1.10 Organization of the Study**

This study is organized in to five chapters. The first chapter deals with the background, statement of the problem, research question, objectives of the study, significance of the study, delimitation of the study, operational definition of key terms and organization of the study. Chapter two contains a review of the literature on the link between cultural factors and human resource management practices. The third chapter covers the research design and method of the study. The forth chapter will discuss about presentation, analysis and interpretation of the data. Finally, Chapter five includes the conclusions from the study, a summary of the findings, recommendations and Suggestion for Further Research.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITRATURE**

#### **2.1 Introduction**

This study attempts to examine the impact of cultural factors on human resource management practices of an organization. The chapter comprises three sections. First section is the Conceptual and Theoretical Literature review. Second is the Empirical Literature review and the last section provides Conceptual Framework.

#### **2.2 Conceptual and Theoretical Literature review**

##### **2.2.1 The Concept of Human Resource Practices**

Human Resource means individuals or staff or workforce within the boundary of an organization they are responsible for performing the tasks assigned to them and they aim to meet the organization objectives. Human resource can provide a sustainable competitive advantage by giving them different practices (Huselid, 1995). In the presence of the competitive environment, the success of any organization depends upon the capabilities and the caliber of their Human Resource and their programs and practices (Rehman, 2011). If there are no human resource management practices, then company always face the difficulties and not able to perform in the competitive society.

##### **2.2.2 Types of Human Resource Practices**

- HR practices are concerned with the management and development of people in organizations. Equal employment opportunity and diversity issues and any other matters related to the employment relationship.(Armstrong,2006).They are involved in the development and implementation of HR strategies and polices and some or all of the following HR management activities:
  - Human resource planning
  - Recruitment and selection
  - Training and development
  - Performance management
  - Compensation administration
  - Employee relation
  - Health and safety

### **2.2.3 Main Human Resource Management Practices**

Although there is a long list of human resource management practices the study take in to consideration four of the main human resource management practices that can be affected by a society's cultural trained.

#### **Recruitment and Selection**

Recruitment is the process of gathering qualified applicants for available positions within an organization (Mathis, 2004), and deciding whether to employ the qualified applicants or to reject them. Selection involves choosing the most suitable applicants who satisfy the requirements for a particular job. The practice of selection is a decision-making activity or a psychological calculation of appropriateness. Organizations that adopt appropriate selection processes are guaranteed to hire employees with the right skills and levels of confidence for a particular job (Pfeffer, 1994; Huselid, 1997). Some researchers found that prerogative recruitment and selection practices positively affect organizational performance (Harel&Tzafir, 1996; Delany &Huselid, 1996).

#### **Training and development**

Training and development is an important element of HRM (Vlachos, 2009). Organizational performance may benefit from training and development in several ways (Subramaniam et al., 2011). Training is a marshaled activity that aims to impart instructions or information to improve the performance, knowledge, or skills of the trainee (Saed&Asgher, 2012). Development refers to the activities that help individuals attain new knowledge or skills that are necessary for their personal growth. All-inclusive training and development programs help trainees to focus on the skills, attitudes, and knowledge that are necessary to achieve goals and to generate competitive advantages for an organization (Peteraf, 1993).

#### **Performance Management**

Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed. Performance management defines company interaction with an employee at every step of the way in between these major life cycle occurrences. Performance management makes every interaction opportunity with an employee in to a learning occasion (McGahan& Porter, 1997).

Performance management system includes the actions such as develop clear job description using employee recruitment plan, select appropriate people using a comprehensive employee selection process, welcome the new employee and provide effective orientation, Negotiate requirements and accomplishment based performance standards, provide ongoing coaching and feedback, conduct quarterly performance development and design effective compensation and recognition system (Cascio, 2006).

### **Compensation Administration**

The literal meaning of ‘compensation’ is the counter balance. In the case of human resource management, compensation is referred to as money and other benefits received by an employer for providing service to his employer.

Compensation is typically divided in to direct and indirect components. Direct compensation refers to the monetary benefits offered and provided to employees in return of the service they provide. Monetary benefit include basic salary, allowance, overtime pay, bones, provident fund, etc. Indirect compensation refers to nonmonetary benefits offered and provided to employees in lieu of the service provided by them to the organization. They include leave policy, over time policy, insurance, flexible timing, retirement benefits and various other benefits (Adeniji and Osibanjo, 2012).

### **2.2.4 The Concept of Culture**

In conducting research involving culture a first challenge is arriving at an understanding of what culture is. Edward Tylor an English anthropologist in 19th-century proposed a classic definition of culture, he defined culture as a “complex whole which includes knowledge, belief, art, morals, laws, custom, and any other capabilities and habits acquired by man as a member of society” (Tylor, 2000). For several reasons the concept of culture has gained its strength and popularity. According to Tayeb (1994), these strengths are related to (1) the fact that, if not in absolute terms, cultural values and attitudes are different in degree at least in some cases from one country to another, (2) the fact that under similar circumstances different cultural groups behave differently because of the differences in their underlying attitudes and values, and (3) the important that culture plays role in shaping work organizations and other social institutions.

Hall (1976) stated that values, norms and beliefs which are the components of culture dictate the way people think, behave, solve problems, make decisions and even organize their political, economic and transportation systems.

The above definitions and concepts of culture include notions of people's knowledge values and beliefs, linking them to interpretation of their circumstances, and their social behavior.

Hofstede (1991), indicated that management practices and values are different from country to country based on each nation's unique culture and traditions. The cultural inheritance of most nations has a significant influence on its economic, societal and political structure. These affect the development of management practices and values found in the country.

We can distinguish material and subjective culture. The tools, dwellings, foods, clothing, pots, machines, roads, bridges, and many other entities that are typically found in a culture are examples of material culture. Subjective culture includes shared ideas, theories, and political, religious, scientific, economic, and social standards for judging events in the environment (Triandis, 1972). The language (e.g., the way experience is categorized and organized), beliefs, associations (e.g., what ideas are linked to other ideas), attitudes, norms, role definitions, religion, and values of the culture are some of the elements of a cultural group's subjective culture.

According to Parhizgar, (2002) Cultural diversity means the representation of majority and minority groups in a society according to their historical family wealth and political influence. It makes a distinction among ethnicity, race, color, gender, and wealth. It makes people different, with distinctly different group affiliations of cultural significance. Cultural diversity emphasizes dissimilarities among people; it emphasizes this notion that we are more different than we are similar.

### **2.2.5 Hofstede Model of "Dimension of Culture"**

#### **Geert Hofstede's theory of cultural dimensions**

Geert Hofstede initially distinguished four, later five and finally even six dimensions of cultural orientation that are different for various national cultures (Hofstede, 2001; Hofstede et al., 2010b). According to Hofstede, these dimensions are both distinctive and stable. Hofstede (2001) argues that every person carries his/ her own "mental program" which is already formed in their childhood and further developed later in academic institutions and organizations. These programs contain parts of national culture. Hofstede et al. (2010b) state

that the concept of culture can best be described by naming symbols, heroes, rituals, and values as its main components. Differences between people's mental programs can be best assessed by comparing the values that prevail among citizens of different countries. Values are the stable element in culture. The following are the five dimensions of cultural orientation.

### **Power Distance**

Power Distance has been defined as the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality, of course, are extremely fundamental facts of any society. All societies are unequal, but some are more unequal than others.

#### Differences between Small- and Large- Power Distance Societies

##### **Small Power Distance**

Use of power should be legitimate and is subject to criteria of good and evil  
 Religions stressing equality of believers  
 Income distribution in society rather even  
 Hierarchy means inequality of roles, established for convenience  
 Subordinates expect to be consulted  
 Pluralist governments based on majority vote and changed peacefully  
 Corruption rare; scandals end political careers

##### **Large Power Distance**

Power is a basic fact of society antedating good or evil: its legitimacy is irrelevant  
 Religions with a hierarchy of priests  
 Income distribution in society very uneven  
 Hierarchy means existential inequality  
 Subordinates expect to be told what to do  
 Autocratic governments based on co-optation and changed by revolution  
 Corruption frequent; scandals are covered up

## **Uncertainty Avoidance**

Uncertainty Avoidance is not the same as risk avoidance; it deals with a society's tolerance for ambiguity. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict behavioral codes, laws and rules, disapproval of deviant opinions, and a belief in absolute Truth; 'there can only be one Truth and we have it'.

