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How societal culture influences friction in the employee-organization relationship

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Highlights

- Societal culture influences EOR friction through the individual-level work motives of belonging and mattering
- Societal culture also influences EOR friction through organizational-level EOR strategies that may be either relational or transactional.
- The concept of relational friction presents a unique approach to understanding why EOR problems may exist
- In this increasingly globalized work environment, managers who understand how societal culture influences EOR friction may be better equipped to facilitate frictionless relationships, by adopting some of the practices appropriate to employees' cultures.

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Abstract

The proposed model unpacks societal culture's multi-level influence on friction in the employee-organization relationship (EOR), resolving two knowledge gaps: overreliance in EOR research on employee-centered concepts, ignoring the influence of the organization; and minimal theoretical analysis on why societal culture contributes to relational problems between the organization and its employees (Coyle-Shapiro & Shore, 2007). We argue that societal culture influences friction in employee-organization relationships through the individual-level mediator of work motives and the organization-level mediator of EOR strategy. Although EOR friction commonly occurs when employee work motives from one culture interact with EOR strategies from another, studies rarely examine the mechanisms that explain these relational challenges. Drawing on individualism, in-group collectivism and institutional collectivism, we explain two primary causes for EOR friction in each mismatched cultural condition, and offer potential solutions for reducing friction stemming from each source. Our arguments suggest that organizations who effectively adapt their HRM practices to the societal culture in which they operate will be less likely to experience EOR friction than organizations who adopt a more 'one size fits all' relational EOR strategy.

Keywords: Employee-organization relationship, relational ties, cultural friction; global HR

How societal culture influences friction in the employee-organization relationship

Employee-organization relationships (EOR) often exhibit friction, described as incompatibilities based on differing assumptions, values, behaviors or norms (O'Reilly III, Chatman, & Caldwell, 1991; Shenkar, Luo, & Yeheskel, 2008). When friction occurs, such as when managers and employees disagree about the content of their exchange relationships (Lester, Turnley, Bloodgood, & Bolino, 2002), it is associated with lower outcomes for individuals (e.g., job satisfaction) and lower short-term outcomes for the organization (e.g., higher turnover costs) (Robert & Wasti, 2002). When employees and their organizations come from different societal cultures, there is heightened potential for friction, as each party to the relationship brings a different set of cultural norms, values, assumptions and expectations to the relationship (Thomas, Au, & Ravlin, 2003; Thomas, et al., 2010). This is illustrated anecdotally by the failed Daimler-Chrysler merger, as well as the struggling Chrysler-Fiat merger, still attempting to resolve its cultural issues ("Marriages Made in Hell," 2009). In the former pairing, organizational practices that worked well among German employees failed to motivate American employees, and instead created resentment.

Although progress has been made toward understanding outcomes of friction between employees and their work organization, two important knowledge gaps remain. First, within the EOR literature, there are few multi-level studies that simultaneously consider both organizational and individual level antecedents (Coyle-Shapiro & Shore, 2007); instead, most research on EORs relies on relational tie concepts that are employee-centered, such as psychological contracts (Rousseau, 1995), and perceived organizational support (Eisenberger, Huntington, Hutchison, & Sowa, 1986), and ignore potential organizational influences. Coyle-Shapiro and Shore (2007), Porter (1996), and Tekleab and Taylor (2003) each implore EOR researchers to resist ignoring

the ‘O’ in OB, by simultaneously considering both organization-level and employee-level phenomena. This bias towards employee-level EOR research also exists in the cross-cultural literature (Thomas, et al., 2010), where studies often neglect both the impact of societal culture on the organization, as well as the interaction of organization-level and employee-level influences, in favor of examining the impact of societal culture on employees alone (e.g. Smith, Fischer, & Sale, 2001).

The second gap is that existing studies offer primarily ‘black box’ assumptions about societal culture’s role in the EOR (Coyle-Shapiro & Shore, 2007; Hui, Lee, & Rousseau, 2004b), neglecting theoretical analysis as to *why* societal culture contributes to relational friction. Societal culture is often included as a moderator of other relationships in human resource models, but the theoretical mechanisms explaining its influence are typically neglected (Chao & Moon, 2005). For example, there have been two multi-country studies and several two-country studies of psychological contracts across cultures (for a review, see Schalk & Soeters, 2008), but these studies primarily describe the content of contracts across countries, without drawing on theory to identify why societal culture influences contracts (Psycones, 2006; Rousseau & Schalk, 2000). A thorough understanding of each causal factor, including how it works and why it affects employee-organization relationships, is essential for conducting research that is theoretically-grounded. Without clarity as to the basis for societal culture-based EOR friction, managers and researchers are at risk of recommending ineffective resolutions.

For these reasons, our intent is to address the black box assumptions about the causal role of societal culture in EOR friction by exploring the interacting effects of individual- and organizational-level mechanisms through which societal culture influences the EOR. We propose reasons why friction exists for different cultural combinations of organizations and

employees, and address implications for future research and practice. At the individual level, we posit that societal culture shapes employees' motives for working through variations in the self-concept. At the organizational level, we argue that societal culture influences EOR strategy through institutional normative and cognitive forces. When employees' motives are considered together with organization-level EOR strategy, it may be possible to determine the causes of EOR friction (O'Reilly III, et al., 1991; Shenkar, et al., 2008) (see Figure 1).

 Insert Figure 1 about here

Cultural friction was originally proposed as an alternative metaphor to cultural distance, because situations exist where cultures that are very different (high cultural distance) work well together (low friction), while others that are similar, clash (Shenkar, et al., 2008). An example is the Disney theme parks, which worked well in Japan, despite large cultural differences from the original American culture, but floundered for many years in Europe, despite relatively smaller cultural distance (Maznevski & Jonsen, 2009). The friction metaphor aids analysis in looking beyond distance alone, to help explain cross-cultural relationships.

Nomological net and conceptual boundaries

It is important to distinguish the concept of cultural friction, referring to the complex conditions that explain cross-cultural relations, including power asymmetries, historically conflicted relationships, goal incongruity, and cultural distance (Shenkar, et al., 2008), from two similar concepts: psychological contract breach, defined as the employee's perception that the organization has not lived up to its promised obligations to the employee (Robinson, 1996; Rousseau, 1989), and person-organization fit, defined as compatibility between employees and their organizations (Kristof, 1996). Whereas the breach literature assumes that expectations

between employees and their organizations are in alignment, and that the organization does not meet these expectations, friction implies that there is disagreement about what EOR expectations should be (Shenkar, 2012). Phrased differently, breach is about fulfillment of employee expectations, while friction is about (mis)alignment of expectations between the employee and the organization. In terms of temporality, we believe that friction may precede, but not necessarily result in, relational breach (Parzefall & Coyle-Shapiro, 2011); however, in this paper we do not attempt to determine the point at which mounting levels of friction result in breach.

Likewise, person-organization fit measures the degree of compatibility between employees and organizations (Kristof, 1996), while friction examines the reasons why a situation might be grating (Shenkar, et al., 2008). It may be possible to have both fit and friction, such as a situation where an employee's differing assumptions about the world produce better organization-level outcomes (*complementary fit*), while simultaneously increasing process conflict (due to cultural friction). Although all three constructs share some similarities, we chose to use friction as the explanatory construct. Given that our intent is to explain why relational issues can happen between an organization and its employees, the cultural friction metaphor facilitates a fine-grained investigation into the cultural causes of strained employee-organization relationships.

