Implementing English Language e-HRM Systems: Effects on User Acceptance and System Use in Foreign Subsidiaries

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Abstract. It is suggested that the effective implementation of electronic human resource management (e-HRM) technology will transform the management of human resources in firms by allowing HR departments to transfer data management and process transaction responsibilities to employees, managers and third-party service providers. In global setting, e-HRM systems are tasked with facilitating this whilst accommodating cultural differences, one of which being language. In the light of scant empirical research on language in international HRM, this study analyzes and presents, shortly, the effects of using English language e-HRM systems on acceptance and use in foreign subsidiaries. The study’s findings are based on qualitative data collected via 18 in-depth interviews with HR managers from two European MNCs.

1 Introduction

MNCs adopt English as their corporate language in order to facilitate “in house” communication, especially between headquarters and subsidiaries. The existence of a formal English language policy, however, does not necessarily lead to its widespread acceptance or usage. Indeed, according to [19] the communication event is far more complex than the label *lingua franca* suggests. Describing MNC operations in the European business context, [1] and [9] use the term “multilingual reality” in reference to typical situations where practices in MNCs are linguistically diverse. Despite this and the increasing significance of language barriers as MNCs pursue ever greater levels of global co-ordination [6], the difficulties presented by ‘language standardization’ and the implications for HR have not received much scholarly inquiry [12]. The subject of language is non-existent in recent reviews of research on user acceptance of information technology [27], Enterprise Resource Planning [15], human resource information systems [16], HR outsourcing [2] and e-HRM [25].

In light of the above, this study aims to analyze the effects of using English language e-HRM systems on acceptance and use in foreign subsidiaries. The specific users in this study are subsidiary HR managers and user acceptance is analyzed by applying the four main constructs of [27] Unified Theory of Acceptance and Use of Technology – effort expectancy, performance expectancy, social influence and facilitating conditions – which are argued to predict actual system usage. Actual system usage is analyzed by drawing on the power and micro-political view of HRM in
MNCs [7] and examines the responses of subsidiary HR managers. The next section defines e-HRM and provides a short overview of extant research. Corporate language usage in MNCs is then briefly discussed, which leads us into the presentation of the study’s analytical framework. Following a description of the study’s methods, the paper finally presents its findings of the qualitative analysis.

2 Literature Review

2.1 Introduction to e-HRM

The business case for the adoption of e-HRM technology has been argued on three main fronts [21]. Firstly, e-HRM can increase efficiencies by reducing HR transaction costs and headcount. Secondly, e-HRM can substitute physical capability by leveraging digital assets, i.e. HR information can be used flexibly on an infinite number of occasions at little or no marginal cost. And thirdly, the effective use of integrated e-HRM systems can transform the HR “business model” by freeing up the HR function to provide strategic value to the business that it previously could not do. Perhaps due to its relative infancy in academic terms and the heightened interest amongst HR consultants, the e-HRM literature often draws on managerialist rhetoric or ‘pro-innovation bias’ [25] about the expected ‘transformational’ impact of e-HRM adoption. However, perceptions regarding whether e-HRM is an ‘innovation or irritation’ [22] will depend on where one stands. For example, HR headcount reduction can have potentially damaging consequences for knowledge transfer, line managers expecting personal HR service, and for those HR staff displaced by the reduction. There are suggestions of dysfunctional consequences [26] of e-HRM adoption such as a decrease in social interaction and negative effects on the quality of information about performance and compensation.

E-HRM research also suffers from a strong national focus on the US with limited empirical findings from other countries [25]. This has prompted calls for more comparative research that investigates how the local idiosyncrasies of specific host-country institutional and cultural environments affect the use and effectiveness of e-HRM [17]. Evidence also encourages the local adaptation of e-HRM systems to fit the local culture [23], but explains that this is necessary to improve employees’ perceptions and attitudes towards system implementation and use. Unfortunately, few studies are explicit about what aspects of a host country’s national culture are likely to affect e-HRM system acceptance and use in the subsidiary, and how. The present study seeks to address this gap in research by investigating the effect of language, a subject to which we now turn.

