Individualism/Collectivism and Attitudes Towards Human Resource Systems : A Comparative Study of American, Irish, and Indian MBA Students

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Abstract

In this study, we collected data from one-hundred-and-eighty MBA students from the USA, Ireland, and India on their individualism/collectivism (IC) orientations and their preferences for human resource management (HRM) practices. Contrary to expectations, the Indian sample tended to be more individualistic than the American or Irish sample. While there were no differences on the preferences for progressive HRM practices across sample, the Americans exhibited a greater preference for paternalistic practices than the Indians and the Irish. Further, the Americans also showed a greater preference for equality in rewards than the Irish and fairness in appraisals/rewards than the Indians. At the individual level, controlling for nationality, age, and gender, a higher individualism on the supremacy of group goals and self-reliance dimensions were positively related to progressive HRM practices. A higher individualism on supremacy of group goals was also positively related to procedural fairness in appraisals/rewards and negatively related to paternalistic HRM practices. A higher preference to work alone was negatively related to progressive HRM practices. Further, a higher individualism on supremacy of group interest dimension was negatively related to progressive HRM practices and positively related to paternalistic HRM practices. Implications are discussed.

Introduction

Several studies (e.g., Hofstede, 1992; Flood, Ramamoorthy, & Liu, 2003) suggest that management practices are culture specific and that organizations must adapt their human resource management (HRM) practices to meet the local cultural norms.These studies have looked at the inter-cultural differences and the role played by the institutional norms in the development and sustenance of HRM practices. Such an approach is based on the assumption that one size does not fit all. Such an approach also implicitly assumes that organizations doing business in another country have very limited choice in transferring HRM practices to their subsidiaries. Other studies (e.g., Gooderham & Brewster, 2003) suggest that HRM practices in the world are converging toward the US model of HRM. Many of these studies (e.g., Adler & Jelinek, 1990; Gomez-Mejia & Welbourne, 1991; Sekaran & Snodgrass, 1986) have utilized Hofstede's (1980) framework of cultural values, notably, the individualism/collectivism (IC) orientations to study inter-cultural differences in HRM practices.These studies, while realizing that variations in cultural patterns may exist within a nation, have nevertheless focused on variations in cultural patterns between countries.

Recent research on IC has focused more on variations in cultural values that may exist at the individual level within a nation. Several studies have treated IC as an individual difference variable and examined its influence on reactions towards HRM practices among US business students (Ramamoorthy & Carroll, 1998), employee attitudes and behaviors among Irish employees (Ramamoorthy & Flood, 2003) and cooperation in groups among US students (Wagner, 1995). Therefore, there is evidence to suggest that variability in cultural values at the individual level may exist even within a nation and such differences have an effect on individuals' attitudes and behaviors. Ramamoorthy & Carroll (1998) studied the relationships between (IC) orientations of individuals and their relationship to attitudes towards a variety of human resource management practices within a single culture, namely, the USA. They found several relationships that were statistically significant in support of the hypothesis that individual differences in IC are related to attitudes towards a variety of HRM practices that were either clearly indicative of individualistic values or collectivist values.That is, their study indicated that there ought to be a "fit" between an individual's IC orientations and the type of HRM system they like to work under. However, their study was restricted to one culture, namely, the US culture.

In this study, we expanded upon the framework of Ramamoorthy & Carroll (1998) to address two research questions. First, do differences in attitudes toward a variety of HRM practices exist across the US, Ireland, and India? In Hofstede's (1980) study, the US was the most individualistic country followed by Ireland (moderate individualism) and India (more collectivist). Therefore, under the assumption that differences in individualism – collectivism orientations exist across these cultures, we expect the US sample to exhibit the most positive attitudes toward individualistic HRM practices, and the Indian sample to exhibit the most negative attitudes toward individualistic HRM practices with Irish sample falling in the middle. Second, controlling for national-level differences, do IC orientations predict reactions towards a variety of human resource characteristics?Under the assumption that variations on IC orientations exist at the individual level, we expect a positive relationship between IC orientations of individuals and their attitudes towards individualistic HRM practices. In addressing these research questions, we chose MBA students from the USA, Ireland, and India to participate in the study.