It is also important to acknowledge boundaries on the relationships we propose. Specifically, since arguments in this model rely on employees having a different cultural background than their organizations, it may not apply to situations where either the organization and/or employees have ambiguous or multi-cultural backgrounds. At the organization level, cultural ambiguity may occur because multinational enterprises vary in the degree to which they integrate global operations versus responding to local conditions (Bartlett & Ghoshal, 1989;

Harzing, 2000). Firms that adopt a *global* strategy, where operations are tightly integrated across locations, are most likely to represent the parent company culture, whereas firms that adopt a *multidomestic* strategy, where subsidiaries act like local operations, are more likely to allow each subsidiary the freedom to represent its local culture (Harzing, 2000); although the cultural background for organizations at each end of the global-multidomestic spectrum is relatively easy to determine, most organizations reside somewhere between the two extremes, where cultural background is more ambiguous. At the employee level, cultural ambiguity is possible through individual employees who have more than one culture – bicultural or multicultural employees, such as Turkish-German, Chinese-Australian or Indian-American (Fitzsimmons, forthcoming). This happens most commonly through immigration, for both the migrants and their descendants (Benet-Martínez, 2010). Although short-term migrants, such as expatriates, also move abroad, culture tends to be very slow to change past adolescence, such that short-term, adult migrants are likely to maintain their original cultures (Fitzsimmons, forthcoming). Arguments laid out in this paper apply to straightforward cases, where each of the organization and employee represents one culture.

We first offer an explanation of differences in societal cultures, followed by a discussion of the employee-level self-concept pathway, explanation of the organizational-level institutional forces pathway, and finally analysis of their interaction in predicting relationships between organizations and their employees. After the theoretical arguments, we then suggest strategies for managing friction in the EOR, based on the different sources of friction. Given the increasingly globalized work environment, managers who understand how societal culture influences EOR friction may be better equipped to facilitate positive worker attitudes and behaviors.

Societal culture

Societal culture, defined as a system of shared values, beliefs, and behavioral norms, is learned and passed on from one generation to the next through the laws, policies, and actions of a society (Aycan, et al., 2000; Thomas, et al., 2010; Triandis, 1995). Culture serves many purposes, including helping individuals make sense of situations they encounter (Fiske & Taylor, 1991), establishing priorities (Miller, Bersoff, & Harwood, 1990), determining right from wrong or desirable from undesirable behavior, and providing general guidelines for how to live a happy and successful life within the given society (Rokeach, 1973).

Many dimensions have been used to differentiate cultures systematically, starting with Hofstede's seminal study of IBM employees (Hofstede, 1980). Despite being conducted at different times, with different samples and using different methods, the major studies of national variation in value orientations all have findings that feature the cultural dimensions of individualism and collectivism (Hofstede, 1980; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Kluckhohn & Strodtbeck, 1961; Schwartz, 1994; Trompenaars, 1993). This convergence suggests that individualism and collectivism are broad cultural constructs that may encompass more basic elements (Triandis, 1995), and are useful for explaining social behavior (Earley & Gibson, 1998; Markus & Kitayama, 1991; Oyserman & Lee, 2008; Triandis, 1995). In order to provide for parsimony, clarity of argument, and specific practical guidance, we focus on the dimensions of individualism and collectivism to begin the conversation about culture difference in EOR.

One such study of national variation is the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study. Drawing on research with 17,300 middle managers across 62 societies, it found evidence for two distinct dimensions of collectivism – in-group and

institutional (House, et al., 2004). It was designed to measure interrelationships among societal culture, organizational culture, and leadership, and to develop dimensions that could be used to predict the impact of cultural variables on organizational phenomena. Empirical results showed that in-group and institutional collectivism varied with respect to the size and composition of the reference group, as well as differential treatment for in-group and out-group members (Smith, 2005).

In-group collectivism is “the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families” (House, et al., 2004, p. 30). When societies have high levels of in-group collectivism, such as China and India, individuals tend to emphasize duties, obligations and relatedness to a tight group of family members, close friends and sometimes work teammates, called in-groups (Markus & Kitayama, 1991). All others are considered out-group members, and are treated with a different set of norms, emphasizing a lack of mutual duties, obligations and relatedness. Further, in-group collectivist employees tend to prioritize in-group relationships over task completion, because cooperating with and meeting the expectations of in-group members takes precedence over other goals (Triandis, McCusker, & Hui, 1990).

In contrast, institutional collectivism is “the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action” (House, et al., 2004, p. 30). People in these societies, such as Sweden, are more likely to rely on membership in large groups for identity and status, such as the organization, society-at-large or the nation (Markus & Kitayama, 1991). In institutional collectivist cultures, individuals tend to prioritize societal good over particular individual relationships, and tend to support larger social safety nets and higher levels of taxation, compared to other societies (Triandis, et al.,

1990). Employees are more likely to favor outcomes that benefit the wider organization or society over those that benefit only the in-group or the individual. In contrast to in-group collectivist societies, there is less likely to be a sharp differentiation between in-group and out-group members, and norms for relating to known individuals are similar to norms for relating to strangers.

Finally, individualism is the degree to which a person him- or herself is the primary basis for decision-making, as opposed to considering the small or large group when making decisions. Individualist societies such as the United States tend to value independent effort, freedom of choice, self-sufficiency, and self-determination (Markus & Kitayama, 1991). Individualist cultures are more likely to emphasize individual achievement and accomplishment over relationships (Fischer, Ferreira, Assmar, Redford, & Harb, 2005; Hofstede, 2001), subordinating the needs of the group to their own individual needs. For example, Smith and Bond (1998) argue that individualism creates an emphasis on individual outcomes and material financial rewards that are expected to be awarded based on merit and equity (Triandis, 1995).

It is important to note that individualism, institutional collectivism and in-group collectivism are dimensions, not categories. For the sake of theoretical parsimony, we theorize on the basis of dominant cultural dimensions, while recognizing that most societies exhibit characteristics of all three dimensions. At the employee level, these three dimensions are expected to influence employee motives to work, through the mechanism of variations in the self-concept.

Employee pathway: How culture influences work motives

To explain and classify work motives, we rely on *perceived organizational membership*, an aggregate, multidimensional construct that reflects employees' overall perceptions of their

relationships with their organizations, based on three underlying work motive dimensions: need fulfillment, mattering, and belonging (Masterson & Stamper, 2003). *Need fulfillment* is defined as the extent to which employees perceive that their needs are being met and they are helping to meet the needs of the firm. *Mattering* is the extent to which employees perceive they are influential in the organization, such as meeting status and respect needs. That is, mattering reflects the level of influence an individual may want to achieve within the organization, such as having the power to influence corporate policies and standards (Masterson & Stamper, 2003). *Belonging* refers to the extent to which employees perceive a sense of insider status within the boundaries of the organization, including feeling personal relatedness to, or intimacy with, other members (Masterson & Stamper, 2003), organizational identification (Ashforth, Harrison, & Corley, 2008), and a sense of psychological ownership (VandeWalle, Van Dyne, & Kostova, 1995). More succinctly, the belonging motive indicates a desire for ‘fitting in’ and relating to others, as well as taking responsibility for the greater whole (Stamper & Masterson, 2002).