2.2 Corporate Language usage in MNCs

Corporate language has been defined as “an administrative managerial tool” which is derived from the need of an international board of directors and top management in an MNC to run global operations [20]. A corporate language is also viewed as a component of a shared identity that enables MNCs to transmit and share knowledge [29],
increasingly via IT. The decision to use a common corporate language in MNCs can be justified, for instance, facilitating internal communication between units by using one common language is intended to overcome mistakes between units, reduce costs, avoid time-consuming translations and create a sense of belonging within the firm [9].

However, it seems that the issue of language is widely neglected in the field of international business and international HRM in particular [19]. Instead, language has been viewed as a medium of communication, aggregated under the umbrella concept of culture and not subjected to theoretical investigation [29], [20]. Previous research [11] suggests that one of the most serious obstacles to research on language in business has been the lack of systematic analysis concerning the problems associated with language differences and insufficient answers to the question of “what exactly is it about language that creates the problem?” This study seeks to address the gap in research on language in MNCs and international HRM, as well as the question of language-related problems, by applying a user acceptance model to investigate the effects of introducing English language e-HRM systems in foreign subsidiaries. How it will be applied is presented next.

3 Analytical Framework

The analytical framework applied in examining the case study data consists of two parts. The first part draws on user acceptance and discusses how the standardized use of English in an e-HRM system could affect the reactions of users. The second part draws on the power and micro-political view of HRM in MNCs.

3.1 Language Standardization and User Acceptance of e-HRM Systems

Several models have been developed that try to explain the acceptance of IT in firms. In general, they share the same goal of identifying factors that will predict users’ intention to use IT and their relationship with actual IT system use [3]. User acceptance models have gone on to be applied in a handful of empirical studies on e-HRM [23], [28] applies change management theory and a user acceptance model in arguing that change management plans need to take account of cultural differences across subsidiaries in order to increase e-HRM system acceptance and use. This study follows the approach of [23] by applying [27] Unified Theory of Acceptance and Use of Technology and its four main constructs, or prerequisites of actual system usage: effort expectancy (i.e. perceived ease of use), performance expectancy (i.e. perceived usefulness), social influence (i.e. pressure exerted via subjective norms), and facilitating conditions (i.e. compatibility with existing organizational values and needs of employees).

Taking each in turn, the impact of language standardization on effort expectancy might manifest itself in user perceptions that the system is not simple to use and will require a great deal of effort. While technical problems require somewhat less effort to resolve, communication barriers resulting from language differences are far more difficult to overcome. Language standardization’s effect on performance expectancy is likely to be related to its effect on effort expectancy during the initial stages of e-HRM system implementation, but perceived ease of use usually increases over time as
users become familiar with the system [3]. After the initial stages, however, subsidiary HR managers’ belief that the e-HRM system will improve their work performance might shift from concerns over their own language competence to the competence levels of HR’s internal and external clients. This is likely to be the case for most e-HRM technologies that are designed to mediate or even substitute the relationship between HR and its clients.

Language standardization’s impact on social influence, on the other hand, may not lead to such negative reactions. The dominant use of English in information communication technologies may instead lead subsidiary HR managers to accept the e-HRM system as representing part of a broader social and business norm. More specifically, [8] find that the diffusion of e-HRM technologies across firms is primarily fuelled by interpersonal communication in the social system of potential adopters. From an institutional perspective, this implies that mimetic isomorphism might play an important role in influencing the decision to adopt ‘best practice’ English language systems.

Lastly, the effect of language standardization on facilitating conditions will be dependent on how diverse user needs and experiences are, the language used in ‘old’ systems, and the amount of resources the MNC dedicates to the provision of (local language) support services.

3.2 Language Standardization and Actual Use of e-HRM Systems

One critique of the extant literature on HRM in MNCs is the over-emphasis on structural explanations of HRM practices in foreign subsidiaries and insufficient acknowledgement of the role of organizational micro-politics [4]. Case-study research suggests that our understanding of how HRM integration takes place, or not, will remain incomplete if the contested nature of parent-subsidiary relations is not taken into account [7]. This view highlights the significance of subsidiary attitudes and the strategic responses that are open to subsidiary managers in the face of dual institutional pressures to implement legitimate HRM practices, or in this case technologies. This lack of attention is cited [18] to organizational self-interest as one weakness of institutional theory explanations of subsidiary behavior and suggests that they need to be complemented with a resource dependence perspective that better acknowledges the strategies and tactics subsidiaries might use to resist institutional pressures such as language standardization.