### Differences between Weak- and Strong- Uncertainty Avoidance Societies

#### **Weak Uncertainty Avoidance**

The uncertainty inherent in life is accepted and each day is taken as it comes

Ease, lower stress, self-control, low anxiety

Higher scores on subjective health and wellbeing

Tolerance of deviant persons and ideas: what is different is curious

Comfortable with ambiguity and chaos

Changing jobs no problem

Dislike of rules - written or unwritten

In politics, citizens feel and are seen as competent towards authorities

In religion, philosophy and science: relativism and empiricism

#### **Strong Uncertainty Avoidance**

The uncertainty inherent in life is felt as a continuous threat that must be fought

Higher stress, emotionality, anxiety, neuroticism

Lower scores on subjective health and wellbeing

Intolerance of deviant persons and ideas: what is different is dangerous

Need for clarity and structure

Staying in jobs even if disliked

Emotional need for rules – even if not obeyed

In politics, citizens feel and are seen as incompetent towards authorities

In religion, philosophy and science: belief in ultimate truths and grand theories

## **Individualism - Collectivism**

**Individualism** on the one side versus its opposite, **Collectivism**, as a societal, not an individual characteristic, is the degree to which people in a society are integrated in to groups. On the individualist side we find cultures in which the ties between individuals are loose:

### Differences between Collectivist and Individualist Societies

#### **Individualism**

Everyone is supposed to take care of him- or herself and his or her immediate family only

"I" – consciousness

Right of privacy

Speaking one's mind is healthy

Others classified as individuals

#### **Collectivism**

People are born into extended families or clans which protect them in exchange for loyalty

"We" –consciousness

Stress on belonging

Harmony should always be maintained

Others classified as in-group or out-group

## **Masculinity – Femininity**

**Masculinity** versus its opposite, **Femininity**, again as a societal, not as an individual characteristic, refers to the distribution of values between the genders which is another fundamental issue for any society, to which a range of solutions can be found. The assertive pole has been called 'masculine' and the modest, caring pole 'feminine'. The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values. In masculine cultures there is often a taboo around this dimension (Hofstede et al., 1998).

## Differences between Feminine and Masculine Societies

### **Femininity**

Minimum emotional and social role differentiation between the genders  
Men and women should be modest and caring  
Balance between family and work

Sympathy for the weak

Many women in elected political positions

Religion focuses on fellow human beings

Matter-of-fact attitudes about sexuality; sex is a way of relating

### **Masculinity**

Maximum emotional and social role differentiation between the genders  
Men should be and women may be assertive and ambitious  
Work prevails over family

Admiration for the strong

Few women in elected political positions

Religion focuses on God or gods

Moralistic attitudes about sexuality; sex is a way of performing

## **Long-Term vs. Short-Term Orientation**

### Differences between Short- and Long-Term-Oriented Societies

#### **Short-Term Orientation**

Most important events in life occurred in the past or take place now

Personal steadiness and stability: a good person is always the same

There are universal guidelines about what is good and evil

Traditions are sacrosanct

Service to others is an important goal

Social spending and consumption

Slow or no economic growth of poor countries

#### **Long-Term Orientation**

Most important events in life will occur in the future

A good person adapts to the circumstances

What is good and evil depends upon the circumstances

Traditions are adaptable to changed circumstances

Thrift and perseverance are important goals

Large savings quote, funds available for investment

Fast economic growth of countries up till a level of prosperity

## 2.3 Empirical Literature review

Many studies have demonstrated that the effectiveness of HRM practices depends on how well the methods are suitable with the culture in which they are implemented. For instance, Sparrow and Wu (1998) used the cultural orientation framework to predict HRM preferences of Taiwanese employees. Nyambegara et al. (2000) used the cultural orientation framework to explore the impact of cultural orientations on individual HRM preferences in the Kenyan context. Both studies concluded that a significant relationship exists between employees' cultural orientations and their preference for particular HRM practices.

Sahar (2012) has undertaken a comparative study of HRM Practices Based on Hofstede Cultural Dimensions in 24 countries. The research outcomes showed that in low power distance countries employees participate in the training and development program while in high power distance there is a one way delivery of training and low masculinity countries have action programs for women.

Research study by (Mendonca & Kanungo, 1994) found that Culture have a very significant moderating effect on organizations compensation and reward policy. Individualism and collectivism can also play an important role in deciding what kind of reward system a company should adopt. The finding indicated that there is a strong positive correlation between collectivism and flexible benefit plans.

Koopman, Drenth, Verburg, van Muijen, and Wang (1999) sampled Chinese and Dutch industrial companies and found various differences in HRM perceptions among the two nations in the areas of performance appraisal, training, hiring and compensation practices. For instance, Dutch companies were more likely than Chinese industries to have formal procedures for compensation and hiring. Companies of China showed a greater tendency to base pay on both company and personal performance than did Dutch companies.

Weber (1998) stated that selection and recruitment were strongly affected by cultural dimensions, while training and development and pay/benefits were best explained by organizational factors, like size, sector and corporate strategy.

Hofstede (1991) indicated that in large power distance countries management by objectives (MBO) which is associated with HRM practices like performance appraisal, reward and compensation, will not work because they presuppose some form of negotiation between superior and subordinate which neither party will feel comfortable with.

Myloni and Wil Harzing (2003) according to their study on Greece concluded that the effect of cultural dimensions on HRM in Greece is significant. HR practices, such as recruitment, planning, and performance appraisal are to a great extent in accordance with the cultural values of Greek society.

Recently, Robert House with a group of researchers from the Wharton School, have joined efforts to carry out the globe study in sixty countries. This study figured out similarities and differences in cultural values. The results show that cultural dimensions have the greatest influence on national HRM Systems. They argued that, national culture, a concept which consists of values, norms and their implications for beliefs, expectations, orientations and behavior affect HRM practices.

Schneider (1992) indicated that national culture has influence on the culture of an organization by framing and selecting the particular sets of organizational, behaviors, norms and values that managers perceive as being consistent with their own basic assumptions that have been developed in their specific cultural context. In this way, cultural assumptions can impact the organizational decision-making process.