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Hofstede (1980) introduced the IC variable as a cultural level variable to the international management literature. Later studies (e.g., Ramamoorthy & Carroll, 1998; Wagner, 1995) have treated IC variable as an individual difference variable and have also shown that at the individual level IC is a multi-dimensional variable. Stated broadly, individualism refers to an orientation towards self as an autonomous individual and collectivism refers to an orientation towards self as embedded in a larger collective and in a rubric of complex relationship. In individualistic societies, an individual's identity and individual interests are paramount whereas in collectivistic societies an individual's identity is submerged in the group. Also, in these societies group interests and goals are paramount than individual goals and interests. To further individual achievements and progress, individualistic societies emphasize competitiveness and equity to a greater extent than collectivist societies. Collectivist societies, on the other hand, emphasize equality and cooperation more than individualistic socities. Such differences in values have also been shown to result in differences in HRM practices. In general, individualistic HRM practices promote competition and individual welfare whereas collectivistic HRM practices promote cooperation and group welfare (Ramamoorthy & Carroll, 1998; Gomez-Mejia & Wellbourne, 1991).

I/C and Progressive vs Paternalistic HRM practices

In his study, Hofstede (1980), using employees of a single organization, found that US ranked the highest in individualism followed by Ireland. Indian sample, on the other hand, tended to be more collectivist than either the US or the Irish sample. Subsequent studies (e.g., Verma & Triandis, 1999) have also reported that Indians are more collectivist than the US. Variations in the IC orientations across cultures may also affect differences in HRM practices across cultures to achieve a better fit between cultural values and HRM practices.

For example, Ramamoorthy & Carroll (1998) reported that individualism orientations were positively related to progressive HRM practices (e.g., emphasizing merit in hiring, clearly defined job responsibilities, emphasizing person-job fit, career progressions emphasizing individual abilities) and collectivism orientations were negatively related to progressive HRM practices. Progressive HRM practices tend to emphasize individual rights. That is, the focus of progressive HRM practices is on establishing a system for hiring to achieve a better fit between the individual and the job, clear performance standards for individuals, participation in goal setting, and promotions based on merit. Such systems also tend to promote competition among individuals and result in emphasizing individual achievements. Also, such systems tend to emphasize at-will employment meaning employees can be terminated at any time. Similarly, loyalty from the employees is not expected and employees are free to leave the organization anytime they desire.

Paternalistic HRM practices, on the other hand, tend to focus more on the person-organization fit, as well as, promoting an employment relationship where the organization is expected to take care of the employees beyond the formal employment contracts (Ramamoorthy & Carroll, 1998; Gomes-Mejia & Wellbourne, 1991). In such systems, employee loyalty to the organization and seniority are emphasized to a greater extent. Cooperation among employees are emphasized and in return for giving up individual achievements, employees tend to enjoy a greater degree of job security.Such systems also

tend to exhibit characteristics such as lack of participation by employees in goal setting or assignment of goals by the supervisors, either informal appraisals of individual performance or the group to which one belongs doing the performance appraisal, and promotions based on seniority and loyalty than on individual performance alone. Thus, individualistic and collectivist HRM practices may have different goals and objectives and may be appropriate for different cultures that differ on individualism versus collectivism. Under the assumption that India is more collectivist than Ireland and USA more individualistic than Ireland and India, we are proposing that:

H1: Indians will show the highest preference for paternalistic HRM practices followed by Ireland and USA, respectively.

H2: Americans will show the highest preference for progressive HRM practices followed by Ireland and India, respectively.

H3: Individualism orientations will be positively related to a preference for progressive HRM practices.

H4: Individualism orientation will be negatively related to a preference for paternalistic HRM practices.

IC and Equity vs Equality in Rewards

The notion of equity is grounded on Adams' (1965) equity theory. One aspect of equity theory posits that rewards for individuals must be proportional to his/her effort and failure to perceive an equitable reward system may result in a number of undesirable consequences for the organization such as lower performance, cognitive distortions, and even turnover. However, equity theory proposed by Adams has a strong individualistic root. A number of studies (e.g., Berman, Murphy-Berman, & Singh, 1985; Kim, Park, & Suzuki, 1990) have shown that individualistic cultures tend to emphasize equity whereas collectivist cultures tend to emphasize equality. The study by Ramamoorthy & Carroll (1998) also showed that equity vs equality exist as separate constructs and that individualism was positively related to equity in reward whereas collectivism was positively related to equality in rewards. Berman, et al., (1985) study reported that collectivist Indians tended to follow equality principles in reward allocation and individualistic Americans tended to follow equity principles in reward allocation. In light of this and under the assumption that Indians are more collectivist than Irish and American sample, and Americans are more individualistic than Irish, we hypothesize that:

H5: Indians will show the highest preference for equality in rewards followed by Irish and American subjects in that order.