In terms of actual e-HRM system usage and based on a potentially mixed range of reactions to the standardized use of English, we might expect subsidiary HR managers to respond in various strategic and tactical ways in an interplay of interests between themselves, other system end-users and MNC headquarters. In turn, this is likely to lead to various patterns of e-HRM system adoption.

4 Method

4.1 Data Collection and Analysis

The study uses a multiple case-study design comprising the foreign subsidiaries of two MNCs – one well-known western European MNC (POWERCOM) and one Fin-
nish MNC (TECHNOCOM). A qualitative case study method was selected based on the need to contextualize the research and draw on individuals’ personal experiences [10]. The purpose was not to generalize findings to a wider population, but to allow analytical generalization by using previously developed theory as a template with which to investigate cause-effect relationships [30]; in this case an IT user acceptance model to assess the impact of language standardization. Whilst there can be several users in e-HRM systems, the users in this study are limited to subsidiary HR managers. In TECHNOCOM, 13 interviews were conducted with subsidiary HR managers in 11 different units: Brazil, Canada, Finland, Germany, Guatemala, Italy, Indonesia, Norway, Pakistan, Sweden and the UK. In POWERCOM, 5 interviews were conducted with 3 different HR managers from the Finnish unit only. Interviewees were asked to comment on their experiences of the e-HRM integration process in general, their feelings about the use of English, and how they have tried to resolve any challenges faced.

4.2 e-Recruitment at TECHNOCOM

TECHNOCOM is a Finnish mechanical engineering group with 20,000 employees and a presence in around 70 countries. After having grown via acquisitions into a large, diversified MNC, TECHNOCOM began to pursue a more globally integrated strategy and structure, which prompted a systematic streamlining of its core business processes. In 2000, as part of this overall streamlining process and in recognition of the geographical reach of its operations, all written and oral communication between units was required to be in English. Integrated corporate-wide IT systems soon followed suit and started to be rolled out globally.

The implementation of TECHNOCOM’s web-based e-recruitment system (The Recruiter) commenced in 2005 in Finland and was rolled out globally throughout 2007. The main reasons for the introduction of The Recruiter were (i) ineffective internal handling of both internal and external applications, (ii) insufficient information provided to potential applicants regarding how and where to apply, (iii) to increase the global mobility of managers, and (iv) to support the high-tech image of the company. During global implementation all foreign subsidiary HR managers received implementation guidelines and took part in a relatively short web-based training session. The training was viewed as helpful, but didn’t cover the more complex uses of the system.

4.3 Integrated e-HRM Suite at POWERCOM

POWERCOM operates in over 100 countries employing more than 100,000 people. In the late 1990’s POWERCOM initiated a significant organizational restructuring which saw the launch of its ‘Global Organization’ vision – a desire to reduce the complexity of its previous conglomerate, multi-domestic approach and to adopt a matrix-type structure with fewer lines of business and standardized core processes. The implications of the ‘Global Organization’ for POWERCOM’s global HR strategy were translated into three key objectives: greater HR functionality in how it serves the newly defined lines of business, greater standardization of HR processes, and the creation of a single global HR system.
In 2000 POWERCOM made the decision to purchase and implement a corporate-wide, integrated HRM software suite (in this case SAP HR) – a system that provides access to large databases through a variety of modules that automate diverse HR sub-functions [8]. In addition to supporting the three main global HR strategy objectives, the rationale behind adopting the HRM software suite were: (i) HR process simplification, standardization and benchmarking as a necessary step prior to setting-up HR shared service centers, (ii) to increase employee and manager self-service roles and thus accountability, allowing HR professionals to focus more on servicing their allocated line of business, (iii) to improve HR strategic decision-making via more sophisticated management reporting tools, and (iv) to reduce compliance costs by assuming greater control over HR processes. e-HRM suite went live during 2007.