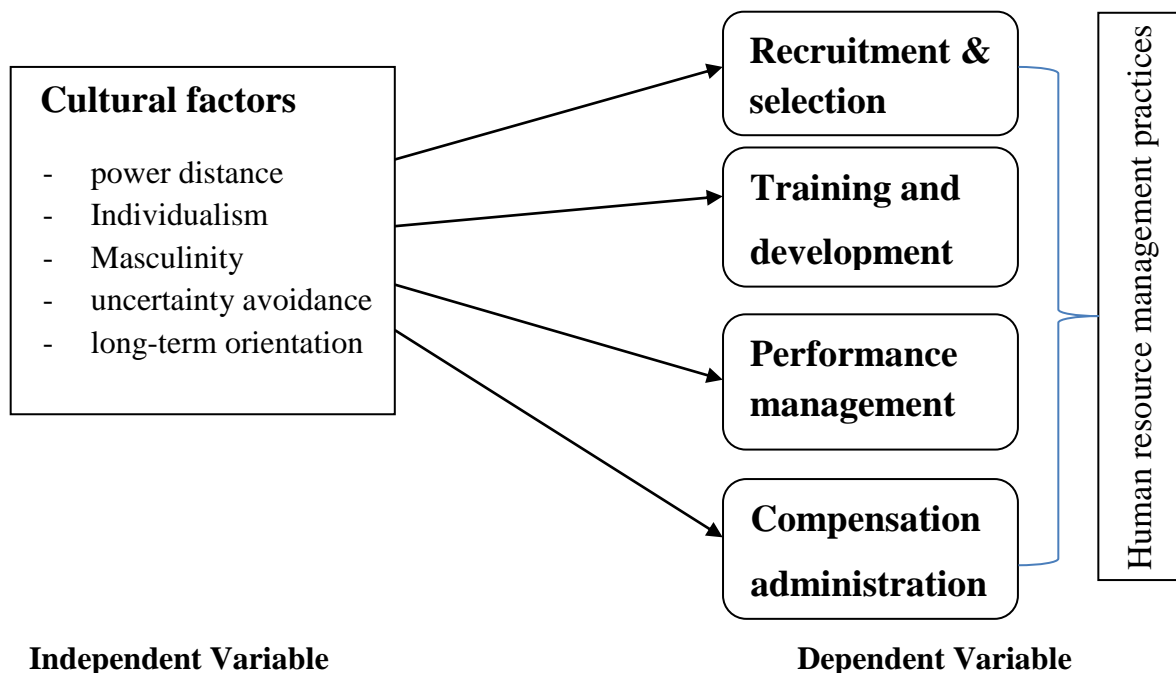
Fischer (2008) mentioned that cultural values and norms influenced on both the design and implementation of HRM practices. He stated that cultural dimensions such as power distance, individualism versus collectivism, uncertainty avoidance, long- short term orientations and masculinity versus femininity impacts on key HRM practices like recruitment and selection, training and development, performance management, and compensation administration.

## 2.4 Conceptual Framework

The conceptual framework explains the relationship between cultural factors and human resource management practices. The culture influences multiple aspects of the recruitment and selection process, so only those recruitment and selection methods and practices that fit the culture are likely to be effective. The national cultures of a society determine the nature of training given to employees in an organization. Cultural factors also have a significant impact on the reward management system of an organization where employees are well aligned to financial and non-financial rewards.

Therefore, cultural dimensions of power distance, Individualism Vs collectivism, masculinity Vs femininity, uncertainty avoidance and long-term Vs short term orientation in organizations exert a significantly positive as well as negative influence on Human resource management practices.

Having thrown understanding on the society cultural trained will lead to effective implementation of human resource management practices. The independent variable is the socio cultural factors while the dependent variable is human resource management practices. “Overall, there is a strong view in the literature that a cultural factors leads to effective implementation of human resource management practices.



**Figure: 1.** Conceptual Framework

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHDOLOGY**

The term methodology is a system of explicit rules and procedures in which research is based and against which claims of knowledge are evaluated (Ojo, 2003). Therefore, this section focuses on the research techniques adopted and used for this study with the aim of achieving the research objectives.

#### **3.1 Research Design and Approach**

In order to achieve the study objectives, standard questionnaire were used and the researcher used correlational research design in determining relationship between cultural factors and human resource management practices. Different literatures and empirical studies were reviewed to gain information about the impact of cultural factors on human resource management practices.

Accordingly, case study research technique with quantitative research design where used to measure features of the variables in order to explain what is observed.

#### **3.2 Source of Data**

Primary sources of data were mainly employed to fully answer the research questions. The primary source of data was collected from Addis Ababa City Administration Revenue Authority, using questionnaires. The respondents were from HR department professionals and other staff from different job categories.

#### **3.3 Target Population**

Population for the study involved Addis Ababa City Administration Revenue Authority three small tax payer branch offices. The target population was 958 employees working at AACARA. Intelligence officers and security personnel were excluded from the population due to the nature of their job i.e. unavailability and their varying duty/work assignment schedules.

#### **3.4 Sample and Sampling procedures**

Because of the population size it's impossible to study the whole targeted Population and therefore the researcher decided to use Simple random sampling technique.

The researcher tried to draw representative sample using “Sample Size Calculator For Prevalence Studies” which was developed by Israel (1992) adopted from Yamane 1967 simplified formula. Accordingly, the researcher used confidence interval of 95%, which is the level of certainty whether the response for each question is the true answer or not. 5% margin of error which is the amount of error from difference in the responses the researcher can tolerate when drawing a conclusion from the data. Hence, 282 were accepted as a representative sample size of the target population.

$$n = \frac{N}{1 + N(e)^2}$$

Where n= sample size

N= population size

e= level of precision (0.05)

$$n = \frac{958}{1 + 958(0.05)^2} = 282$$

Respondents are from HR and Other different departments and job categories to ensure reasonable representation.

### 3.5 Instrument Design/Measurement

Structured questionnaire were used in collecting primary data for the study, which is divided in three sections. The first part requires respondent demography such as gender, age, education and work experience. The second part contains (13) items consist of statements measuring hofstead cultural dimensions. The third part contains twenty (20) items on the four human resource practices. So there are a total of 37 items structured Questionnaires which were administered to 282. Furthermore, the items on this questionnaire are adapted from the items used in the GLOBE studies to assess the dimensions of culture.

All respondents will be asked to rate their perceptions on socio cultural force and human resource management practices on a five-point Likert Scale. In this scoring system, for each of the five response categories (1=Strongly Agree, 2=Agree, 3=Neutral, 4=Disagree, and 5=Strongly Disagree), with the highest score of 5 assigned to “Strongly Disagree”.

### **3.6 Data Collection Procedures**

The researcher use quantitative method a research instrument and data were collected using survey questionnaire. In the questionnaire, two categories of major variables are going to be measured. The independent variable is cultural factors while the dependent variable is human resource management practice. The procedure in distributing the questionnaire to participants was through hard copy and soft copy to staff members in different branches of the organization. Then the data collected were analyzed using the SPSS.

### **3.7 Data Analysis**

Data collected through questionnaire were analyzed and interpreted quantitatively which was further organized and treated with different statistical techniques. Descriptive statistics, such as frequency count, percentages, mean and standard deviation were calculated to determine the dominant cultural factors and human resource management practices based on the percentage of respondents. The data was entered into SPSS version 20 in order to draw simple tabulations to describe the demographic characteristics of the respondents.

Pearson's correlation was used in order to explain the relationship between the variables, dependent (Human resource Management Practice) and the independent (cultural factors). Pearson's correlation and regression analysis allows us how well variables are related, their strength and direction of the linear relationship. In addition, Regression analysis was also conducted to examine the effect of cultural factors on human resource management practices.

### **3.8 Reliability Analysis Test**

One of the most commonly used indicator of internal consistency is Cronbachs coefficient alpha and ideally this coefficient should be above .7 (Pallant, 2005). Thus, reliability of the measures ensure that they are free from error and yield consistent results. As indicated on below table the coefficient for all independent and dependent variables were acceptable or  $>.7$ .

**Table 3.1:** Reliability measurement

| <b>Variables</b>            | <b>Cronbach's Alpha Coefficient</b> | <b>Number of Items</b> |
|-----------------------------|-------------------------------------|------------------------|
| Cultural factors            | .792                                | 13                     |
| Recruitment and selection   | .717                                | 5                      |
| Training and development    | .776                                | 5                      |
| Performance management      | .700                                | 5                      |
| Compensation Administration | .734                                | 5                      |

*Source : Questionnaire and SPSS output (2020)*

### **3.9 Ethical Considerations**

In this study the researcher consciously considered ethical issues in seeking consent, avoiding deceptions, maintaining the confidentiality, respecting the privacy and protecting the anonymity of respondents that encountered during the study.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

This chapter deals with the analysis and interpretation of the data collected from the employees of AACARA, based on the frame of this thesis and it was done in two sections;

- the first section of analysis presents descriptive statistics of respondents in terms of their demographic characteristics and
- the second section of analysis deals with inferential statistics which comprises sub-sections

#### **4.1 Response Rate**

Of the 282 questionnaires distributed, 226 filled questionnaires were collected. Of which, three overrated responses (5 on all measure) and two underrated response paper (rating of 1 & 2 for all measure) were identified. Therefore, the researcher has excluded these responses and lowering the number of filled questionnaire to 221 which gives a response rate of 78%.

