Hiring, training and development practices in German and Indian manufacturing companies

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This paper focuses on hiring and training practices in German and Indian automobile manufacturing companies. The differences in perception of sixty-four German managers and seventy-seven Indian managers of the HRM practices in their companies were explored by using the Best International Human Resource Practices Survey. The results of the quantitative analysis show no significant differences of perceptions among German and Indian managers. Further qualitative analyses noted subtle differences in the views of managers, it identifies a number of commonalities in hiring, training and development practices, although the intensity of their usage differs from case to case. Human resource managers still need to be culturally sensitive when devising human resource management systems in different industries and countries.

Keywords: hiring practices, training and development practices, human resource management, Best International Human Resource Practices Survey.

INTRODUCTION

Selection of Germany and India as study sites

In Europe, after United Kingdom, German companies were the second to expand their business operations to countries with distinct cultural and organisational diversities such as India (Indo German Chamber of Commerce, IGCC 2004; IGCC 2003). Being in a traditional export oriented economy with high employee costs, German companies pursue strategic global expansion policies to sustain revenue growth as well as to control operating costs. Through manufacturing plants in India for instance, several German companies, e.g. Siemens, DaimlerChrysler and Bosch, serve domestic consumer demands. Concurrently, Indian organisations, though less in number, e.g. Bharat Forge, Mahindra & Mahindra, and Tata, produce abroad to serve global demand.

There has been a notable increase in German organisations expanding their business operations to the Indian sub-continent during the previous decade. Many German companies responded to the liberalisation policy of the Indian government that supported foreign direct investment and promoted mutual trade (IGCC 2004). Germany now is India's fourth ranked trade partner due to such policies as well as the organisations' strategies to become globally operational. In this context, research into many diverse countries can be too complex to complete within time and resource

constraints, and to report in a conference paper. Hence the focus here is on specific human resource management (HRM) practices between selected German and Indian companies.

LITERATURE REVIEW

Focus on hiring and training

An assumption could be that there are significant differences in diversity climates in German and Indian firms because of the cultural and societal dissimilarities, however a recent study shows that these differences are of a subtle nature and not as deep-rooted as it may be assumed to be (Cox, Lobel. & McLeod, 1991; Palmke 2007; Palmke & Erwee 2008).

Many studies about HRM practices such as *hiring and training* practices in Germany and India are country focussed and explain past and current HRM practices (Geringer, Frayne & Millimann 2002; Von Glinow, Drost & Teagarden 2002). One of the factors facilitating Indian economic advancement is the abundance of its qualified and inexpensive human capital. However as the traditional labour intensive manufacturing sectors compete with knowledge based industries (Drost, Frayne, Lowe, & Geringer 2002), Indian companies need to reassess their *training needs* to minimise workforce redundancy and maintain the economic momentum. The tendency of reducing training budgets, noted in the Best International Human Resource Practices project (BIHRMP; Von Glinow et al 2002) by companies in Western countries such as Germany could exacerbate any inadequate human resource development policies or practices.

Reports from Europe and US about harassment support the need for HRM approaches to protect rights of minorities (Davenport, Schwartz & Elliot, 1999). India because of its English language proficiency, qualified and low cost workforce, has emerged as a location for back office services and call centres (www.callcenterindia.com). Several Indians are increasingly being appointed to work round the clock and in many companies these employees are exclusively women. Purely from a business perspective, this *hiring strategy* sounds appropriate, but it raises some critical questions about the deployment of women beyond the usual business hours (Palmke 2007). There is stringent legislation in force in Western countries such as Germany

when it comes to women's night work, and Indian human resource specialists need to design appropriate *hiring practices, workplace systems and training practices* to compete with other multinationals operating in India (see also De Meuse, Bergmann, Vanderheiden, & Roraff, 2004).

Another area to reengineer HRM policies relates to expatriates (Dowling& Welch 2004). Unlike in the past decades in which managers and specialists from developed economies were sent to developing countries, expatriates from emerging economies in Europe and America are increasing. A Chinese doctor managing a Dutch hospital, an engineer from India leading a German software team or Japanese as a chief micro chip designer in Britain are becoming common practice (Palmke 2007). Such trends necessitate a re-evaluation of HRM policies and systems including *hiring and training* practices operating in diverse societies.