H6: Individualism orientation will be negatively related to a preference for equality in rewards.

Fairness in Appraisals and Rewards

While the notion of equity is concerned with the allocation of the outcomes or distribution of rewards, the notion of fairness is concerned with the processes and procedures used in the allocation of rewards. Fairness of the procedures is grounded in the procedural

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justice literature (e.g., Thibaut & Walker, 1975). Procedural fairness may also have strong individualistic roots, as they tend to emphasize the rights of the individuals. Formal appraisal systems and reward systems tend to be more characteristic of individualistic cultures (Ramamoorthy & Carroll, 1998; Robbins, 2002). Such a view is also consistent with the nature of employment relationships in individualistic and collectivist cultures. Individualistic cultures emphasize formal employment contracts and are rooted on an agency model whereas collectivist cultures emphasize personal relationships and the employment contracts are based on more moral grounds (Gomez-Mejia & Wellbourne, 1991) and trust (Pillai, Williams, & Tan, 2001). In light of this, we hypothesize that:

H7: Americans will show the highest preference for procedural fairness in appraisals and rewards followed by the Irish and the Indian participants, respectively.

H8: Individualism orientations will be positively related to a preference for procedural fairness in appraisals and rewards.

Methodology

Sample

One hundred and eighty (180) MBA students from the US (68), Ireland (37), and India (75) participated in the study. The sample had a mean age of 30.13 years, full-time work experience of 8.78 years, experience in their current job of 4.83 years, and an average number of subordinates of 12.61. The participants completed a questionnaire that measured their demographics, individualism/collectivism orientations using Wagner's (1995) scale and an expanded HRM preference scale of Ramamoorthy & Carroll (1998).

Measures

Individualism/Collectivism: We measured IC using the 19 items scale developed by Wagner (1995). This scale measures the following dimensions of IC: self-reliance, supremacy of group goals, supremacy of group interests, solitary work preferences, and competitiveness. We factor analyzed the 19 items that yielded the five a priori factors. Appendix 1 shows the factor loadings and reliabilities of the five IC dimensions. The coefficient alphas of the five dimensions were in excess of 0.70. Data coding was done in such a way that a higher score indicates a higher level of individualism and a low score indicates a lower level of individualism (or higher collectivism).

HRM Preference Scale: We expanded upon the HRM preference scale developed by Ramamoorthy & Carroll (1998) to include 30-items to measure the preferences of individuals along the following HRM practices: hiring, promotion, job security, training, performance evaluation, reward allocation, fairness, and employee involvement. We factor analyzed these 30-items that resulted in five factors consisting of 28 items. Two items did not clearly load on any factor and hence, were omitted from analysis. These 28-items loaded on the following factors: Progressive HRM practices, paternalistic HRM practices, equality in reward allocation, fairness in performance appraisal and rewards, and employee involvement. The reliabilities of four of the five HRM preference scales were 0.70 or more while the employee involvement dimension exhibited a reliability of 0.55. Using the 0.70 as the cut-off reliability, we decided to drop the employee involvement scale from further analysis. Appendix 2 shows the factor loadings and reliabilities of the HRM preference scale. Data coding was done in such a way that a higher score indicates a higher preference on the dimension.

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Control Variables: We used age, gender and nationality as control variables. We created two dummy variables for nationality. In the first dummy variable on nationality we coded USA as 0 and non-USA as 1. In the second dummy variable on nationality, we coded Indian sample as 0 and non-Indians as 1. Gender was coded as follows: male = 0; female = 1.

Data Analyses Strategy

We conducted a one-way analysis of variance to test for differences between mean scores across Indian, US, and Irish samples. In order to test the hypotheses that controlling for country-level differences individual differences on IC predict preferences for various HRM practices, we used hierarchical regression analysis. In the first step, we entered the control variables (age, gender, and nationality). In the second step, we entered the five IC dimensions. We used the F-ratio test for incremental variance (Pedhazur, 1982) to test for the statistical significance of the set of variables entered in each step. To test for the significance of betas, we used an one-tail t-test.