We acknowledge that there are myriad other motives for people to work; however, many of these needs are universal (e.g., the need to eat) and not subject to cultural variation. Still other needs may be more closely related to individual differences (e.g. intrinsic motivation increases with age, Inceoglu, Segers, & Bartram, 2012). Therefore, in this model, we draw on mattering and belonging motives, since there is evidence that these relational needs vary across cultures and are especially tied to individualism and collectivism through differences in the self-concept (Markus & Kitayama, 1991).

Across all three cultural conditions, our argument is that, according to social identity theory (Tajfel & Turner, 1986), when people are sorted into cultural groups, they undertake a process called depersonalization, where individuals take on prototypical characteristics of their

groups (Hogg & Terry, 2000). One such characteristic is the self-concept, referring to the content with which individuals construe themselves (Oyserman & Lee, 2008). Starting with Markus and Kitayama (1991), a body of evidence has built that people from individualist societies tend to think of the self as a single person (*independent self-concept*), while those from collectivist societies tend to think of their relationships with others as part of themselves (*interdependent self-concept*) (for a meta-analysis, see Oyserman & Lee, 2008). The self-concept guides how people organize and process information (Markus, 1977). Specifically, self-relevant goals are generally prioritized over those that are more distant from the self (Markus & Kitayama, 1991; Oyserman & Lee, 2008). Therefore, once individuals have developed self-concepts that either exclude or include others, these varying self-concepts can explain other cross-cultural differences, such as differences in work motives. As explained ahead, we argue that someone with an independent self-concept will tend to prioritize motives that emphasize the individual self, such as *mattering*, whereas someone with an interdependent self-concept will be more likely to prioritize motives that also include others, such as belonging.

Members of *individualist societies* tend to have independent self-concepts (Oyserman & Lee, 2008). They have been found to be more likely to value self-direction, and pursue individual goals such as self-acceptance and physical fitness (Kim, Kasser, & Lee, 2003; Oishi, Schimmack, Diener, & Suh, 1998). Self-esteem is often derived from the ability to express one's individual self, and self-relevant goals tend to be prioritized over group goals (Markus & Kitayama, 1991; Triandis, Bontempo, Villareal, Asai, & Lucca, 1988). Following from this self-concept that prioritizes the individual, we expect that employees from highly individualist cultures are primarily motivated by the *mattering* motive, which emphasizes influence. For example, employees from individualist cultures have been found to be more likely to want a 'seat

at the table’ during important organizational decisions than employees from collectivist cultures, and a 21-society study found that individualism predicted the degree to which employees were motivated to feel distinct from others (Becker, et al., 2012). We also expect the *belonging* motive to be relatively less important for employees in individualist societies compared to those in in-group or institutional collectivist societies, because employees in individualist societies are less likely to derive their self-concept from relationships with others. Indeed, relative to employees from other cultures, employees from individualist cultures may be motivated more by ‘sticking out’ than they are by belonging or ‘fitting in’.

Proposition 1: Compared to employees from in-group or institutional collectivist cultures, employees from individualist cultures are more likely to be motivated by a desire to matter, and less by a desire to belong.

Members of *in-group collectivist societies* tend to have interdependent self-concepts (Oyserman & Lee, 2008). More specifically, their interdependent self-concepts prioritize relationships with the in-group, such that a sense of belonging to a small group of mutually responsible individuals is often more important than one’s own needs or the organization’s (Markus & Kitayama, 1991; Triandis, et al., 1988). Individuals with interdependent self-concepts are more likely to value conformity, and pursue goals such as community feeling and social recognition (Kim, et al., 2003; Oishi, et al., 1998). Following from a sense of self that includes in-group relationships, employees are expected to be primarily motivated by a desire to belong to their in-groups, as extensions of the self, and less motivated by a desire to matter, or have influence over the organization. For example, in Japan – an in-group collectivist society – employees were found to have higher trust within already-established relationships than Americans, but lower trust in strangers than Americans (Yamagishi, Cook, & Watabe, 1998a;

Yamagishi, Jin, & Miller, 1998b), indicative of a sharp distinction between in-group and out-group members. While extended families are usually the most salient in-group, work teams may also be salient, especially if relationships with colleagues are developed beyond the work context.

Proposition 2: Compared to employees from individualist or institutional collectivist cultures, employees from in-group collectivist cultures are more likely to be motivated by a desire to belong to their in-groups, and less by a desire to matter.

Members of *institutional collectivist societies* also tend to have interdependent self-concepts, although in this case, the self includes relationships with the extended group or society, not only with the small in-group. For these individuals, a sense of belonging to a society or organization can be more important than one's own needs or one's in-group needs (Markus & Kitayama, 1991; Triandis, et al., 1988). For example, Norwegian employees (Norway scores high on institutional collectivism) describe their psychological contracts as primarily communitarian, compared to French, Canadian and Chinese employees (Thomas, et al., 2010). Communitarian relationships are characterized by long-term, relational exchange, where employees feel responsible to the collective. One Norwegian described his work motivation as follows:

‘Of course it’s important to have money to pay your bills and your family, but my main relationship with my company is to be in a good environment for working ... and also for social contact at work. Every day you go to work, I have a good feeling’
(Thomas, et al., 2010, p. 1447).

Following from this self-concept that includes communitarian relationships with other organizational members, employees from institutional collectivist cultures are more likely to be

motivated to work for the good of the organization. We therefore expect that employees will be motivated by a desire to belong to their organizations, as extensions of the self, and less motivated by a desire to matter, or have influence over the organization. In contrast to in-group collectivist belonging motives, which focus on belonging to a tight in-group, institutional collectivist belonging motives focus on the degree to which individuals belong to something broader than oneself, such as working towards a common goal with the whole organization.

Proposition 3: Compared to employees from individualist or in-group collectivist cultures, employees from institutional collectivist cultures are more likely to be motivated by a desire to belong to their organizations, and less by a desire to matter.

Overall, we have argued that employees' societal cultures are likely to influence their relative motives for working through the mechanism of varying self-concepts. Relationships between culture and work motives are not expected to be mutually exclusive. Rather, based on these arguments, we expect the relative importance of mattering and belonging motives will differ among employees from societies that are in-group collectivist, institutional collectivist or individualist based on varying self-concepts. However, the employee is only one half of the employee-organization relationship. Next, we examine the influence that societal culture has on organizations and their relational strategies.

Organization pathway: How culture influences organizational EOR strategy

Beyond the influence that societal culture has on employee motives, it also influences organizational strategies regarding the EOR, called *EOR strategy*, through normative and cognitive institutional forces (Scott, 2008). Normative institutional forces are propagated by associations such as national Human Resources societies or accreditation bodies, that push firms

to benchmark against other local firms, use local best practices, and implement organizational policies, practices and procedures that are seen as legitimate by external stakeholders (Paik, Chow, & Vance, 2011). Cognitive institutional forces are the internalized values and beliefs of societal members – particularly members who are organizational agents for the EOR, including top managers, human resource managers, and direct supervisors (Rousseau, 1995; Tekleab & Taylor, 2003). Agents' internalized values and beliefs shape the organization's EOR strategy in subtle but persistent ways. We expect these two parallel forces to work in concert, as normative forces are often derived from internalized values of society's members (Paik, et al., 2011). For example, as Staw and Epstein note (2000, p. 527) "Because popular management techniques are generally as much a reflection of the values of a culture as a technical solution, their adoption reflects an alignment of corporate and societal values." They found that societal norms pushed organizations to adopt particular management techniques; when they did so, outsiders admired the organizations more, assumed they were more innovative, and CEOs earned higher salaries, irrespective of any performance gains (Staw & Epstein, 2000). Thus, normative and cognitive institutional forces may impact the type of relationship organizations strategically attempt to facilitate with employees. As illustrated in Figure 1, we develop propositions about how these forces result in varying forms of organizational EOR strategies within institutional collectivist, in-group collectivist or individualist societies.