The "Best International HRM practices project" (BIHRMP) project was an international research project involving 40 nations from all continents, attempted to benchmark HRM practices globally and establish if these practices were context free, context specific or context dependent (Von Glinow et al 2002; Geringer, et al 2002). The basic assumption underlying that research project was that there was no unifying context free international HRM theory or model. Although the wording "best" was used for the sake of highlighting the researchers' intention to benchmark HRM practices globally, they did not presume that the same HRM practices could be uniformly applied in all countries or cultural environments. The BIHRMP project uses a survey questionnaire that not only includes *hiring, training and development,* but also other HR practices.

Although the BIHRMP project planned that data should be collected from Germany and India, Geringer et al (2002) do not report any comparisons or data on German or Indian responses. Drost et al (2002) in a study of training and development practices, did not find any universal practices across all countries studied, but argued that there are significant similarities in practices within country clusters. The common practices found within these clusters are believed to be influenced by cultural values and industry trends with again emphasizes the importance of context.. The Drost et al (2002) study did not include German or Indian responses.

Huo, Huang and Napier (2004) argued that striking a balance between globalization and localization in human resource management (HRM) requires a better understanding of the cross-national differences in terms of both the status quo and the socially desirable HRM practices. They questioned whether significant differences exist among nations in terms of commonly used *hiring practices* and if so, what are such differences. Their assumption was that similarities and dissimilarities of selection criteria that are either actually used or strongly preferred by employees in these places could reveal valuable information about the convergence or divergence of personnel selection practices around the world. Their study using the BIHRM survey revealed more divergence than convergence in current recruiting practices, but the results also suggest that organizations around the world are indeed in the process of converging on ways of recruitment even though the current selection criteria may still be driven by each country's prevalent cultural values.

In spite of the cross-national differences that Huo et al (2004) found, they pointed out that they saw a trend toward convergence in the "should be" portion of their data. They speculated about an accelerated pace of global convergence in recruiting practices as a result of the advancement of contemporary information technology (e.g., Internet). However despite this trend towards convergence in recruiting practices used in different countries, they stated that national cultures will to continue affect the *hiring practices* used in various countries.

The current study aims to focus on using the relevant sections in the BIHRMP to derive comparisons between German and Indian manufacturing companies as a) the BIHRMP project (Geringer et al 2002; Drost et al 2002; Huo et al ; Von Glinow et al n 2002) do not report comparisons between Germany and India, b) Germany now is India's fourth ranked trade partner and c) organisational context is seen as a key issue,. The research question for this study is "*What are the hiring, training and development practices in German and Indian manufacturing companies and how do they differ?"* The above question resulted in the hypothesis that ***H_0*** *There is no difference between the German and Indian samples in terms of hiring, training and development practices.*

METHODOLOGY

Sample: A sample of 24 Indian and 24 German manufacturing companies in the automobile industry was selected from a population of about 600 firms on the registers of the relevant Government department of companies in each country (IGCC 2003). The focus was mainly on companies in India and Germany those have or had business relations such as collaborations, joint ventures, partnerships or similar arrangement. The German sample consisted of 27 HR managers and 37 general managers, whereas the Indian sample included 37 HR managers and 40 general managers from the Eighty-seven percent of Indian and 73 percent German respondents are male while female managers account for 27 percent of the German sample but only 13 percent of Indian managers. Only 26 percent of Indian managers and 45 percent of German managers were 40 years and below. Also our assumption that more elderly managers (> 51years) would be working in German companies based on the prevailing higher age of retirement in Germany could not be substantiated. Thirty-one percent of the Indian managers and only 19 percent of German managers were above 51 years with most of the cohorts in the 41-50 years age category. More than 90 percent of the sample possessed an academic degree or equivalent qualification. Almost 40 percent of all managers have worked for more than 10 years, and 34 percent of Indian and 36 percent of German managers worked for 5 years. About 45 percent of managers were exclusively Human Resource (HR) managers and the rest of the sample was working in finance, production, marketing or general management.