Results

Hypotheses 1, 2, 5, & 7 suggest that country level differences will exist on the preferences for HRM practices. Table 1 presents the results of the analysis of variance with country as the grouping variable and IC dimensions and preferences for HRM practices as the dependent variable.

Insert Table 1 about here

The results of the ANOVA with IC dimensions as the dependent variable produced some surprising results contrary to prior research on cross-cultural differences. On the supremacy of group interests and solitary work preference dimensions of IC, there were no significant differences between India, USA, and Ireland. On the self-reliance dimension of IC, the Indian sample tended to be highly individualistic followed by the US and Irish samples, respectively. While the US sample tended to be more individualistic than the Irish sample (p <.05), the Indian sample tended to be more individualistic than the US sample and the Irish sample (p < .05). On the supremacy of group goals dimension, although there were no statistically significant differences between the US and the Indian sample, both the US and the Indian sample tended to be more individualistic than the Irish sample (p < .05). Finally, on the competitiveness dimension of IC, the Indian sample reported greater competitiveness than the US sample (p < .05) whereas the Irish and US sample did not show any statistically significant differences. The overall evidence seemed to indicate that, in the present study, the Indians were more individualistic than the Americans or the Irish. The Irish sample appears to be more collectivist than the Indian and the US sample.

On the preferences for progressive HRM practices, no significant differences were observed across cultures. Thus, H1 was not supported. On the preferences for paternalistic HRM practices (hypothesis 2), the results were opposite to our hypothesis. While we did not observe any statistically significant differences between the Indian and Irish sample, the US sample showed a greater preference for paternalistic HRM practices than the Indian and Irish sample (p < .05). H2 was not supported either. On the preferences for fairness in performance appraisals and rewards, the only statistically significant difference was between the Indian and the US sample with the Indian subjects showing a greater preference for fairness in rewards/appraisals than the US sample. This result was also contrary to hypothesis 7.

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Overall, the evidence negated the pre-conceived notion that Indians would be more collectivist than the American and the Irish participants. Further, all of the four hypotheses relating to preferences for HRM practices suggesting country-level differences were opposite to the hypothesized directions. However, since the Indians were also more individualistic than the Irish and the American sample, it is possible that the Indians exhibited greater preferences for Westernized individualistic HRM practices. Further, it is also possible that the economic liberalization of the country along with a traditionally strong root in Western-style MBA education may also have contributed to this finding.

Hypotheses 3 & 4 suggest that individualism orientation will be positively related to progressive HRM practices and negatively related to paternalistic HRM practices, respectively. Table 2 presents the correlations and descriptive statistics among the variables used in this study. Table 3 presents the results of the hierarchical regression equations.

Insert Tables 2 & 3 about here

In the regression equations, predicting progressive HRM practices and paternalistic HRM practices, the standardized regression coefficients for supremacy of group goals were in the predicted direction. That is, a higher level of individualism on this dimension was positively related to progressive HRM practices and negatively related to paternalistic HRM practices. Similarly, a higher level of self-reliance (higher individualism) also resulted in a greater preference for progressive HRM practices. However, a higher level of individualism on the supremacy of group interest and solitary work preference dimensions were negatively related to progressive HRM practices, opposite to the hypothesized direction. Also, a higher level of individualism on the supremacy of group interest dimension was positively related to paternalistic HRM practices, again contrary to the hypothesis. Thus, H3 and H4 were only partially supported.

H6 suggests that individualism orientation will be negatively related to equality in rewards. None of the IC dimensions was related to equality in rewards thus failing to provide support for H6. H8 suggests that a higher level of individualism will be positively related to procedural fairness in appraisals and rewards. Only the supremacy of group goals dimension of IC was positively related to fairness in appraisals and rewards thus supporting H8.