5 Findings

5.1 Impact of English Language Usage on e-HRM System Acceptance

At POWERCOM, HR managers at the Finnish subsidiary were not particularly daunted by the prospect of using English, generally regarding the system’s ease of use in this respect as unproblematic due to their regular exposure to English. Instead, their major fears concerned how those with poor English skills would cope and the implications this would have for HR’s intended reduction in administrative duties. In order for the e-HRM suite to function in one language and to facilitate a smooth transfer of HR services to an English language shared service centre, subsidiary HR managers needed to establish whether they were adopting the global HR policy or a locally adapted variation, and translate it into Finnish or English accordingly.

Before the e-HRM system went live, HR managers noticed that whilst there were opportunities for the system to reduce their administrative workload, the language issue was seen as a potentially big barrier to its usefulness and was going to consume a lot of their time. In addition, some of the HR managers confessed to being shocked not only at the system’s lack of flexibility concerning what you could and couldn’t enter into the various fields, but also the response from the consultants who argued that they were simply following instructions from headquarters. In terms of social pressure, headquarters were seen to adopt a tough stance that language variation was only acceptable if otherwise illegal, and the consultants were seen to use technical explanations and a touch of ignorance in arguing that linguistic adaptations were impossible, very costly or not important. Being one of the latter units to implement the e-HRM system, subsidiary HR managers took both reassurance and a sense of powerlessness from the fact that other units had been tackling the language issue and had survived. The subsidiary HR managers’ reactions to the system with regards to facilitating conditions were that it was contradictory and that it lacked support. The system was contradictory because as POWERCOM promoted its core value of diversity and inclusiveness, the forced use of English was having precisely the opposite effect. The lack of support, on the other hand, referred to no extra resources being directed to HR departments for assistance in translation work and a lack of Finnish speaking personnel at the shared service centre.
At TECHNOCOM, English language usage in the e-recruitment system resulted in perceptions regarding effort and performance expectancy that were closely related. In general, this was based on the belief that if potential applicants do not find the system easy to use because they cannot understand English language advertisements, company websites or application forms, then foreign TECHNOCOM subsidiaries are not likely to attract enough or the right people. In terms of usefulness, subsidiary HR managers attached conditions when explaining whether the ‘old’ versus ‘new’ system is more effective. Several HR managers did this by dividing positions into ‘local’ jobs (e.g. technicians, electricians, machine operators) where English language competence tends to be low and ‘global’ jobs for professionals and managers whose language competence is much higher. Negative reactions about the new e-recruitment system’s usefulness therefore tended to focus on its lack suitability in recruiting ‘local’ people into ‘local’ jobs.

The use of English was not only seen as a threat to attracting enough candidates, but was also viewed as potentially resulting in lots of unwanted CV’s that were submitted without applicants fully understanding the details of the job, sent in the local language via email. This was described to make searching, finding and selecting good candidates more difficult. The effect of using English on perceptions of social influence was quite different when compared to POWERCOM. In TECHNOCOM, subsidiary HR managers believed there to be much greater scope for using more than one system and only using The Recruiter in situations where language mattered less. HR managers justified this belief by referring to similar practices elsewhere at TECHNOCOM and there being a lack of agreement in the company regarding whether certain positions didn’t require employees to use English. In terms of compatibility with TECHNOCOM’s global hi-tech image, HR managers generally agreed that The Recruiter would achieve this, but expressed concerns that since TECHNOCOM is not well known, it would also need to introduce itself to potential applicants in their native language. What was similar to POWERCOM, however, was the same perceived contradiction of an English language e-HRM system operating in a firm that embraces cultural differences.

5.2 Impact of English Language Usage on e-HRM System Use

At POWERCOM, subsidiary HR managers were unable to negotiate much flexibility in the system’s standardized use of English or in the use of the system itself. This meant that past norms and practices in local HR had to be modified around the new e-HRM system. For example, English language skills had never explicitly been included in recruitment profiles or job criteria for lower level employees, so this was one thing that the HR managers felt needed to be changed.