Questionnaire: Demographic questions of the "Best International Human Resource Practices Survey" (BIHRMPS; Von Glinow, et al 2002) were adapted to reflect conditions in the Indian and German business environment. The adapted **BIHRMPS** questionnaire included a section on demographic factors while the extensive part contains questions about major HRM functions. In this paper, only the responses to hiring practices (10 questions – see Tables 1 and 2), training and development practices (10 questions – see Tables 2 and 3) are reported. For each question referring to these practices respondents were requested to make two separate assessments namely a) their perception about the current practices as they are practiced now in the organisation (*"is now"*) and b) how they think the practices should be applied

(*"should be"*) – the focus in this paper is on the *is now"* practices. The range of 1 to 5 used number "1" for 'not at all' to "5" for 'to a very great extent'. The Cronbach Alpha value of the BIHRMPS for this study in *Hiring practices* is **0.728** and for *Training and development* it is **0.861**.

Language issues: Most German managers had good English language skills but there were exceptions. In the latter situations questionnaires in German were provided using the method of back translation. The majority of the Indian managers working in the manufacturing industry have sound English language skills.

***Process*:** As the initial response rate to mailing was low, the managers completed the questionnaires during an interview. This was not an additional qualitative study, but a structured interview in which the managers were assisted to complete the questionnaire. Though the cost impact was considerable, this strategy and the second researcher's language proficiency (four Indian languages and German) as well as follow-up visits (McDaniel & Gates 1999) reduced incorrect interpretation of questions. Data cleaning was done and the variables of hiring practices were coded as **HP1...HP10** and **TD1...TD10** for training practices.

Analysis The mean values for the respective items were compared. However interpretation of the results based on mean differences alone should be done with caution as respondents in different cultures may use different frames of reference for assessing their work experience (Cox, Lobel & McLeod 1991). The frequencies of ratings are evaluated to draw general conclusions. Furthermore Chi-Square tests within the cross-tab functions of SPSS were used to test for differences in perceptions.

RESULTS

Hiring practices

Responses of managers to hiring practices were statistically analysed to identify what practices are used in German and Indian companies. The respective Chi-square values and the level of significance for the variables of the hiring practices are shown in Table 1. Table 2 gives an overview of the *"is now"* mean scores for the hiring practices.

Level of significant differences between Indian and German managers

Table 1 highlights the Chi-square values of all variables for hiring practices and all the values are well below the critical values for the respective degrees of freedom. There are no significant differences in the perceptions of hiring practices between the German and Indian managers.

Insert Table 1 about here

Patterns of usage of hiring practices

In terms of the patterns of usage of particular hiring practices, specific trends emerge. The mean scores of seven of the ten practices appear to be common in both countries, all having the means above 3.0 (see table 2).

Insert Table 2 about here

Specifically, the first two variables, *ability to perform technical requirement of the job* (HP1) and *personal interviewing* (HP2), seem to be practices that are commonly used (see Table 1). Over 75 percent of the managers in German as well Indian companies consider these as practices that are used to a 'large extent' with personal interviews being the most preferred and effective selection method for all managers.

Managers prefer to hire people with experience to a moderate or large extent. *Proven job experience* (HP7) is the third selection criterion preferred by both German and Indian managers. Both German and Indian managers agree that they select people who *fit well in company's values* (HP9) as well as those who *get along well with others* (HP3), are other important traits that managers consider in hiring decisions. although German managers seem to place more emphasis on these factors. Indian managers expect to retain new entrants for longer time (HP5) and both groups prefer employees who have *potential to learn* (HP8).

Almost two thirds of the Indian managers consider *having right connections* (HP4) as a relevant hiring factor whereas more than 68 percent of the German managers do not

agree with this. About 64 percent of German managers indicate that an *employment test to demonstrate skills* (HP6) do not play any role in the recruiting process whereas about 60 percent of the Indian managers regard such tests as an adequate recruitment tool. The German and Indian managers do consider the o*pinions of future co-workers* (HP10) as relevant.

Training and development

The analysis is based on Chi-square calculations at a significant level of 0.05 (Table 3) and the mean scores (Table 4). The Chi Square values of the variables for training and development practices indicate that there are no significant differences in the perceptions of Indian and German managers (Table 3).