Discussion

The present study examined whether country-level differences attributable to individualism/collectivism dimensions resulted in different preferences for different HRM systems. Also, we examined if individual differences on IC dimension predicted preferences for different HRM systems. The results indicated many surprising results. First, the results negated the conventional notion that Indians are more collectivist than Americans or Irish. The Indians tended to be more individualistic than the Americans or Irish. The finding itself may suggest that globalization may have resulted in greater convergence in terms of cultural values with the American and Irish sample exhibiting more collectivist tendencies and the Indian sample exhibiting more individualistic tendencies. The decade of 1990s has seen the Indian economy opening up to global influences in the HRM practices area with stock options and merit-based pay and career systems that were unknown to Indian business leaders before. Such practices combined with the Westernized MBA education may also have reinforced the individualistic tendencies among the Indian business students. On the other hand, the Western societies such as the United States have seen greater emphasis on

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teamwork and cooperation and the collectivist values may have permeated these societies thus possibly resulting in a greater convergence of values and norms. The present study also indicates that in future we should refrain from using country as a surrogate for cultural differences and should perhaps measure cultural values systematically at the individual level.

As an individual difference variable, the supremacy of group goals dimension of IC supported all of our hypotheses.That is, individuals with a higher emphasis on personal goals (as opposed to group goals) preferred progressive HRM practices, showed averseness to paternalistic HRM practices and exhibited greater preference for procedural fairness in appraisals and reward systems.Further, individuals with a greater self-reliance (or higher individualism) also preferred progressive HRM practices. Thus, self-reliance and supremacy of group goals dimensions of IC provided support for the hypotheses.

We were somewhat surprised by the effects of supremacy of group interests and solitary work preferences dimensions of IC on the preferences for progressive and paternalistic HRM practices that were contrary to the hypotheses. Why would individuals emphasizing group interests and group work prefer progressive HRM practices and not paternalistic HRM practices? It is possible that paternalistic HRM practices may not penalize individuals who may shirk work and social loaf in group tasks or may not be team players. Progressive HRM practices, by penalizing individuals who may not contribute to the group, may actually enhance group work and effectiveness. In a group work, individual interests and group interests, as well as, individual work and group work may align to a great extent than on a task that is purely individualistic. Social loafing and shirking may not only harm the groups but also the individual interests. Thus, individual perceptions of shirking and social loafing tendencies may have contributed to this contrary results. Intuitively, it appears that collectivists emphasizing group interests and group work may still prefer progressive HRM practices to overcome tendencies of social loafing and shirking. Future studies should also address this issue by measuring social loafing and shirking tendencies.

Finally, IC has been shown to be a complex, multi-dimensional variable. The present study also suggested the utility of using the various dimensions of IC since some were related to progressive and others to paternalistic HRM practices. Although we had collected data on other dimensions of Hofstede such as power distance, masculinity-femininity, and uncertainty avoidance, the scales exhibited poor reliabilities thus preventing us from examining the effects of other cultural dimensions. Future studies should perhaps examine the effect of other dimensions of culture on the characteristics of HRM systems.

Conclusion

While concluding, we should note that we used a cross-sectional survey design that measured both the predictors and outcomes in a single questionnaire. Thus, response bias cannot be ruled out. Nevertheless, the study showed a greater convergence of cultural values and indicated the deficiencies of using nationality as a surrogate for cultural values. Finally, the study also showed that using IC as an individual difference variable may hold promise for future research to examine the fit between an individual's values and his/her preferences for HRM practices.

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Table 1: Results of the Analysis of Variance (ANOVA)

Variables	USA	India	Ireland	F-Ratio	Significance	Significant Differences
Individualism-Collectivism						
Self-Reliance	2.63	3.27	2.36	16.15***	P<.001	India >USA India > Ireland USA>Ireland
Solitary Work Preference	2.70	2.61	2.50	0.55	P>.05	
Supremacy of Group Interest	2.49	2.42	2.20	1.86	P>.05	
Supremacy of Group Goals	4.05	3.89	2.16	198.30	P<.001	USA>Ireland
Competitiveness	2.63	2.99	2.72		P<.05	India>Ireland India>USA
Human Resource Management Characteristics						
Preference for Equality	3.24	2.95	2.80	4.01	P<.05	USA>Ireland
Preference for Progressive HRM Practices	4.10	4.04	3.99	0.32	P>.05	
Preference for Paternalistic HRM Practices	2.36	2.06	2.00	3.99	P<.05	USA>India USA>Ireland
Preference Fairness in Appraisal and Rewards	3.35	3.77	3.43	5.26	P<.01	India>USA