#### **4.2 Demographic Information of the Respondents**

This section analyses the respondent's characteristics of 221 respondents who returned valid questionnaire for the study. Descriptive statistics was done using frequency counts and percentage for demographic information such as gender, educational qualification, job category and years of service at AACRA. The result of the analysis is presented in Tables below:

**Table 4.1: Demographic Profile of Respondents**

| Item | Gender                           | Frequency        | Percent        |
|------|----------------------------------|------------------|----------------|
| 1    | Male                             | 101              | 45.7           |
|      | Female                           | 120              | 54.3           |
|      | <b>Educational qualification</b> | <b>Frequency</b> | <b>Percent</b> |
| 2    | DIPLOMA/LEVEL                    | 37               | 16.7           |
|      | BA/BSC                           | 161              | 72.9           |
|      | MA/MSC                           | 17               | 7.7            |
|      | Other please specify             | 6                | 2.7            |
|      | <b>Job category</b>              | <b>Frequency</b> | <b>Percent</b> |
| 3    | Managerial level                 | 30               | 13.6           |
|      | HR Officer                       | 13               | 5.9            |
|      | Professional Staff               | 116              | 52.5           |
|      | Other                            | 62               | 28.1           |
|      | <b>Years of Service</b>          | <b>Frequency</b> | <b>Percent</b> |
| 4    | 1- 3 years                       | 66               | 29.9           |
|      | 3-5 years                        | 57               | 25.8           |
|      | 6-10 years                       | 60               | 27.1           |
|      | Above 10 years                   | 38               | 17.2           |

Source: *Questionnaire and SPSS output (2020)*

Based on the above table the distribution of gender shows 54.3% (120) of the respondents were female while 45.7% (101) of the respondents were male. This implies respondents were roughly proportionate between male and female, even though the numbers of female respondents are a bit higher and respondents' characteristics by educational qualification shows 16.7 % (37) have DIPLOMA/LEVEL, 72.9% (161) have BA/BSC, 7.7 % (17) have MA/MSC, and the remaining 2.7% (6) of the respondents includes secondary school complete. In looking at the educational level majority of the sample have BA/BSC.

Respondents' characterize by job category as follows: 52.5 % (116) respondents are professional staff, 13.6 % (30) respondents are Managerial level, 5.9 % (13) respondents are HR officers and the remaining respondents 28.1% (62) are employees with other different job categories. This result indicates Professional Staff have high participation in the survey and in terms of years of experience, 29.9% (66) have less than 3 years of service, 25.8% (57) have 3-5 years of service, 27.1 % (60) have 6-10 years of experience and the remaining 17.2 % (38) have above 10 years of experience. It will help to show how much the respondents know about the organization and its activities.

The result of demographic information of respondents implies the proportionate number of respondents regarding gender representation support the study in getting valid information on the cultural factors, the other is the result of participants with higher level of education increase the soundness of the response and also the increase in the respondents of professional staff helps to have a better understanding on the purpose of the study and give the appropriate responses which helped the researcher more. The final is the different perspective on cultural factors and human resource management practices comes from employees with different work experience.

### 4.3 Descriptive Statistics: cultural factors

In order to see the general perception of the respondents regarding the cultural orientations in the subject organization, the researcher has summarized the measures with the respective means and standard deviations. Thus, the mean indicates to what extent the sample group averagely agrees or does not agree with the different statements. The lower the mean, the more the respondents agree with the statements. The higher the mean, the more the respondents disagree with the statement.

**Table 4.2:** Mean and Standard Deviation for cultural factors

| Variables                          |  | Mean         | Standard Deviation |
|------------------------------------|--|--------------|--------------------|
| 1                                  | In this society, orderliness and consistency are stressed, even at the expense of experimentation and innovation.                | 2.81         | .985               |
| 2                                  | In this society, societal requirements and instructions are spelled out in detail so citizens know what they are expected to do. | 3.15         | 1.040              |
| <b>Uncertainty Avoidance (UA)</b>  |  | <b>2.98</b>  | <b>0.857</b>       |
| 3                                  | In this society, followers are expected to question their leaders  | 3.25         | 1.107              |
| 4                                  | In this society, power is shared throughout the society  | 3.38         | 1.028              |
| <b>Power Distance (PD)</b>         |  | <b>3.319</b> | <b>0.828</b>       |
| 5                                  | In this society, leaders encourage group loyalty even if individual goals suffer.  | 2.90         | 1.162              |
| 6                                  | The economic system in this society is designed to maximize: collective interests  | 2.81         | 1.076              |
| 7                                  | In your organization, employees take pride in the individual accomplishments of their relatives.                                 | 3.34         | 1.191              |
| 8                                  | In your organization, superiors take pride in the individual accomplishments of their subordinates.                              | 3.21         | 1.129              |
| <b>Individualism (IDV)</b>         |  | <b>3.068</b> | <b>0.922</b>       |
| 9                                  | In this society, men are encouraged more than female to attain a higher education.   | 2.88         | 1.323              |
| 10                                 | In this society, men are more likely to serve in a position of high office   | 2.62         | 1.202              |
| 11                                 | In this society, people are generally assertive  | 2.63         | .962               |
| <b>Masculinity(MAS)</b>            |  | <b>2.701</b> | <b>1.009</b>       |
| 12                                 | In this society, people place more emphasis on solving current problems rather than planning for the future                      | 2.47         | 1.034              |
| 13                                 | In this society, people are generally very sensitive to others   | 2.71         | 1.130              |
| <b>Long-Term Orientation (LTO)</b> |  | <b>2.59</b>  | <b>0.93</b>        |

Source : Questionnaire and SPSS output (2020)

Thirteen (13) items were used to measure cultural factors among employees at the three selected branch offices of AACARA. As shown on table 4.5, the mean scores are as follows:

(Item 1) and (Item 6) primarily based on uncertainty avoidance culture of a society and collectivist culture of a society, both have the same mean score of (2.81) and this shows the respondents have slight agreement on the two measures of cultural dimensions. (Item 4) and (Item 7) obtained the higher mean score of (3.38) and (3.34) which implies power is not shared throughout the society and from the other dimension employees does not take pride in the individual accomplishments of their relatives. When we see (Item 10, 11 and 12) the means are lower (2.62, 2.63 and 2.47) respectively, which implies the society are generally assertive and emphasis on solving current problems rather than planning for the future.

#### 4.4 Descriptive Statistics: Human resource practices

Twenty items were included on the survey questionnaire to measure the selected four HRM practices based on the perception of employees of AACARA which has different cultural back ground.

Table 4.3: Mean and Standard Deviation for Recruitment and selection

| Variables   | Mean | Standard Deviation |
|---|------|--------------------|
| 14   Our organization places the right person in the right job  | 3.00 | 1.221              |
| 15   Adequate and relevant information about the organization and job is provided to the candidate at the time of recruitment | 3.07 | 1.226              |
| 16   Selection of a candidate in our organization is strictly based on his/her merit  | 2.26 | 1.150              |
| 17   My company Place greater importance on hard recruitment criteria such as knowledge, skill and ability                    | 2.74 | 1.071              |
| 18   My organization applied more structured selection practice   | 2.79 | 1.042              |
| Recruitment and selection   | 2.71 | 1.047              |

Source : Questionnaire and SPSS output (2020)

Item 19 obtained the highest mean score (3.07) for the first variable, recruitment and selection (see Table 4.6). This result suggested that in the recruitment and selection processes of AACARA three branch offices candidates is not provided the adequate and relevant information about the organization and job at the time of recruitment. The item with the lowest mean score (2.26) refers to selection of a candidate in the organization is strictly based on merit rather than other criterion.