Insert Table 3 about here

Patterns of usage of training and development practices

The responses of the managers illustrate that they regard eight of the ten variables as training and development practices that they currently implement (see Table 4)

Insert Table 4 about here

Most of the German managers' mean values are in the range of 'a moderate extent' to 'a large extent' indicating the high value that is placed on training and development in the German context. German managers emphasise using training and development practices to improve technical job abilities (TD2), to remedy poor performance (TD4) and to prepare employees for future assignments (TD5). Only the practices *providing training as reward* (TD1) and *train to teach company values* (TD10) are used to a lesser extent.

In general the mean scores of the Indian managers are comparatively lower than their German counterparts. However in three of the variables there is a closer alignment between Indian and German perceptions which could point to some similarities in training practices. For example both German and Indian managers do not see training

as a reward system (TD1). However there does seem to be some agreement on using training to *improve interpersonal abilities* (TD3) or to *build teamwork* (TD6).

DISCUSSION

The results suggest certain trends and patterns of usage of various practices which can be compared to other research.

Hiring Practices

The quantitative analyses in this study did not find any major differences in perceptions about hiring practices between German and Indian managers. However further analyses identify a number of commonalities in hiring practices, although the intensity of their usage differs from case to case. German and Indian companies consider *interviewing applicants* personally as the most effective and eminent hiring method. Their next selection criterion appears to be the *availability of needed technical skills* for people to perform the assigned jobs. The prioritisation of these two practices supports the results in the "BIHRMP" study (Von Glinow et. al 2002). Appointing people *having substantial work experience* is the third preferred selection practice. The results can be interpreted as indicating some similarities in these hiring practices in both countries.

Interestingly, there are also common themes in terms of practices that are not implemented. Both cohorts of managers do not consider *co-workers' opinions* or candidates *having the right connections* and even *conducting employment tests* as relevant in the hiring process. There may be multiple reasons why employment tests are not viewed as an appropriate selection tool. One reason may be that the respondents did not differentiate between blue-collared shop floor employees and managerial as well as administrative office staff while rating hiring practices. A second reason is the interpretation of the term *employment test*. Employment tests can generally be used to assess technical skills (Huo et.al 2002), but they could also comprise of various tests such as aptitude, intelligence, ability and job interest (Pattanayak 2003). The German and Indian managers could have attached different interpretations to the term (Palmke 2007).

Personal factors such the extent to which a person will *fit well with the company's values* play a role in the hiring decisions of Indian and German managers and supports some of the results by Huo et al (2002). This may relate to the concept of cultural congruence in organisations between its members that could assist employees to assimilate more easily (Huo et.al 2002). A potential employee's *ability to adjust with others in the company* is regarded as desirable component by both groups. A critical question in this context is what factors and circumstances underpin these assumptions of managers when they hire staff.

Training and Development

There are no significant differences between German and Indian managers in their perceptions about training and development. Human resource development is a continuous process seeking to upgrade competences of employees according to organisational demand and the competitive environment. Especially in Germany, it is anchored in different labour legislation that govern vocational training practices (*Lehre*) or employer sponsored and fully compensated development programmes (*Bildungsurlaub*) and contribute to awareness for training needs and human resource development efforts (Dorst et al 2002; Muller 1999; Palmke 2007).

The managers from both countries agree that the prime objective of their training and development programmes is to improve technical abilities of the employees. This applies not only to their current jobs, but is used to enhance employee capabilities to accomplish various tasks and to create a flexible workforce. In contrast a United States study found that firms used only about 29 percent of their training expenses for technical training activities (Bassi & Van Burren, 1999 in Dorst et al 2002) and the rest for other employee competences such as teamwork and interpersonal communication.

Researchers of the BIHRMP study, for instance, conclude that except for technical training "employees perceive that training is neither valued nor effective" in the Anglo-American context (Von Glinow et al 2002, p. 157). In this study this contention was not tested. However, both the German and Indian managers do not primarily use training practices to teach company values and beliefs or to align

company cultures and mindsets or to alter inherent characteristics of people (Kerr & Von Glinow, 1997; Sallas et. al 1999; Von Glinow et al. 2002). Both groups agree that training is not intended to replace reward systems and this finding is consistent with the outcomes of "BIHRMP" (Dorst, et al 2002).