Stepping into the role of translator, HR managers described the translation work as acting as a kind of filter and since nobody was checking the accuracy of translations, they could integrate some of their own ‘local’ interpretations. Due to the legal approach to local language provision adopted by POWERCOM headquarters, subsidiary HR found themselves in the unusual situation of having to consult their Head of Legal Affairs in order to establish in which language (or languages) POWERCOM was obliged to provide employment documentation. The Nordic units’ request to headquarters for language support was met with a suggestion of sending employees on
basic language training, and was not well received. At TECHNOCOM, subsidiary HR managers were more successful in negotiating more autonomy in the use of The Recruiter, even if that sometimes meant updating The Recruiter with the data headquarters needed and then using other ‘old’ recruitment systems. Some subsidiary HR managers were quite open about not using The Recruiter.

Indeed, it was common for TECHNOCOM subsidiaries to run dual systems – the ‘old’ system for recruiting people to ‘local’ jobs, and The Recruiter for jobs that are more suitable for foreign applicants. A recurring theme that subsidiary HR managers brought up in negotiations with headquarters was the need to create local language websites. Whilst English language skills were already included in most job criteria at TECHNOCOM, the subsidiary HR managers did suggest that they were narrowing the focus of their recruitment activities on younger applicants since the introduction of The Recruiter. However, the general view remained that they were not going to give up the way they used to do things without a fight.

6 Discussion and Conclusion

The present study sought to combine and contribute to two streams of literature. Firstly, the study contributes to the field of international HRM by investigating the effects of ‘language standardization’ on e-HRM system adoption. Secondly, the study contributes to the e-HRM literature by placing two different e-HRM systems in the context of MNC operations and investigating the impact of English language usage on user acceptance and use. In their discussion on the impact of technology on global HRM, [24] highlight the challenges that come with firms having to re-engineer (or ‘optimize’) their HR processes before they can e-enable them. POWERCOM, for instance, considered the pan-national ‘optimization’ of its HR processes as an essential step in the design of its integrated e-HRM suite and in moving towards shared service centers. In such situations, [24] suggest that the key challenges for MNCs will rest in how they ensure appropriate decisions are made about which variations are simplified or deleted, and how they ensure specialist HR advice is available to those performing HR transactions across institutional and cultural settings.

Study also illustrated that the decisions to standardize (not ‘optimize’) the language of e-HRM systems were perceived by subsidiary HR managers as inappropriate, not due to their own language competence, but the competence levels of predominantly older, blue-collar internal and external end-users. This, together with the subsequent language support and translation work, ultimately had negative effects on their acceptance of the e-HRM systems, leading to some of the dysfunctional consequences discussed in literature [26]. Indeed, the potential threat to intended cost reductions and process optimization that multiple languages would have presented outweighed local concerns about the e-HRM systems’ ease of use.

Although in general the HR managers accepted the benefits of e-HRM systems in terms of improved functionality and the reduction of more routine administrative HR tasks, these tasks were soon replaced not by more ‘strategic partnership’ roles, but by language support services in their attempts to limit the resistance of other end-users. In both MNCs there were gaps in perceptions about whether English skills were needed for all job types and therefore whether all employees needed to have a good
understanding of English. In TECHNOCOM subsidiaries, language and e-HRM system usage were dependent on the level of the job in question. The introduction of an English language e-HRM system, seemingly unintentionally, forced subsidiary HR managers to step into the role of an informal ‘language node’ in which they acted as default communication channels between managers, employees, job applicants and the ‘system’. Previous research [13] suggest as drawbacks to the use of ‘language nodes’, this role was a barrier to the execution of their formal duties and was exploited as an opportunity to exert their influence over how processes were carried out.

6.1 Limitations and Future Research

The findings of this study must be interpreted in light of its limitations, which themselves offer fruitful directions for future research. Firstly, the study investigates system acceptance and usage less than one year after its implementation. Since reactions to a new system, especially ease of use, are generally more negative during the early phases [3], [23] we might expect to see higher acceptance levels and system usage over time, therefore longitudinal research would be useful here. Secondly, typical to many qualitative case studies, the present study is not conducive to broader generalizations. Survey-based studies involving a larger number of MNC subsidiaries would be needed to validate the explanations presented here. Thirdly, single informants were used in this study in the form of subsidiary HR managers. Future research would benefit from drawing on the experiences of other HR stakeholders, especially local managers, employees and potential employees from countries where English is not widely spoken.

Tables and citations of data are available on request from jpheik@gmail.com

References