**Table 4.4:** Mean and Standard Deviation for Training and Development

| Variables | Mean  | Standard Deviation |       |
|-----------|---|--------------------|-------|
| 19        | The training needs of the employees in our organization are assessed on the basis of their performance appraisal.                           | 3.37               | 1.151 |
| 20        | The contents of the training programs organized are always relevant to the changing needs of our jobs and our business.                     | 2.76               | 1.058 |
| 21        | Training in our organization includes social skills, general problem solving skills and broader knowledge of the organization and business. | 2.82               | 1.097 |
| 22        | We are assigned challenging jobs to charge our enthusiasm and develop our skills.   | 2.69               | 1.026 |
| 23        | We are encouraged to participate in various seminars and workshops etc.   | 3.01               | 1.087 |
|           | Training and Development  | 2.928              | 0.974 |

Source : Questionnaire and SPSS output (2020)

Item 23 obtained the highest mean score (3.37) for the second variable, training and development. This result implied that the training needs are not assessed on the basis of employee's performance appraisal. The item with the lowest mean score (2.69) refers to employees are assigned challenging jobs to charge their enthusiasm and develop their skills.

**Table 4.5:** Mean and Standard Deviation for Performance management

| Variables | Mean   | Standard Deviation |        |
|-----------|--|--------------------|--------|
| 24        | Our organization appraises the performance of its employees at regular intervals.                                  | 2.75               | 1.026  |
| 25        | We feel our performance appraisal has been fair and objective  | 3.43               | .987   |
| 26        | Our performance goals are set at realistic levels.   | 3.13               | 1.019  |
| 27        | We receive proper feedback on how we are performing.   | 2.89               | 1.043  |
| 28        | Performance appraisal in our organization aims at improving employee performance and strengthening our job skills. | 2.77               | 1.101  |
|           | Performance management   | 2.919              | 0.9208 |

Source : Questionnaire and SPSS output (2020)

Table 4.8, In regard to Performance management, performance appraisal has been fair and objective score the highest mean (3.43) and the lowest mean i.e. The organization appraises the performance of its employees at regular intervals., scoring (2.75) which indicates that performance appraisal has not been fair and objective even though the performance of employees appraises at regular intervals.

**Table 4.6:** Mean and Standard Deviation for compensation administration

| Variables                   |   | Mean  | Standard Deviation |
|-----------------------------|---|-------|--------------------|
| 29                          | The pay we receive is competitive compared to that of employees doing similar work in other organizations.                                  | 2.77  | 1.219              |
| 30                          | We are satisfied with the benefits we receive.  | 3.19  | 1.183              |
| 31                          | The benefits we receive in our organization are similar to what most of the other organizations in the industry provide to their employees. | 2.98  | 1.136              |
| 32                          | Rewards and incentives are fairly distributed in our organization.  | 3.40  | 1.154              |
| 33                          | Rewards in our organization are strictly linked to employee performance.  | 3.47  | 1.118              |
| compensation administration |   | 3.204 | 1.048              |

Source : *Questionnaire and SPSS output (2020)*

Table 4.9, In regard to compensation administration, rewards in the organization are strictly linked to employee performance score the highest mean (3.47) which implies rewards in the organization are not linked to employee performance and the lower mean i.e. Item 33 and 35 obtained the lowest mean scores respectively (2.77) and (2.98) which indicates that the pay and the benefits employees receive is competitive with other similar organizations.

#### **4.5. Analysis of Inferential Statistics Results**

One of the major objectives of the study is to assess the relationship between cultural factors and human resource management practices. For this purpose, inferential statistics of correlation and regression analysis have been used and the results are presented in the below sections.

##### **4.5.1 Correlation Analysis**

Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (−1.0 to +1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo & Festinger, 2005).

As per Marczyk, Dematteo and Festinger, (2005) correlations of .01 to .30 are considered small, correlations of .30 to .70 are considered moderate, correlations of .70 to .90 are considered large, and correlations of .90 to 1.00 are considered very large. Accordingly, the below Pearson correlation coefficients shows Hofstede Model of Dimension of Culture

measuring cultural factors were all positively related with the four human resource practices , all were significant at  $p < 0.01$  level. The independent variables (cultural factors) show a moderate level of positive relation with dependent variable (HRM practices).

**Table 4.7:** Correlation Analysis

| Pearson correlation | Rec &selection | Training & Dev't | Performance Mgt. | Compensation Adm. | UA     | PD     | IND    | MAS    | LTO    |
|---------------------|----------------|------------------|------------------|-------------------|--------|--------|--------|--------|--------|
| Rec &selection      | 1              | .486**           | .436**           | .406**            | .400** | .270** | .389** | .247** | .294** |
| Training & Dev't    |                | 1                | .525**           | .486**            | .369** | .311** | .327** | .172*  | .384** |
| Performance Mgt.    |                |                  | 1                | .380**            | .540** | .413** | .446** | .159*  | .378** |
| Compensation Adm.   |                |                  |                  | 1                 | .369** | .310** | .418** | .238** | .372** |
| UA                  |                |                  |                  |                   | 1      | .391** | .505** | .230** | .297** |
| PD                  |                |                  |                  |                   |        | 1      | .429** | .180** | .268** |
| IND                 |                |                  |                  |                   |        |        | 1      | .417** | .373** |
| MAS                 |                |                  |                  |                   |        |        |        | 1      | .301** |
| LTO                 |                |                  |                  |                   |        |        |        |        | 1      |

Source : Questionnaire and SPSS output (2020)

Based on table 4.10, the output correlation obtained sig.(2- tailed) of  $0.000 < 0.01$  it can be concluded that there is a positive significant relationship between cultural factors and HRM practices.

#### 4.5.2 Regression Analysis

In order to see contribution of cultural orientation on each of the selected human resource practices, standard multiple regression analysis was employed. The regression model presents how much of the variance in Recruitment and selection, Training and Development, Performance management and compensation administration is explained by the hofsted model of cultural dimensions. As shown on the table below, R-value shows the strange positive correlations of the model. R-square represents the amount of variation in the outcome that can be explained by the independent variables in our model. It shows that all the independent variables explain the dependent variables Recruitment and selection up to 23%, Training and Development up to 24%, Performance management up to 39% and compensation administration up to 26 %.

**Table 4.8: Regression model summary****Model Summary<sup>b</sup>**

| b. Dependent variable | Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-----------------------|-------|-------------------|----------|-------------------|----------------------------|
| Recruitment & Selc    | 1     | .481 <sup>a</sup> | .231     | .213              | .92888                     |
| Training & Dev,t      | 1     | .489 <sup>a</sup> | .239     | .222              | .85963                     |
| Performance Mgt       | 1     | .625 <sup>a</sup> | .391     | .377              | .72687                     |
| Compensation Adm      | 1     | .510 <sup>a</sup> | .261     | .243              | .91201                     |

a. Predictors: (Constant), LTO, PD, MAS, UA, IND

Source : Questionnaire and SPSS output (2020)

From ANOVA test in table 4.14 shows that the Sig. Value 0.01 is greater than the calculated value 0.000. It reflects there was a statistically significant correlation between dependent variable and independent variable at 1% significant level. Which means the independent variables; Long term Orientation, Power distance, Masculinity, Uncertainty Avoidance and Individualism have great contribution on the effectiveness of the selected four human resource practices.

**Table 4.9: Regression –ANOVAa****ANOVA<sup>a</sup>**

| a. Dependent variable | Model        | Sum of Squares | df | Mean Square | F      | Sig.              |
|-----------------------|--------------|----------------|----|-------------|--------|-------------------|
| Recruitment & Selc    | 1 Regression | 55.808         | 5  | 11.162      | 12.936 | .000 <sup>b</sup> |
| Training & Dev,t      | 1 Regression | 49.963         | 5  | 9.993       | 13.522 | .000 <sup>b</sup> |
| Performance Mgt       | 1 Regression | 72.941         | 5  | 14.588      | 27.612 | .000 <sup>b</sup> |
| Compensation Adm      | 1 Regression | 63.008         | 5  | 12.602      | 15.150 | .000 <sup>b</sup> |

b. Predictors: (Constant), LTO, PD, MAS, UA, IND

As it is stated earlier in first chapter, this study aims to assess how the four selected human resource practices are influenced by the cultural factors (independent variable). Thus, the strength of the predictor (independent) variable influence on the criterion (dependent) variable can be investigated via standardized Beta coefficient. Hence, the regression coefficient explain the average amount of change in dependent variable that caused by a unit of change in the independent variable. Below we will assess each of the four human resource practices independently.