CONCLUSIONS

Implications for theory: This study does point to the potential effects of cultural similarity in hiring practices in these countries. Although little research in the past has directly focused on the cross-national difference of hiring practices (Huo et al 2004), there could be some partial explanations by noting the evolutionary process of human resource management practices in different countries and assuming that the hiring practices in different nations are also undergoing major changes due to the globalization of modern industries.

Inasmuch as national cultures remain different, cross-national differences in HRM practices will continue to exist. As such, human resource managers still need to be culturally sensitive when devising the human resource management systems in various cultural environments. After all, the "best international human resource management practices" ought to be the ones best adapted to cultural and national differences (Huo et al 2002; Von Glinow et al 2004).

Implications for practice: German training practices focus on upgrading skills and competences of people to undertake future assignments and also aim to redress causes for poor performances of employees. Although one notes similar perceptions about the purposes of these practices among German and Indian managers, there are differences in terms of the actual use of these practices. German managers seem to use training courses as intensive induction programmes for new entrants. They also use training programmes to convey business relevant knowledge and information about company products and markets to employees and seem to be consequent in the mode and measure of application. From the Indian perspective, these practices are used at a comparatively lower level.

As organisations increasingly become global and their business processes take place in multi cultural surroundings, interpersonal qualities of individuals and teams become a critical success factor. More Indian and German firms deploy training practices to improve and develop interpersonal skills of their employees than in the BIHRMP study. Another assumption could be that the training and development practices of Indian companies resemble those of their German counterparts in terms of aims and practices but do not emerge to such a great extent. Indian companies can focus more on upgrading employee skills and realising that training people is an investment in the future and not merely current expense.

Implications for research: In terms of the use of research methods Huo et al (2002) was aware of the potential systemic bias in the responses due to cultural differences, and advised that studies should not directly compare the averaged item scores across nations. Instead, within each national/regional sample a researcher can identify three items with the highest ratings.

Table 1. Frequencies and Chi-square values for hiring practices

BIHRMP Variables	German samples (N=64)		Indian samples (N=77)		Chi Square*	Significance Level
Hiring Practices – "is now"	**Group A f (%)**	**Group B f (%)**	**Group A f (%)**	**Group B f (%)**	**X^2 (df)**	
HP1 – ability to perform the technical requirements of the job	58 (90.6)	6 (9.4)	74 (86.1)	3 (3.9)	12.954 (12)	0.399
HP2 – personal interviewing	64 (100.0)	x	73 (94.8)	4 (5.2)	7.984 (6)	0.246
HP3 – ability to get along well with others	56 (87.5)	8 (12.5)	59 (76.6)	18 (23.4)	10.778 (16)	0.823
HP4 – having right connections	20 (31.2)	44 (68.8)	50 (64.9)	27 (35.1)	8.082 (12)	0.779
HP5 – belief that a person will stay with the company	48 (75.0)	16 (25.0)	67 (87.0)	10 (13.0)	19.742 (16)	0.232
HP6 – employment tests to demonstrate skills	23 (35.9)	4 (64.1)	46 (59.7)	31 (40.3)	20.530 (12)	0.058
HP7 – work experience in similar job	61 (95.3)	3 (4.7)	69 (89.6)	8 (10.4)	7.993 (9)	0.535
HP8 – potential to perform well in future though not good at start	49 (76.6)	15 (23.4)	61 (79.2)	16 (20.8)	9.876 (16)	0.873
HP9 – how well a person fits in the company's values and working ways	55 (85.9)	9 (14.1)	62 (80.5)	15 (19.5)	13.533 (16)	0.633
HP10 – co-workers opinion whether the person should be hired	14 (21.9)	50 (78.1)	20 (26.0)	57 (74.0)	7.227 (12)	0.842

*p ≤ 0,05 **p ≤ 0,01 none of the Chi square values are significant, hence no * or ** Group **A** = "moderate to very large extent"; Group **B** = "not at all to small extent" Source: Palmke 2007

Table 2 Mean scores of hiring practices –"is now"