There are two boundary conditions to our arguments. First, economic, political, legal and other environmental forces may also impact organizations' relational strategies, and these forces may outweigh normative forces in some countries (Kelley, Whatley, & Worthley, 1987; Ollo-López, Bayo-Moriones, & Larraza-Kintana, 2011). For example, regulatory forces in India compel organizations to maintain a strong union presence beyond that which might exist based

only on normative and cognitive forces (Raghu, Budhwar, & Balasubramanian, 2007). However, regulatory, economic and legal forces are more distantly linked to variations in cultural values, compared to normative and cognitive forces (Paik, et al., 2011), so we focus attention on normative and cognitive forces alone, holding other variables constant. In addition, small, family-run firms operate with a different set of expected relationships than other organizations, especially in in-group collectivist societies, where the organization and the in-group are usually equivalent (House, et al., 2004). For theoretical consistency, our arguments about the mechanisms through which societal culture influences EOR strategies do not apply to small, family-run firms (Vora & Kostova, 2007; Zellmer-Bruhn & Gibson, 2006).

As originally proposed by March and Simon's (1958) inducements and contributions model, the normative and cognitive forces found in a societal culture can impact the inducements organizations are willing to offer employees as well as the contributions expected from employees in return. There appear to be two underlying assumptions for this argument: 1) different types of relationships may be established between organizations and their employees through varying inducements and expected contributions, and 2) organizations may intentionally build certain types of relationships with their employees by implementing practices – such as human resource practices – consistent with the intended EOR strategy (e.g. Pfeffer & Baron, 1988; Tsui, Pearce, Porter, & Hite, 1995). Thus, differences among organizations' EOR strategies can be represented by the varying inducements offered and expected contributions, commonly categorized into transactional and relational approaches. Most EOR strategies will exhibit characteristics of both, but may be relatively more heavily weighted toward one or the other approach (Rousseau, 1995). Organizations engaging in a *transactional* EOR strategy induce employees through economic gain in exchange for work performance contributions.

Most transactional relationships are *quid pro quo* by nature, with expectations for both parties specified up front; the relationship may be of specific duration, and there is limited psychological attachment between the parties (Hui, et al., 2004b; Thomas, et al., 2010). *Relational* strategies, on the other hand, are based on socio-emotional inducements and contributions, with expectations of an open-ended relationship duration and less specific performance-reward terms of exchange, beyond promoting a positive psychological attachment between the parties (Hui, et al., 2004b; Thomas, et al., 2010; Thompson & Bunderson, 2003).

Note that much of the literature categorizing specific HR inducements as either relational or transactional comes from an individualist cultural perspective. It is possible for inducements to be interpreted differently across different cultural contexts. For example, although decision-making latitude usually signals trust within individualist societies (implying a relational EOR strategy), it might instead signal distance or a lack of supervisory interest within in-group collectivist societies. Because of the theoretical messiness this introduces when categorizing HR inducements, we argue at the level of organizational EOR strategies, and describe the distinctive elements of HR inducements within each strategy. Exemplary HR inducements illustrating each EOR strategy are listed in table 1.

 Insert Table 1 about here

Robert and Wasti (2002) introduce a complementary dimension related to organizational inducements that may be used to further describe transactional and relational strategies; they argue that organizations differ with respect to the range of inducements offered, varying between extensive and restricted (Lambert, Edwards, & Cable, 2003). In past research, it is more typical to find that the *content* of organizational inducements was measured, instead of the *range of*

inducements (For an exception, see Montes & Irving, 1008). We argue that considering the extensiveness or restrictiveness of organizational inducements is particularly important for understanding different types of transactional EOR strategies, as discussed ahead. Within each cultural condition, cognitive and normative institutional mechanisms drive the adoption of relational or transactional EOR strategies, represented by inducements offered to employees.

The cognitive mechanism in individualist cultures explains why organizations tend to adopt transactional strategies. Based on the shared cognitive assumption among organizational agents that the individual is primary and has precedence over the organization ~~or society~~, the organization offers ~~inducements that target~~ individual workers economic inducements, such as individual merit-based pay or bonuses, ~~oras well as~~ decision latitude tied to individual responsibility for performance ~~while performing the job~~. Indeed, a 16-country study found that country-level individualism predicted the degree of decision latitude offered to individual employees (Ollo-López, et al., 2011), emphasizing that organizations try to induce employees by offering them more individual choices. The cognitive mechanism also explains why organizations in individualist societies tend to adopt *extensive* strategies, because of the shared assumption among managers that individual employees are unique, exhibiting a broad range of needs that can only be fulfilled by offering a broad range of inducements (Gelfand, Nishii, & Raver, 2006). In a study of Turkish organizations, the degree of organization-level individualism predicted the use of a wider selection of HR practices that emphasized individual merit, including management by objectives, merit-based pay and promotion, and formal job evaluations, exemplary of an extensive transactional EOR strategy (Robert & Wasti, 2002).

In addition to the cognitive mechanism, organizations in individualist cultures may also feel normative pressure to adopt similar HR practices to their competitors. If several

organizations start to offer a unique inducement to entice top employees, then other organizations are likely to follow suit, enabling organizations to compete for the best applicants, as well as allowing them to expect high levels of contributions from employees. This approach of ‘paying’ for the best and brightest performers is by its nature transactional (Lee, Liu, Rousseau, Hui, & Chen, 2011), albeit in an extensive form; an organization offers significant and widely varied inducements to potential employees to attract them, then expects employees to contribute at high levels in exchange for those inducements, allowing the organization to outperform competing firms. Thus, the essential characteristic of inducements representing an extensive transactional EOR strategy is that there are many of them, but compared to the other strategies, they emphasize individual merit.

Proposition 4: Compared to organizations from institutional or in-group collectivist cultures, organizations from individualistic cultures will be more likely to pursue an extensive transactional EOR strategy.

In contrast to individualist societies, organizations in in-group collectivist societies are more likely to face normative pressure to design inducements that emphasize the good of the in-group over the individual or society-at-large. Yamigishi and colleagues (1998b) explained how this normative mechanism works at the individual level, “In a situation in which most people are practicing in-group favoritism, a person who does not follow the practice and treats both in-group and out-group members in a similar manner would face cold responses from the other members of his/her in-group at best, and could face ostracism” (p. 322). Normative mechanisms at the organizational level operate in a similar manner, except the focal organization’s in-group resembles a cluster of organizations that work closely together and help one another during tough times. Examples include South Korean chaebols and Japanese keiretsu, where a small number of

organizations – often including suppliers, clients, a bank or even competitors – develop an enduring network for mutual support (Cho & Yoon, 2001). Within the network, top managers work together across organizations as in-group members, with high levels of trust and mutual responsibility, such as serving on one another's boards (Huff & Kelley, 2003). All others outside this top echelon network are considered out-group members, and are therefore relegated to low trust, impersonal and short-term relationships.