## Recruitment and Selection

**Table 4.10:** Regression Coefficient (recruitment and selection)

| Model | Unstandardized Coefficients |            | Standardized Coefficients | t    | Sig.  | Collinearity Statistics |       |       |
|-------|-----------------------------|------------|---------------------------|------|-------|-------------------------|-------|-------|
|       | B                           | Std. Error | Beta                      |      |       | Tolerance               | VIF   |       |
|       | (Constant)                  | .482       | .314                      |      |       |                         | 1.534 | .127  |
| 1     | UA                          | .293       | .087                      | .240 | 3.348 | .001                    | .699  | 1.431 |
|       | PD                          | .075       | .086                      | .059 | .863  | .389                    | .767  | 1.304 |
|       | IND                         | .188       | .089                      | .166 | 2.119 | .035                    | .584  | 1.714 |
|       | MAS                         | .078       | .069                      | .076 | 1.131 | .259                    | .801  | 1.249 |
|       | LTO                         | .138       | .075                      | .123 | 1.850 | .066                    | .811  | 1.232 |

a. Dependent Variable: Recruitment and selection

Therefore, Uncertainty Avoidance is the most contributing cultural orientation in the prediction of Recruitment and selection HR practices with beta value 0.240. The other four cultural traits, in their descending order of standardized coefficients, are Individualism (B=.166), Long -Term Orientation (B=.123), Masculinity (B=.076) and Power Distance (B=.059) that has a positive influence on recruitment and selection but not statistically significant.

In addition, significance levels of Uncertainty Avoidance and Individualism is .001 and .035 respectively, which are less than 0.05. This indicates that there is statistically significant relationship between them and Recruitment and selection. To the contrary, Long -Term Orientation, Power Distance, Masculinity has a significance level of .389, .259 and .066 respectively. ( $p > 0.05$ ) which means this components has no significant relationship to recruitment and selection human resource management practices.

## Training and Development

**Table 4.11:** Regression Coefficient (Training and Development)

| Model      | Coefficients <sup>a</sup>   |            |                           |       |      |                         |       |
|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| (Constant) | .795                        | .291       |                           | 2.734 | .007 |                         |       |
| 1 UA       | .233                        | .081       | .205                      | 2.876 | .004 | .699                    | 1.431 |
| PD         | .153                        | .080       | .130                      | 1.915 | .057 | .767                    | 1.304 |
| IND        | .077                        | .082       | .073                      | .937  | .350 | .584                    | 1.714 |
| MAS        | -.008                       | .064       | -.008                     | -.121 | .904 | .801                    | 1.249 |
| LTO        | .276                        | .069       | .263                      | 3.984 | .000 | .811                    | 1.232 |

a. Dependent Variable: Training and development

Long -Term Orientation is the most contributing cultural orientation in the prediction of Training and development HR practices with beta value 0.263. The other three cultural traits, in their descending order of standardized coefficients, are Uncertainty Avoidance (B=.205), Power Distance (B=.130), and Individualism (B=.073) that has a positive influence on Training and development. The other component i.e. Masculinity influence Training and development negatively but not statistically significant ( $\beta$  -0.008,  $t$  = -0.121,  $p > .05$ ).

In addition, table 4.15 depicts those significance levels of Uncertainty Avoidance and Long -Term Orientation, as .004 and 000 which are less than 0.05. This indicates that there is statistically significant relationship between them and the Training and development. To the contrary, Masculinity, Individualism, Power Distance, has a significance level of .904, .350 and .057 ( $p > 0.05$ ) which means this component has no significant relationship to Training and development human resource management practices.

## Performance management

**Table 4.12:** Regression Coefficient (Performance management)

| Model      | Coefficients <sup>a</sup>   |            |                           |        |      |                         |       |
|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|            | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| (Constant) | .373                        | .246       |                           | 1.515  | .131 |                         |       |
| 1 UA       | .383                        | .068       | .357                      | 5.600  | .000 | .699                    | 1.431 |
| PD         | .189                        | .068       | .170                      | 2.800  | .006 | .767                    | 1.304 |
| IND        | .152                        | .070       | .152                      | 2.183  | .030 | .584                    | 1.714 |
| MAS        | -.068                       | .054       | -.074                     | -1.249 | .213 | .801                    | 1.249 |
| LTO        | .190                        | .058       | .192                      | 3.244  | .001 | .811                    | 1.232 |

a. Dependent Variable: Performance management

Uncertainty Avoidance is the most contributing cultural orientation in the prediction of Performance management with beta value 0.357. The other three cultural traits, in their descending order of standardized coefficients, are Long -Term Orientation (B=.192), Power Distance (B=.170), and Individualism (B=.152) that has a positive influence on Performance management. The other component i.e. Masculinity influence the selected human resource management practices negatively but not statistically significant ( $\beta$  -0.074,  $t = -1.249$ ,  $p>.05$ ).

In addition, table 4.15 depict that significance levels of Uncertainty Avoidance and Long -Term Orientation, Individualism, Power Distance as .000 and .001, .030 and .006 respectively, which are less than 0.05. This indicates that there is statistically significant relationship between them and the dependent variable. To the contrary, Masculinity has a significance level of .213 ( $p>0.05$ ) which means this component has no significant relationship to selected Performance management practice.

### Compensation Administration

**Table 4.13:** Regression Coefficient (Compensation Administration)

| Model      | Coefficients <sup>a</sup>   |            |                           |       |      |                         |       |
|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| (Constant) | .791                        | .309       |                           | 2.562 | .011 |                         |       |
| 1 UA       | .191                        | .086       | .156                      | 2.224 | .027 | .699                    | 1.431 |
| PD         | .124                        | .085       | .098                      | 1.465 | .144 | .767                    | 1.304 |
| IND        | .231                        | .087       | .203                      | 2.646 | .009 | .584                    | 1.714 |
| MAS        | .037                        | .068       | .036                      | .545  | .586 | .801                    | 1.249 |
| LTO        | .240                        | .073       | .213                      | 3.269 | .001 | .811                    | 1.232 |

a. Dependent Variable: Compensation Administration

Therefore, Long -Term Orientation is the most contributing cultural traits in the prediction of Compensation Administration with beta value 0.213. The other four cultural traits, in their descending order of standardized coefficients, are Individualism (B=.203), Uncertainty Avoidance (B=.156), Power Distance (B=.098) and Masculinity (B=.036) that has a positive influence on Compensation Administration but not statistically significant.

In addition, significance levels of Long -Term Orientation, Uncertainty Avoidance and Individualism is .001,.027 and .009 respectively, which are less than 0.05. This indicates that there is statistically significant relationship between them and Compensation Administration.

To the contrary, Power Distance and Masculinity has a significance level of .144, and .586. ( $p > 0.05$ ) which means this components has no significant relationship to Compensation Administration.

#### **4.6 Discussion on Major Findings**

The main objective of this research was to assess the impact of cultural factors on human resource management practice. The result was guided by three research objectives to:

1. Analyze the cultural dimensions and human resource management practices.
2. Determine the relationship between cultural factor and human resource management practices.
3. Assess the impact of culture on recruitment and selection, training and development, performance management and compensation administration.