HRM Variables Hiring Practices –"is now"	German respondents (N=64) Mean score (SD)	Indian respondents (N=77) Mean score (SD)	Mean score Difference
HP1 – ability to perform the technical requirements of the job	4.03 (0.814)	3.91 (0.925)	0.12
HP2 – personal interviewing	4.05 (0.858)	4.00 (0.744)	0.05
HP3 – ability to get along well with others	3.58 (0.891)	3.09 (0.973)	0.49
HP4 – having right connections	2.25 (0.951)	2.83 (0.943)	0.58
HP5 – belief that a person will stay with the company	3.11 (0.879)	3.35 (0.911)	0.24
HP6 – employment tests to demonstrate skills	2.23 (1.008)	2.73 (1.020)	0.50
HP7 – work experience in similar job	3.70 (0.818)	3.74 (0.749)	0.04
HP8 – potential to perform well in			

future though not good at start	3.13 (0.814)	3.09 (0.900)	0.04
HP9 – how well a person fits in the company's values and working ways	3.38 (0.951)	3.26 (0.917)	0.12
HP10 – co-workers opinion whether the person should be hired	2.02 (0.904)	1.81 (0.951)	0.21

Source: Palmke 2007

Table 3. Rating frequencies and Chi-square values for training and development practices

BIHRMP Variables	**German samples (N=64)**		**Indian samples (N=77)**		**Chi Square***	**Significance level**
Training and Development Practices – "is now"	**Group A f (%)**	**Group B f (%)**	**Group A f (%)**	**Group B f (%)**	**X^2 (df)**	
TD1 – to reward employees	31 (48.4)	33 (51.6)	36 (46.8)	41 (51.2)	20.398 (16)	0.203
TD2 – to improve technical job abilities	60 (93.7)	4 (6.3)	63 (81.8)	14 (18.2)	4.594 (9)	0.868
TD3 – to improve employees interpersonal abilities	48 (75.0)	16 (25.0)	60 (77.9)	17 (22.1)	7.966 (16)	0.950
TD4 – to remedy employee's poor performance	57 (89.1)	7 (10.9)	47 (61.0)	30 (39.0)	18.766 (12)	0.094
TD5 – to prepare employees for future assignments	58 (90.6)	6 (9.4)	49 (63.6)	28 (36.4)	2.876 (12)	0.996
TD6 – to build teamwork within the company	52 (81.2)	12 (18.8)	57 (74.0)	20 (26.0)	20.268 (16)	0.208
TD7 – to provide substantial training while joining the company	52 (81.2)	12 (18.8)	51 (66.2)	26 (33.8)	12.587 (16)	0.703
TD8 – to help employees to understand business	48 (75.0)	16 (25.0)	48 (62.3)	29 (37.7)	7.479 (16)	0.963
TD9 – to provide employees multi-tasking skills and abilities	52 (81.2)	12 (18.8)	54 (70.1)	23 (29.9)	14.794 (16)	0.540
TD10 – to teach company's values and ways of doing things	44 (68.7)	20 (31.3)	55 (71.4)	22 (28.6)	8.099 (16)	0.946

*p ≤ 0,05 **p ≤ 0,01 none of the Chi square values are significant, hence no * or **

Group **A** = "moderate to very large extent"; Group **B** = "not at all to small extent";

Source: Palmke 2007

Table 4 Mean scores of training and development practices –"is now"

HRM Variables Training and Development Practices –"is now"	**German respondents (N=64) Mean score (SD)**	**Indian respondents (N=77) Mean score (SD)**	**Mean score difference**
TD1 – to reward employees	2.58 (0.887)	2.52 (0.868)	0.06
TD2 – to improve technical job abilities	3.84 (0.877)	3.38 (0.889)	0.46
TD3 – to improve employees interpersonal abilities	3.28 (1.026)	3.14 (0.838)	0.14
TD4 – to remedy employee's poor performance	3.78 (0.899)	2.94 (0.961)	**0.84**
TD5 – to prepare employees for future assignments	**3.27 (0.968)**	**2.91 (0.986)**	**0.36**

TD7 – to provide substantial training while joining the company	3.33 (0.977)	3.01 (1.019)	0.32
TD8 – to help employees to understand business	3.08 (1.028)	2.84 (0.961)	0.24
TD9 – to provide employees multi-tasking skills and abilities	3.44 (0.941)	2.95 (0.958)	0.49
TD10 – to teach company's values and ways of doing things	2.89 (0.893)	2.86 (1.014)	0.03

Source: Palmke 2007

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