We argue that when top managers are focused primarily on their organizational network in-groups, most employees may be considered out-group members, as top managers are unlikely to have personal relationships with the entire workforce. Out-group status, in turn, results in EORs between organizations and employees that are transactional in nature, comparable to *control* HR systems, focused on outcome-based rewards to pursue efficiency and reduced labor costs (Uen, Chien, & Yen, 2009), or *low-commitment* HR systems, characterized by exploitative and short-term relationships (Alvesson & Kärreman, 2007). One example of this type of HR practice is an Indian information technology organization, which fires the lowest 10% of performers every year (Rao, 2013). In addition, some large Chinese organizations use three-year contracts with strict performance requirements for continued employment, rather than offer employees continued employment into the future (Hui, et al., 2004b). We expect these transactional EORs to have a restricted range of inducements offered to employees compared to those found in individualist cultures, because employees who are seen as out-group members are more likely to be perceived as interchangeable and expendable; therefore, managers will be less likely to offer a broad range of inducements designed to appeal to the unique needs of individual workers.

In contrast to the restricted transactional relationship between the organization as a whole and employees, the cognitive mechanism may encourage managers from in-group collectivist cultures to develop strong personal relationships with their direct report employees, based on in-group relationships between direct supervisors and subordinates. These types of relationships are often paternalistic (Pellegrini & Scandura, 2008). The more powerful party is expected to act fatherly towards subordinates, looking after the less powerful both in and outside of work, in exchange for the expected contribution of loyalty to the supervisor (Aycan, 2006; Pellegrini & Scandura, 2008; Thomas, et al., 2010). For example, in China it is common for managers to help their direct report employees find a place to live, receive loans from the bank, gain entrance for their children to prestigious high schools, or even find a spouse (Thomas, et al., 2010). In-group collectivism has been used to explain why employees in the Middle Eastern and North Africa commonly ask personal favors of their supervisors, and supervisors frequently attend subordinates' family weddings and funerals (Kabasakal, Dastmalchian, Karacay, & Bayraktar, 2012; Pellegrini & Scandura, 2008). Paternalistic supervisors have also been known to offer personal loans to employees (Pellegrini & Scandura, 2008). These social obligations to employees are consistent with a relational EOR approach by direct supervisors, encouraging employees to remain loyal to their supervisors (Aycan, 2006).

Given this complex combination of inducements offered by different organizational agents (Rousseau, 1995; Tekleab & Taylor, 2003), organizations in in-group collectivist societies are expected to pursue a dual EOR strategy: restricted transactional EORs by top managers for employees across the whole organization, combined with relational EORs by supervisors for their direct report employees. Supporting this dual strategy, loyalty to supervisor has been found to predict both in-role and extra-role employee performance more strongly than organizational

commitment in Chinese organizations (Chen, Tsui, & Farh, 2002). This dual EOR strategy is often misunderstood. For example, Korean corporate culture has been described by Western scholars as the most collectivist in the world, contradicting the argument by Japanese scholars Cho and Yoon that Korean corporations are among the most competitive, individualistic and dynamic (Cho & Yoon, 2001). To illustrate this proposed dichotomy in terms of inducements, an organization operating in an in-group collectivist society might choose to minimally invest in organization-wide HR functions such as recruiting, training and development, while expecting that supervisors will develop paternalistic relationships with their employees. Past research shows that in-group collectivism is positively related to relatively cheap recruitment strategies such as word-of-mouth (Lee, 1999), and referrals (Rao, 2013), and negatively related to the use of more expensive recruitment techniques, such as HR consultants or newspaper advertisements (Papalexandris & Panayotopoulou, 2004).

Proposition 5: Compared to organizations from individualist or institutional collectivist cultures, organizations from in-group collectivist cultures will be more likely to pursue a dual EOR, in that relational EORs are expected between direct supervisors and their employees, and restricted transactional EORs between the organization and employees.

Relative to in-group collectivist societies, institutional collectivist societies have minimal difference in the treatment of in-group versus out-group members. Instead, there is a shared cognitive assumption among organizational agents that the organization as a whole has precedence over the individual or small group (House, et al., 2004). In this situation, both normative and cognitive mechanisms push organizations to foster a sense of community among all their employees, such as offering social and recreational clubs, shared workshops or training

opportunities that employees undertake together (Thomas, et al., 2010), representative of a relational EOR strategy.

Thus, we expect organizations in institutional collectivist societies to adopt inducements that encourage employees to think of the organization's needs before their own, consistent with longer-term, socio-emotional relationships. For example, past research found that among firms in Norway, an institutional collectivist society, a relational EOR strategy can improve employee performance when combined with developmental HR practices, whereas the same developmental HR practices decrease employee performance when combined with a transactional EOR (Kuvaas, 2008). Other examples of inducements common within institutional collectivist societies are expecting all employees to be involved in recruitment, regardless of hierarchical position, and offering standard seniority-based timelines for advancement, as opposed to individual merit-based advancement (Alvesson & Kärreman, 2007). Although individual assessment certainly occurs, the purpose is to help individuals conform to expected standards, such as through extra training, (compared to rewarding high-performers and punishing under-performers), and feedback has a tendency to avoid strongly differentiating among employees. For example, a direct quotation from the chair of a Swedish organization's promotion committee justified promoting a candidate "based on his months on level and extensive experience" (Alvesson & Kärreman, 2007, p. 717). Thus, the inducements offered to employees by organizations in these cultures will be designed to facilitate a more relational EOR approach.

Proposition 6: Compared to organizations from individualist or in-group collectivist cultures, organizations from institutional collectivist cultures will be more likely to pursue a relational EOR strategy.

To summarize, we argue that societal cultures impact employee work motives as well as organizational EOR strategies. When both organizational and individual levels are considered together, resultant employee-organization relationships can exhibit friction when organizational EOR strategies do not align with employees' motives for working, or when employee contributions do not align with organizational expectations.

Putting both pathways together: how culture influences EOR friction

When considering both the organization's and employees' societal cultures, there are two possible conditions: matched or unmatched cultures. In matched conditions, employees and their organizations share a cultural background, and organizational EOR strategies that fulfil local employee motives for working have developed over time. Although EOR friction certainly can occur in these situations (e.g. Lambert, et al., 2003; Lester, et al., 2002), it more commonly stems from causes other than culture, and thus is not the focus of our analysis (Mendonca & Kanungo, 1994).

Friction due to culture occurs when the organization's EOR strategy, exemplified by inducements offered by the organization, does not align with employee motives for working – mattering or belonging – and thus does not give rise to the expected employee contributions. In other words, it is likely that both the organization and the employee are offering inducements and contributions that are not of the expected content to the other party, resulting in EOR friction. We explicate two main reasons for friction in each of the mismatched conditions below, and display them in Table 2.

 Insert Table 2 about here

EOR friction caused by misaligned organizational inducements

As explained by prior arguments, employees from individualist cultures are more likely to be motivated by a sense of mattering, in which individual influence is the focus, while employees from both in-group and institutional collectivist cultures are more likely to be motivated by a sense of belonging, albeit to the in-group or larger group, respectively. Examples of organizational inducements that are likely to satisfy the mattering motive include practices that facilitate employees' feeling influential, such as individual recognition, decision influence, or competitive pay. Conversely, inducements that are likely to satisfy the belonging motive include practices that facilitate employees feeling a sense of community, whether with the in-group or organization, such as strong personal relationships with colleagues, a sense of interdependence within the group, and the shared accomplishment of important goals. These latter inducements provide employees with a place in which they 'fit-in', and allow employees to contribute to something beyond personal needs. When employees work in organizations from cultures different than their home culture, friction may occur if employees' work motives are not satisfied by organizational inducements.