From the descriptive analysis, the society of AACARA stressed more on orderliness and consistency this indicates it is a strong uncertainty avoidance society. The second cultural dimension is power distance when we see the result from the SP output power is not shared in the society. This implies the society is a large power distance society. The mean score of the third cultural orientation individualism is 3.068 this indicates more respondents have slight agreement that the society is individualist which means the society of AACARA is more collectivist rather than being individualist. The fourth dimension that is masculinity with a mean score of 2.7 this shows the society is masculine. The final cultural measure Long term orientation have a mean score of 2.59 which means the society emphasizes more on solving current problem rather than planning for the future so it is a short term orientation society.

The result of the research has indicated that there is a positive relationship between cultural factors and Human resource management practice in AACARA. This positive relationship indicates that cultural factors are influencing the effectiveness human resource practices in AACARA. The findings proved that factors measuring culture were all positively related with the selected four human resource management practices.

The beliefs and assumptions of the cultural traits have relatively strong correlations when associated to human resource management practice However, out of the five cultural orientations, uncertainty avoidance have a relatively high positive correlation with performance management and recruitment & selection which is .540 and .400 respectively. This implies these two practices are sensitive to the culture of avoiding uncertainties. When

we see power distance it has a positive high correlation with performance management than other cultural traits means that the larger the power distance the larger the influence on performance management practices. Furthermore the results indicate that individualism has a relatively high correlation with uncertainty avoidance 505 on the contrary masculinity have weaker relation with all variables except individualism. The findings has reflected that whether AACARA society are masculine or feminine the four HRM practices are less affected by this cultural trait. Lastly from the four HRM practices Performance management has higher correlation value with training and development than other practices.

Based on the result of regression analysis, Uncertainty avoidance and Long term orientation have the utmost effect on all of the selected human resource management practice. Individualism has considerable effect on recruitment & selection and Compensation administration while Power distance has on Training & development and performance management. However, the result of this study shows that Masculinity has small association with recruitment & selection and Compensation administration and no association with Training & development and performance management or not statistically significant. This indicates at AACARA Masculinity Vs Femininity cultural trait have less effect on the four selected human resource management practice.

Finally, this study has enhanced the understanding of cultural factors and Human resource management practice in AACARA. Effectiveness of implementing Human resource management practice is determined by the society's cultural Back ground. Participants' opinion on the practice of Human resource management in AACARA was found to be positive. Though, having a perfect human resource policy is not sufficient all alone it should be aligned with the cultural background of the society in which the organization is located.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents summary, conclusions and recommendations based on the key findings and results. The recommendations include interventions to improve HRM practice in the studied organization and pave the way for further studies.

#### 5.1 Summary of Major Findings

This section summarized the core points and major findings which were obtained from data analysis of survey questionnaire. A questionnaire was used as data collection method. Then data was analyzed using the descriptive (mean and standard deviation) and inferential statistics (correlation and regression) using SPSS and the findings were presented through the use of tables and summarized as follows.

- The numbers of female respondents in the sample population are a bit higher (female 54.3%, male 45.7%) and by job category Professional Staff have the largest participation in the survey (52.5%).
- The largest group of the population comprises first-degree holders, which is 72.9% of the total respondents. Furthermore, participants by year of experience are somehow proportionate but respondents of 1-3 years of experience in the company are a bit higher.
- The mean score for the measures of power distance (PD) was relatively high (3.319), followed by Individualism (IDV) (3.068), Uncertainty avoidance (UA) (2.98) and Masculinity (MAS) (2.7). However, Long term orientation scores a mean of 2.59. This indicates that, the majority of respondents agreed on the measures of Long term orientation.
- Mean score of recruitment and selection, training and development, Performance management and Compensation administration is (2.71), (2.93),(2.92) and (3.2) respectively. This implies there is a slight agreement on four of human resource management practices.
- Pearson coefficients implies that the five dimensions measuring cultural factors were all positively related with the four human resource practices, all were significant at  $p < 0.01$  level.

- Findings from the multiple regression analysis depict 23% variation in Recruitment and selection, 24% in Training and Development, 39% in Performance management, and 26% on compensation administration is explained by cultural factors. Furthermore, the significance value of F statistics shows a value .000, which is less than  $p < 0.05$ , implies the model is significant.
- Uncertainty Avoidance is the most contributing cultural traits in the prediction of Recruitment and selection with beta value 0.240 and Performance management with beta value 0.357. Long -Term Orientation is the most contributing cultural traits in the prediction of Training and development with beta value 0.263 and Compensation Administration with beta value 0.213.
- There is no possibility of multicollinearity among the variables which was asserted by tolerance values greater than 0.1 and VIF value less than 10.

## 5.2 Conclusions

Ethiopia is a developing country with significant socio economic development opportunities. To maximize the outcome from those opportunities, organizations need to attract, retain and manage their human resources effectively by managing their expectations effectively. Studying HRM practices in AACARA and how cultural and contextual issues affect them can help to identify and understand the impact of these contextual factors on the employees of AACARA.

In this paper we address the cultural variations of HRM practice based on Hofstede`s cultural dimensions. The data obtained from the empirical investigation was carried out in a manner that make it logical for the findings from the sample to be generated in all the general conclusion which can be drawn from the finding regarding cultural influence on Human resource management practices. To better understand these, the paper has discussed four HR practices (i.e. recruitment and selection, training and development, Performance management and compensation administration).

The available studies offer very mixed findings and quite contradictory evidence on two issues: (1) whether some HRM practices are more culture bound than others, and (2) how to separate the influence on different HRM practices of five of Hofstede`s cultural dimensions (e.g. variations of some HRM practices are sometimes explained by the influence of one

dimension and sometimes by the influence of the other). In this study the influence of cultural dimensions described as follows:

First, recruitment and selection is mostly affected by uncertainty avoidance, long term orientation and individualism and the result of this research indicated that this dimensions characterized in AACARA society (employees) by high Uncertainty Avoidance, Short term oriented and Collectivist. In collectivist societies it is so difficult for candidates who recruited externally to enter the strong social networks stohl (1993) also concluded that Uncertainty Avoidance influences organizations to use more structured selection practices. When we see the recruitment & Selection procedure of our case study it is strictly based on merit and greater importance is on hard recruitment criteria such as knowledge, skill and ability .Second, Power distance, uncertainty avoidance and long term orientation influence the training and development of HRM practices more than the other three HRM practices mentioned on the study. From the finding the society (employees) of AACARA characterize by large power distance society and such like this culture prefer one-way over participative delivery of training and education courses in which the instructor is perceived to possess adequate authority and AACARA employees agree they are not encouraged that much to participate in trainings.

The third HRM practice performance management mostly affected by uncertainty avoidance, long term orientation and power distance, large power-distance cultures prefer autocratic assessment styles than participative forms of performance appraisal. The fourth and final HRM practice is compensation administration which is influenced by uncertainty avoidance, long term orientation and individualism. Schuler and Rogovsky (1998) demonstrated that high uncertainty-avoidance cultures prefer seniority- and skill-based reward systems given their inherent predictability and in the case of AACARA employees rewards in the organization are not linked to employee performance which shows there is collectivist culture. Finally research results indicates that at AACARA Masculinity Vs Femininity Socio cultural trait have less effect on the four selected human resource management practice.

As we seen on the previous chapters all of the cultural orientations that are in the model are positively correlated with HRM practices and all of the four HRM practices are influenced by cultural dimensions and need to be taken into account when developing effective HRM policies. Finally the researcher believes that this paper contributes to the existing knowledge

by summarizing the relevant literatures and the research findings about the influence of five Hofstede cultural dimensions model on the selected four HRM practices. This research is an initial step in identifying and investigating culturally congruent elements of HR practices and no work has been done on the impact of cultural factors on HRM practices in the country or in the institute, so this paper presents a framework for addressing this issue in-depth.