Table 2: Means, Standard Deviations, and Correlations[a] among the Variables

Variables	Mean (σ)	1	2	3	4	5	6	7	8	9	10
Age	30.13 (7.35)										
Gender	0.30 (0.46)	12*									
Self-Reliance	2.93 (0.88)	-24**	-05								
Competitiveness	2.80 (0.88)	-16*	-26***	43***							
Solitary Work Preference	2.62 (0.93)	-03	14*	18**	-15*						
Supremacy of Group Interest	2.40 (0.75)	-05	-07	28***	27***	-11					
Supremacy of Group Goals	3.59 (0.88)	-28***	15*	23***	03	00	04				
Preference for Equality	3.03 (0.83)	04	02	16*	07	02	17**	14*			
Preference for Progressive HRM Practices	4.05 (0.74)	09	04	02	-04	-14*	-18**	20**	24***		
Preference for Paternalistic HRM Practices	2.16 (0.74)	11	00	17*	10	06	39***	01	17*	-50***	
Preference for Fairness in Performance Appraisal and Rewards	3.54 (0.83)	-10	-04	09	10	-12*	03	18**	10	53***	-21**

[a] decimals omitted

* p<.05 ** p<.01 *** p<.001

Table 3: Results of the Hierarchical Regression Predicting Preferences for HR Systems

Variables	Progressive HRM	Paternalistic	Fairness	Equality
	β (t-statistic)	β (t-statistic)	β (t-statistic)	β (t-statistic)
Step 1				
Age	0.14 (1.78)*	0.16 (2.13)*	0.14 (1.77)*	0.10 (1.25)
Gender	-.03 (0.38)	-.06 (0.80)	0.09 (1.17)	-.11 (1.47)
Country 1 (US = 0; Non-US = 1)	0.33 (2.15)*	-.49 (3.27)***	0.40 (2.55)**	-.17 (1.05)
Country 2 (India = 0; Non-India = 1)	0.30 (1.96)*	-.31 (2.09)*	0.01 (0.08)	0.01 (0.09)
ΔR^2	0.02	0.07	.07	.07
F-Ratio	1.04	3.84**	4.16**	4.03*
Step 2				
Self-Reliance	0.19 (2.30)*	-.01 (.02)	-.04 (0.47)	0.06 (0.72)
Competitiveness	-.10 (1.24)	0.04 (0.53)	0.08 (1.01)	0.01 (0.08)
Supremacy of Group Goals	0.42 (3.98)***	-.21 (2.07)*	0.36 (3.39)***	0.16 (1.42)
Supremacy of Group Interest	-.18 (2.52)*	0.31 (4.52)***	0.05 (0.63)	0.05 (0.69)
Solitary Work Preference	-.12 (1.70)*	0.03 (0.50)	-.03 (0.44)	0.05 (0.66)
ΔR^2	0.13	0.20	0.06	0.02
F-Ratio	4.14***	5.92***	3.50**	2.17*

* $p<.05$ ** $p<.01$ *** $p<.001$

Appendix 1: Factor Loadings, Factor Eigenvalues, and Coefficient Alphas for the Individualism/Collectivism Scale

Items	1	2	3	4	5
Supremacy of Group Goals					
People in a group should realize that they are not always going to get what they want.*	.77				
People in a group should be willing to make sacrifices for the group's well being.*	.88				
People who belong to a group should realize that they sometimes are going to have to make sacrifices for the sake of the group as a whole.*	.89				
A group's goals and interests must be paramount.*	.71				
Self-Reliance					
Only those who depend on themselves get ahead in their life.		.74			
The only person I can rely on is myself.		.84			
In the long run, the only person you can count on is yourself.		.83			
If you want to get something done right, then you've to do it yourself.**		.47			
Supremacy of Group Interest					
For a group to function efficiently, an individual must do what he/she thinks is right.			.40		
A group is more productive when members to follow their own interests and concerns.			.84		
A group is more productive when members do what they want to do rather than what the group wants them to do.			.72		
A group is more efficient when members do what they think is best rather than what the group wants them to do.			.78		
Competitiveness					
Winning is everything.				.66	
Doing your best isn't enough; it is important to win.				.81	
Success is the most important thing in life.				.65	
I feel that winning is important in both work and games.				.78	
Solitary Work Preference					
I prefer to work with others rather than work alone.*					.83
Given a choice, I would rather work alone than working in a group.					.85
Working in a group is better than working alone.*					.44
Factor Eigenvalue	4.01	3.04	2.30	1.79	1.05
Percentage of Variance Explained	21.10	16.0	12.09	9.41	5.51
Coefficient Alpha	.84	.81	.70	.81	.77

*These items were reverse coded to maintain consistent directionality.