As discussed previously, in-group collectivist organizations are expected to pursue a dual-approach to the EOR, adopting restricted transactional inducements for the whole workforce and relational inducements for supervisor-employee relationships. While at first glance this may seem to be at least partially appropriate for individualist employees, it is unlikely to satisfy their mattering motive, since the restricted transactional strategy does not include inducements such as autonomous decision processes or individually-based rewards designed to help employees feel influential. Similarly, employees' desires to matter are likely to go unsatisfied in organizations from institutional collectivist societies, in which organizations are

likely to adopt a relational EOR strategy that facilitates a sense of belonging to the collective, such as team-based reward systems (Yang, Farley and Hoenig, 1999; Brickson, 2007), or promotions based on seniority over individual performance (Alvesson & Kärreman, 2007; Thomas, et al., 2010). This type of friction is exemplified by the work of Kuvaas (2008), in which he posited that employees who expected transactional EORs with their work organizations were wary of attempts by the organization to develop emotional or social ties. Essentially, EOR strategies in institutional and in-group collectivist cultures de-emphasize the contributions of individual employees (Ji, Tang, Wang, Yan, & Li, 2012), frustrating employees whose primary motive for working is to be individually recognized. Therefore, we expect EOR friction will occur between both in-group and institutional collectivist organizations and the individualist employees who work for them, based on unsatisfied employee motives to matter.

Conversely, we expect that employees from both in-group and institutional collectivist cultures who have strong motives to belong will experience EOR friction when their organizations adopt transactional EOR strategies, as is primarily the case for organizations from individualist cultures. Collectivist employees who are employed at individualist organizations are likely to feel frustrated by the organization's transactional EOR strategy, as extensive as it may be, because it will not facilitate a sense of belonging to either a tight knit group of colleagues, or the organization as a whole. This is particularly damaging to the EOR because under-fulfillment of relational employee expectations have been shown to reduce trust to a greater degree than under-fulfillment of transactional employee expectations (Montes & Irving, 1008). When organizations offer employees transactional inducements such as bonuses for meeting challenging individual targets, sales commissions, or recognition for star performers whose unique contributions to the organization stand out among their coworkers, in-group

collectivist employees may feel as though this approach adversely affects in-group relationships among employees within the work unit, reducing a sense of belonging or camaraderie among the coworkers; institutional collectivist employees may view individual incentives as too self-serving, interfering with the reward of contributing to the accomplishment of larger organizational or societal goals.

Perhaps surprisingly, there may also be EOR friction when in-group collectivist employees work in institutional collectivist organizations, and vice versa. When in-group collectivist employees are employed at institutional collectivist organizations, their motives to belong to an in-group are likely to go unsatisfied due to relational EOR inducements that do not separate in-group from out-group members. Institutional collectivist organizations offer organization-wide inducements designed to foster a sense of belonging to the organization as a whole, such as shared training opportunities across organizational departments, with little attention paid to personalized relationships among work team members or between managers and their direct subordinates. This is in stark contrast to research done in Korea, an in-group collectivist culture, where a typical first step for employees scheduled to work together is to find some source of common ground, such as shared hometown, family relations, or related work teams (Cho & Yoon, 2001). Employees who are motivated by developing close personal relationships with a supervisor or colleagues in their unit are not likely to be motivated by systems designed to promote a sense of belonging to the collective whole.

Similarly, when institutional collectivist employees are employed at in-group collectivist organizations, they are likely to find that their desire to belong to a collective whole is unsatisfied, because neither organization-level restrictive transactional inducements nor supervisory-level relational inducements foster a sense of collective belonging to the greater

organization. While supervisory-level relational inducements support positive, tight-knit relationships between employees and their direct supervisors, they do not facilitate a sense of belonging to the organization as a whole (Hui, Lee, & Rousseau, 2004a). Institutional collectivist employees who long to contribute to the greater good may become frustrated if they are only recognized for their contributions to the immediate team or direct supervisor. Taken together, all of these examples illustrate the potential for friction when organizational inducements do not satisfy employees' motives to work.

Proposition 7: EOR friction will occur when the organization's EOR strategy does not satisfy employees' mattering or belonging work motives.

EOR friction caused by misaligned employee contributions

In addition to friction caused by employees' unsatisfied work motives, EOR friction may also result when employees' contributions do not satisfy organizational expectations. Specifically, employees are likely to choose to contribute in ways consistent with their work motives, but which may be inconsistent with the expectations of the organization if they are based on a different societal model. Organizations will only value those employee contributions that are consistent with the organization's EOR strategy. Employees from different cultures may struggle to understand what is expected of them, and thus their work contributions will be underappreciated by the employing organization, resulting in EOR friction. Specific instances of this type of friction are described below.

Based on the transactional EOR strategy found in many individualist cultures, it is no surprise that organizations within these cultures are likely to value employee contributions that reflect individual competitiveness, achievement, and effort. In contrast, employees from both in-group and institutional collectivist cultures contribute to the workplace by collaborating and

cooperating with coworkers and direct supervisors, based on the motive to belong. Employees from both types of collectivist cultures are more likely to attempt to blend in with their fellow employees, over calling attention to their individual efforts (Alvesson & Kärreman, 2007), and in-group collectivist employees may also be focused on anticipating and meeting the needs of their immediate supervisors (Lee, et al., 2011). Not only are these contributions inconsistent with the contributions expected of employees in individualist organizations, but it is also likely that organizations' performance and reward systems are not designed to capture these types of contributions. From an organizational perspective, these employees are not holding up their end of the quid pro quo transactional exchange, and the contributions they do see from employees may seem to be non-task related, or interpreted as interfering with task accomplishment.

The opposite conditions can be found in collectivist cultures. Organizations from in-group collectivist cultures do not have relational expectations of employees in general; they expect employees to contribute task performance in exchange for pay, as represented by a restricted transactional EOR strategy. In comparison, supervisors in in-group collectivist organizations expect their direct employees to contribute effort to meet their supervisors' needs, in exchange for paternalistic inducements offered by direct supervisors. Illustrating the inducements available for close employee-supervisor relationships, personality similarity between employees and their supervisors significantly predicted promotions among collectivist work teams in Hong Kong, whereas the same effect was not found among individualist work teams (Schaubroeck & Lam, 2002). These types of contributions are recognized by subjective performance review systems conducted by direct supervisors (Ji, et al., 2012); there is less likely to be a mechanism for recognizing individual task accomplishment at the organization level, independent of supervisors or in-group teammates. Thus, when individualist employees work for

organizations from in-group collectivist cultures, their individual contributions may not be recognized, especially if those contributions come at the expense of positive coworker or supervisor relationships. Institutional collectivist employees may also struggle to meet their in-group collectivist employers' expectations about building positive relationships, since they are less likely to cater to supervisors' needs; however, their contributions to the organization's goals are more likely to be viewed positively.

Similarly, we expect that employees from both in-group collectivist and individualist societies will struggle when working for institutional collectivist organizations. Institutional collectivist organizations value employee contributions that support the organization's goals and values, represented by relational inducements such as seniority-based advancement (Alvesson & Kärreman, 2007). Contributions which are not supportive of the greater good, such as those that promote individual accomplishment over organizational performance, are less likely to be appreciated or accepted by the organization and its managers. This will result in friction for employees from individualist cultures, who will be likely to promote individual achievement, as well as friction for in-group collectivist employees, who may try to act on behalf of the supervisor or work team, over the good of the organization as a whole.