### **5.3 Recommendation**

Depending on the findings of the study and conclusions made, the researcher came up with some important recommendations which would help the organization to focus cultural factors that can largely contribute to design HRM practices according to the cultural context in which the organization is operated. The recommendations given are the following:

- In high power distance, collectivist, short-term oriented cultures; it is recommended that reward allocation has to be based on criteria other than performance such as seniority. Seniority based compensation is also associated with high level of uncertainty avoidance.
- In collectivist cultures, group-based reward system is more effective and it is preferred to implement welfare programs such as car loan, housing loan, etc
- In High Uncertainty avoidance and collectivist culture internal recruitment motivates employees more, because externally recruited employees face difficulty to get in to strong social network. So most of the time it is recommended to recruit from inside even though external recruitment is unavoidable.
- Training programs should be tailored to suit employees' cultural orientation rather than applying the same methods used in other contexts, So in the case of AACARA one-way delivery of training is preferred than participative .
- In large power-distance cultures it is recommended to have non participative styles that do not require them to openly express their perspectives in the appraisal review.

Finally, implementing the above listed recommendation will help the organization to focus on selected cultural orientation and also it would be possible to have improvements in practicing HRM functions that may lead to higher organizational performance and act as a source of long-lasting competitive advantage.

#### **5.4 Suggestion for Further Study**

As mentioned in the scope of this study, there are different cultural factors that determine the effectiveness of HRM practices and there were no researches made on this area in any of higher institutes in the country. This study limited itself to only one organization because of time and budget constraint; recommendations are therefore made for further research to be conducted country wide in order to determine the culture of the nation in terms of Hofstede cultural dimensions model. This dimensions influence many of HRM practices in different ways but this study is limited only on the four HRM practices so the researcher recommend for further research on other HRM practices in order to broaden research in the area.

Following the completion of this study, despite the limitation in terms of scope and poor response rate with a limited number of respondents providing reasonable feedback, the researcher would recommend further studies done incorporating responses of participants from different organization that have different HRM practice back ground. Finally expanding the study of cultural dimensions with another dimension of culture (Indulgence versus Restraint) which Hostede added later would be another clue for further study.

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## **Appendix**

### **Addis Ababa University**

#### **Department of Human Resources Management**

#### **Questionnaire to be filled by employees of Addis Ababa City Administration Revenue Authority**

Dear Respondent:

This questionnaire is designed to solicit the relevant information for the research carried out on the topic “The Impact of Socio cultural factors on Human resource management practices: The case of AACARA”. The study is conducted for academic purpose for partial fulfillment of the requirements of the Master of Art Degree in Human Resources Management. Hence, your responses will be kept confidential. The soundness and the validity of the findings highly depend on your kind and genuine responses. Therefore, I kindly request you to fill the questionnaire carefully as soon as possible.

#### **Part I : Information about Demographic Data**

1. Sex

- a. Male                      B. Female

2. Educational Qualification

- a. DIPLOMA/LEVEL  
b. BA/BSC  
c. MA/MSC  
d. Other please specify

3. Your job category at AACARA

- a. Managerial level  
b. HR Officer  
c. Professional Staff  
d. Other

4. Years of service at AACARA

- a. Below 3 years  
b. 3 – 5 years  
c. 6- 10 years  
d. Above 10 years

**Part II: Measurement of Socio cultural factors/Dimension of culture**

Measure the cultural back ground of the society in which you are in by indicating your level of agreement/disagreement on five point scale.

**1. Strongly agree 2. Agree 3. Not sure 4. Disagree 5. Strongly disagree**

| No                                 | Recruitment and selection  | 1 | 2 | 3 | 4 | 5 |
|------------------------------------|--|---|---|---|---|---|
| <b>Uncertainty Avoidance (UA)</b>  |  |   |   |   |   |   |
| 5                                  | In this society, orderliness and consistency are stressed, even at the expense of experimentation and innovation.                |   |   |   |   |   |
| 6                                  | In this society, societal requirements and instructions are spelled out in detail so citizens know what they are expected to do. |   |   |   |   |   |
| <b>Power Distance (PD)</b>         |  |   |   |   |   |   |
| 7                                  | In this society, followers are expected to question their leaders  |   |   |   |   |   |
| 8                                  | In this society, power is shared throughout the society  |   |   |   |   |   |
| <b>Individualism (IDV)</b>         |  |   |   |   |   |   |
| 9                                  | In this society, leaders encourage group loyalty even if individual goals suffer.  |   |   |   |   |   |
| 10                                 | The economic system in this society is designed to maximize: collective interests  |   |   |   |   |   |
| 11                                 | In your organization, employees take pride in the individual accomplishments of their relatives.                                 |   |   |   |   |   |
| 12                                 | In your organization, superiors take pride in the individual accomplishments of their subordinates.                              |   |   |   |   |   |
| <b>Masculinity(MAS)</b>            |  |   |   |   |   |   |
| 13                                 | In this society, men are encouraged more than female to attain a higher education.   |   |   |   |   |   |
| 14                                 | In this society, men are more likely to serve in a position of high office   |   |   |   |   |   |
| 15                                 | In this society, people are generally assertive  |   |   |   |   |   |
| <b>Long-Term Orientation (LTO)</b> |  |   |   |   |   |   |
| 16                                 | In this society, people place more emphasis on solving current problems rather than planning for the future                      |   |   |   |   |   |
| 17                                 | In this society, people are generally very sensitive to others   |   |   |   |   |   |

**Part III: Assessment of Human resource practices at Addis Ababa City Administration Revenue Authority**

Below various statements related to HRM practices are listed. Please express how far these practices are prevailing in your organization by indicating your level of agreement/disagreement on five point scale.

| No | Recruitment and selection   | 1 | 2 | 3 | 4 | 5 |
|----|---|---|---|---|---|---|
| 18 | Our organization places the right person in the right job   |   |   |   |   |   |
| 19 | Adequate and relevant information about the organization and job is provided to the candidate at the time of recruitment                    |   |   |   |   |   |
| 20 | Selection of a candidate in our organization is strictly based on his/her merit   |   |   |   |   |   |
| 21 | My company Place greater importance on hard recruitment criteria such as knowledge, skill and ability                                       |   |   |   |   |   |
| 22 | My organization applied more structured selection practice  |   |   |   |   |   |
| No | training and development  | 1 | 2 | 3 | 4 | 5 |
| 23 | The training needs of the employees in our organization are assessed on the basis of their performance appraisal.                           |   |   |   |   |   |
| 24 | The contents of the training programs organized are always relevant to the changing needs of our jobs and our business.                     |   |   |   |   |   |
| 25 | Training in our organization includes social skills, general problem solving skills and broader knowledge of the organization and business. |   |   |   |   |   |
| 26 | We are assigned challenging jobs to charge our enthusiasm and develop our skills.   |   |   |   |   |   |
| 27 | We are encouraged to participate in various seminars and workshops etc.   |   |   |   |   |   |
| No | Performance management  | 1 | 2 | 3 | 4 | 5 |
| 28 | Our organization appraises the performance of its employees at regular intervals.   |   |   |   |   |   |
| 29 | We feel our performance appraisal has been fair and objective   |   |   |   |   |   |
| 30 | Our performance goals are set at realistic levels.  |   |   |   |   |   |
| 31 | We receive proper feedback on how we are performing.  |   |   |   |   |   |

|    |   |   |   |   |   |   |
|----|---|---|---|---|---|---|
| 32 | Performance appraisal in our organization aims at improving employee performance and strengthening our job skills.                          |   |   |   |   |   |
| No | compensation administration   | 1 | 2 | 3 | 4 | 5 |
| 33 | The pay we receive is competitive compared to that of employees doing similar work in other organizations.                                  |   |   |   |   |   |
| 34 | We are satisfied with the benefits we receive.  |   |   |   |   |   |
| 35 | The benefits we receive in our organization are similar to what most of the other organizations in the industry provide to their employees. |   |   |   |   |   |
| 36 | Rewards and incentives are fairly distributed in our organization.  |   |   |   |   |   |
| 37 | Rewards in our organization are strictly linked to employee performance.  |   |   |   |   |   |

SOURCE: Adapted from House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (Eds.), Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies, © 2004, SAGE Publications.