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Appendix 2: Factor Loadings, Factor Eigenvalues, and Coefficient Alphas for the Human Resource Management Preferences Scale

HRM Practice	1	2	3	4	5
Progressive HRM Practices					
The company's performance review process requires that the supervisor and the subordinate jointly review the performance of the subordinate and resolve any disagreements between them.	.70				
The supervisor, in consultation with his/her employees in the work-group, sets clear and measurable objectives for the work-group.	.75				
The company has very clearly defined responsibilities for each job and then hires people based on the needs of the job.	.72				
The organization's policy on promotion emphasizes promotions based on the merit and the likely success of the individual in the new job.	.70				
Employees regularly participate in various meetings affecting how the work needs to be carried out.	.72				
The employee and his/her boss jointly decide on the performance goals and objectives for the individual for the upcoming year and the employee is evaluated against those objectives.	.70				
The company trains its managers by sending them to formal training programs conducted by experienced trainers\managers.	.62				
In filling managerial positions, the company has a policy of "promotion from within" based on merit of the individual.	.43				
The company sets clear and measurable performance targets for each employee and then evaluates the employee against these targets.	.54				
Paternalistic HRM					
The supervisor sets clear and measurable objectives for individual employees at the beginning of the year without consulting the employees.		.64			
The company's performance appraisal system requires that the supervisor of the employee review the performance of the employee and then communicate his/her ratings to the employee without discussing the review with him/her.		.74			
The organization sets goals for the entire work-group and evaluates the entire work group against the initially set goals.		.50			
When employees need to be laid-off, the company strictly adheres to a seniority policy with the junior-most employees being laid-off first.		.61			
The company's performance appraisal system requires that the workgroup to which an employee belongs review the performance of the employee and then communicate their ratings to the employee without discussing the review with him/her.		.68			
The supervisor, without consulting his/her subordinates, sets annual objectives for the work-group.		.71			
The organization strictly follows seniority in its promotions and career development.		.56			
Fairness					
The organizational policy requires the supervisors to have an individual face-to-face meeting every three months to review the performance of the employee during the preceding three months.			.58		
The company's performance review process requires the workgroup to evaluate an individual employee and resolve any differences with the individual employee through mutual discussions.			.43		
The company assigns a bonus to each department based on the department's performance; the manager then allocates the bonus to individual employees based on his/her contribution to			.69		

the department.

The company assigns bonuses to each work-group based on the performance of the group; the supervisor of the workgroup then distributes the bonus pool to each employee based on his/her contribution to the workgroup.			.79		

Equality in Reward Allocation

The company assigns a bonus to each work-group based on the performance of the group; the supervisor of the group then distributes the amount equally among all the employees.				.64	
The company decides on a bonus pool for the entire organization based on the company's profitability and the bonus pool is equally divided among all the employees.				.73	
The company has a stock ownership plan in which all of the employees are granted a fixed percentage their pay in the form of stock.				.67	
The company assigns a bonus to each department based on the departmental productivity; the manager then allocates the bonus money equally among all the employees.				.63	

Employee Involvement

The organization involves all the employees in all the decisions affecting their work life.					.48
In recruiting people from outside, all the outside candidates are interviewed by the employees of the work-group and hiring decisions are made by the workgroup through a consensus process.					.55
Any decision that affects the department such as work assignments or departmental performance is implemented only when all the employees agree on it.					.72
The organization has a policy of lifetime employment and assures an employee of job security once he/she joins the organization.					.50

Factor Eigenvalue	7.61	3.34	2.27	1.57	1.19
Percentage of Variance Explained	25.37	11.13	7.56	5.23	3.96
Coefficient Alpha	.89	.80	.70	.70	.55