Proposition 8: EOR friction will occur when employees' contributions do not satisfy the organization's expectations, based on the organization's EOR strategy.

Discussion

The model developed in this paper unpacks the multi-level mechanisms through which one specific construct – societal culture – influences EOR friction. In particular, we explained how societal culture influences employee-level work motives through differences in employees' self-constructs, and influences organization-level EOR strategies through cognitive and

normative institutional forces. When examined concurrently, these two pathways illustrate why friction occurs in EORs across cultures. Importantly, this multi-level approach addresses multiple calls by prior researchers to consider both sides of the EOR (Coyle-Shapiro & Shore, 2007; Tekleab & Taylor, 2003). It demonstrates why multi-level approaches are important; not only can organizational relational strategies and inducements differ significantly from employees' motives to work, and their expectations of their organizations, but each party to the EOR may perceive the existence of friction, independent of the other party. By examining societal culture's influence on both levels of this relationship, and thus their interaction effects, we were able to develop a more holistic picture of how societal culture influences this relationship.

Implications for Research

Beyond the propositions about how societal culture influences EOR friction, this research has several major implications for EOR researchers. When considering these relationships within a global context, the model developed here indicates that there may be alternative classifications of inducements into transactional and relational strategies. Since most EOR research is based in Western societies that are also relatively individualist (Hui, et al., 2004b; Rousseau, 1995; Rousseau & Schalk, 2000), assumptions have developed within that context about which inducements typically represent transactional and relational strategies. Specifically, competitive pay and pay-for-performance are typically transactional, while a good relationship with a supervisor and collaborative work environment are typically relational inducements (Lee, et al., 2011). However, other inducements, such as opportunities for development, have the potential to be classified in either category, depending on the meaning imposed on them by societal members (Alvesson & Kärreman, 2007; Lee, et al., 2011).

Since we argue that organizations in individualist societies are likely to develop EORs that are on the transactional side of the global continuum when compared to collectivist organizations, EOR research based in Western, individualist contexts may be missing a piece of the puzzle: which inducements represent relational EOR strategies outside the Western world. Just as the GLOBE study used a combination of generalizable (referred to as *etic*) and context-specific (*emic*) research to develop two distinct dimensions of collectivism (House, et al., 2004), the field of EOR research would benefit from more emic research on relational EORs within a variety of collectivist societies, including both in-group and institutional collectivist societies. There is a growing body of research on EORs in China (Hui, et al., 2004a; Hui, et al., 2004b; Lee, et al., 2011), but a dearth of EOR research in other in-group and institutional collectivist societies, making it difficult to distinguish between China-specific effects and those that are more generalizable. As proposed by this model, relational inducements in institutional and in-group collectivist societies might look different than they do in the West, based on theoretically-grounded dimensions that can be extrapolated beyond one country's borders.

The model proposed here also introduces two 'levels' dimensions that may be candidates for further research into organization-level EOR strategies: the extensiveness or restrictiveness of the range of inducements offered by organizations and the level at which inducements are offered, referring to organization-wide inducements, versus inducements offered by direct supervisors to their employees. Organizations have multiple agents who represent the EOR strategy to employees, including human resource managers, interviewers, top managers and direct supervisors (Rousseau, 1995; Tekleab & Taylor, 2003). Top managers and human resource professionals are more likely to represent the organization-wide EOR strategy, while direct supervisors represent the EOR strategy specific to each employee (Tekleab & Taylor,

2003). Yet, research to date usually assumes that EOR strategy can be equivalently measured by any organizational agent, representing a simplified version of this relationship. Future researchers could choose to aggregate EOR measures from multiple agents, or examine EOR strategies independently from each level, but we do not recommend assuming that EOR strategies from only one source accurately represent the organization-wide EOR strategy. Consistent with our plea for more emic research on relational EORs within collectivist societies, to discover other dimensions that may have been missed by EOR research based in Western societies, we encourage researchers to consider both the range of inducements, and their hierarchical level within the organization, as potential starting points for extending theorizing based on relational and transactional concepts alone.

Finally, the friction metaphor, as applied here, may allow for more process-oriented research, compared to studies using the more common breach construct. For example, Parzefall and Coyle-Shapiro (2011) found that breach is not a discrete event; it occurs over time, with iterative episodes of sense-making and data-gathering. Studies focused on breach versus fulfillment are limited by these two binary conditions, as opposed to exploring how or why expectations may be unfulfilled by either party to the EOR. For example, as a metaphor, friction explicitly acknowledges the roles of power differences and time frame (Luo & Shenkar, 2011; Shenkar, 2012; Shenkar, et al., 2008), allowing researchers to examine dimensions that might not be immediately obvious for research predicting antecedents or outcomes of breach. We encourage future researchers to apply this new, relatively complex metaphor to build more complex conceptualizations of the EOR.

Implications for Managers

The practical implications of this research directly contradict ‘best practices’ claims that suggest particular relational EOR strategies are inherently better for traditional, full-time employees than non-relational EOR strategies (Pfeffer & Baron, 1988; Tsui, et al., 1995). Even the best executed relational EOR strategies may not succeed if they do not satisfy employees’ motives for working. Instead, our arguments suggest that organizations who effectively adapt their HRM practices to the societal culture in which they operate will be less likely to experience EOR friction than organizations who adopt a more ‘one size fits all’ relational EOR strategy. While this contingency approach may require more planning and coordination for HR managers, the resultant reduction in EOR friction is likely to yield positive gains that outweigh these detriments, such as less employee turnover, and more positive employee attitudes and behaviors, including performance. Although outcomes specific to EOR friction have not yet been examined, Chatman and Barsade (1995) found that fit between employees and organizations along the individualism-collectivism dimension predicted positive employee attitudes and behaviors. Managers looking to adopt HR practices consistent with the cultural background of employees might start with some of those listed in table 1.

Another practical implication for managers involves developing a personal awareness of cultural differences and how they create variation in three areas: 1) employee expectations for building relationships with coworkers and the organization, 2) employee expectations about organizational inducements, and 3) employee contributions to the work of the organization. Managers in multinational organizations have a responsibility to learn and understand the societies within which they operate, including their own. Awareness of how societal norms and expectations influence individual employee expectations about building relationships will help

managers develop appropriate leader-member exchange relationships for the particular cultural context; this attention to cultural detail should be perceived positively by employees, resulting in a constructive relationship with the manager as well as the organization (e.g. Wayne, Shore, & Liden, 1997). Further, positive leader-member exchange relationships may provide a strong foundation to help clarify what employees can expect from the organization in regard to inducements, as well as what the organization expects from employees' contributions, since there is evidence that leader-member exchange is intertwined with the inducements and contributions exchanged between the employee and organization (Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008).

Managing cultural influences on the EOR is especially important when new employees are being on-boarded. During this period of time, judgments about work expectations and fulfillment are formed; given that these judgments become more stable as time progresses, it is essential that the EOR begin positively (Lee, et al., 2011). Lee and colleagues (2011) explain this process through the following example:

“To illustrate the notion of top-down control, imagine going to a friend’s house for a birthday party, and instead of cake, they served soup. Most children (and adults) have a mental model of what food accompanies a birthday party, and it is not clam chowder. The preexisting category in the schema for birthday party (i.e., cake) shapes how guests react. At a minimum, kids and grown-ups alike are likely to be disappointed. Now consider the employer who offers employees something other than what they anticipated (e.g., one hugely challenging project) in place of another inducement they had counted on (e.g., their own choice of projects). Employees’ reactions to what otherwise might have

been an acceptable or even attractive arrangement are likely to range from annoyed but silent suffering to outbursts of anger.” (p. 217)

When EOR friction is evident early in the relationship, managers can anticipate that organizational commitment and employee turnover will be negatively impacted (e.g. Parkes, Bochner, & Schneider, 2001). There is also a possibility that employees remain with the organization, but detract from organizational goals due to a lack of understanding about what is expected regarding performance and relationships within the organization. This will cost the company time and money to train an employee who may eventually leave, either by choice or by force. Thus, managers can help avoid this initial negative reaction among new employees if they become aware of and act with sensitivity toward individuals of different cultural backgrounds.

Conclusion

We have provided a multi-level conceptual argument that explains how societal culture impacts friction in the EOR, including theoretical mechanisms and practical recommendations for managers in each condition. We hope that future studies will benefit from this model by using it as a theoretical basis for globally-oriented empirical examinations of the EOR.

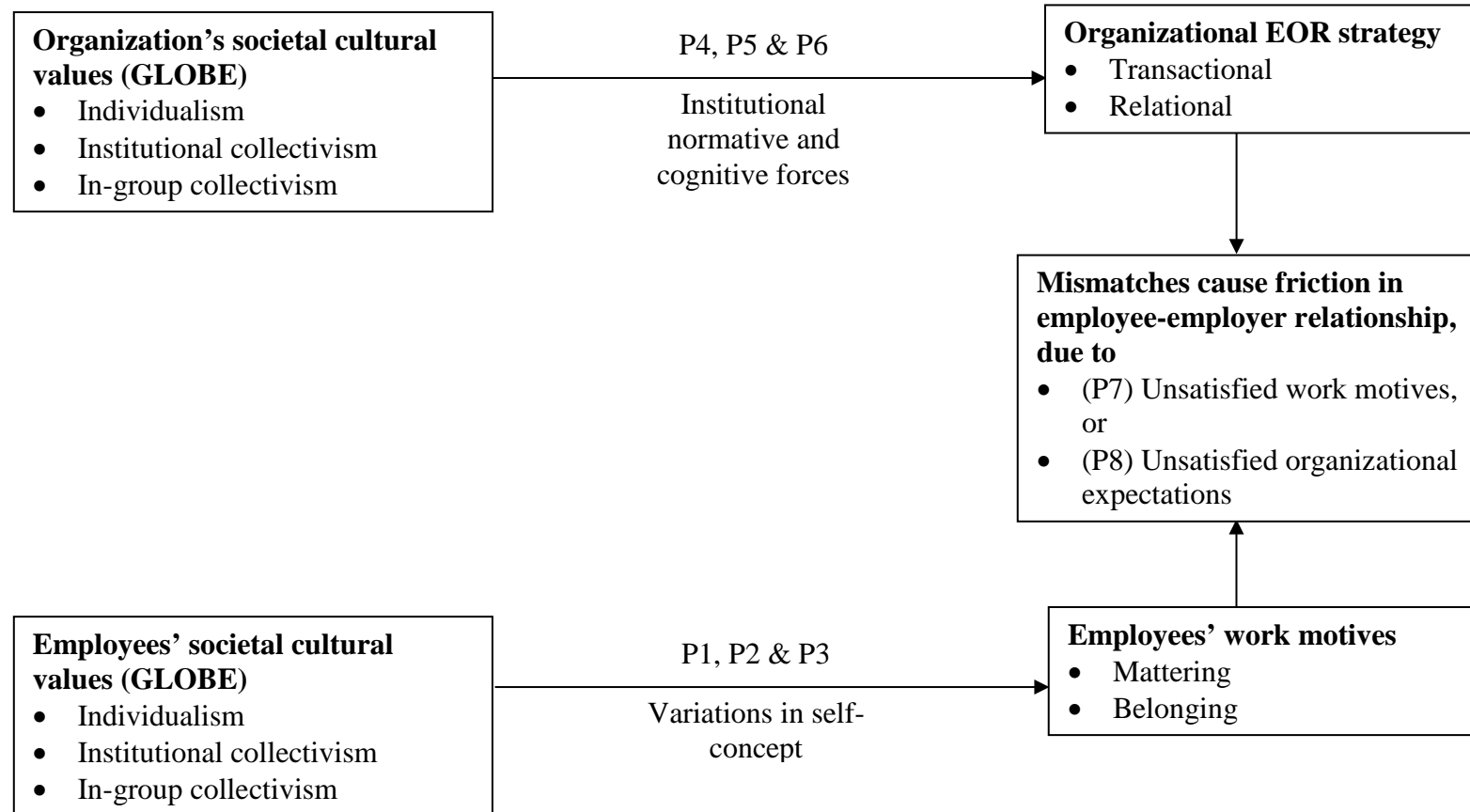
Table 1: Organizational EOR Strategies and examples of HR Practices

Organizational EOR Strategies			
HR Practices	Individualist Culture Extensive Transactional from Organization	In-Group Collectivist Culture Restricted Transactional from Organization Relational from Supervisor	Institutional Collectivist Culture Relational from Organization
Selection	Formal recruiting processes Widely varying inducements to entice individuals to join (e.g., signing bonuses, parking places, day care, dry cleaning)	Word of mouth recruiting Short-term, performance-based contracts Employees considered exchangeable	All employees expected to recruit Employees hired on permanent basis (less likely to use short-term contracts)
Work Characteristics	High degree of individual choice	Standardization for efficiency Paternalistic behavior from supervisors towards employees	Prioritize organizational goals Social and recreational clubs
Employee Development	Merit-based promotions Varying development opportunities Formal job evaluations	Limited organizational investment Supervisor guidance on work and personal decisions	Seniority-based advancement Shared workshops and training opportunities
Pay	Individual-based merit pay and bonuses	Minimal pay for maximum performance	Seniority- and experience-based pay raises

Table 2: Putting the pathways together: How societal culture mismatches influence EOR friction

Employee Motives	Organizational EOR Strategy		
	Individualist Culture <i>P4: Extensive Transactional Strategy</i>	In-Group Collectivist Culture <i>P5: Supervisory-level Relational Strategy and Organizational-level Restricted Transactional Strategy</i>	Institutional Collectivist Culture <i>P6: Organizational-level Relational Strategy</i>
Individualist Culture <i>P1 Individual mattering</i>		P7: Friction due to unsatisfied individual mattering motive; P8: Friction due to lack of employee relational contributions to supervisor and work team	P7: Friction due to unsatisfied individual mattering motive; P8: Friction due to lack of employee relational contributions to organization
In-Group Collectivist Culture <i>P2 In-group belonging</i>	P7: Friction due to unsatisfied in-group belonging motive; P8: Friction due to lack of identifiable individual contribution		P7: Friction due to unsatisfied in-group belonging motive; P8: Friction due to lack of employee relational contributions to organization
Institutional Collectivist Culture <i>P3 Collective belonging</i>	P7: Friction due to unsatisfied organization belonging motive; P8: Friction due to lack of identifiable individual contribution	P7: Friction due to unsatisfied organization belonging motive; P8: Friction due to lack of employee relational contributions to supervisor and work team	

Figure 1: Societal cultural influences on friction in the employee-employer relationship; mechanisms and mediating constructs



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