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Ethnocentric HRM Policies in the Asia Pacific Region: An Explanation of Host Country Resistance**

This paper considers the impact of ethnocentric policies, using as an example diversity policies, created by Multinational Companies (MNCs), Non Government Organisations (NGOs) and international agencies then imposed on a host country and its population. Examples of practices in the Asian Pacific region illustrate how the experience of colonialisation, war and migration have major impact on perceptions of the Host Country governments and nationals The paper discusses possible reasons for Host Country Nationals (HCNs) to resist foreign, apparently, ethnocentric policies. The resistance is often based on the experience of being colonised or the fragile social cohesiveness by the host nations. The motives of the MNC are often perceived to be to weaken the host nation and its organisations so as to be able to dominate the local economy as part of globalisation, taking little, if any, account of local needs and sensitivities. The imposition of ethnocentric policies shows that the parent organisations are not MULTInational but SINGLEnational Companies.

Key words: **Asian Management, Diversity, Ethnocentric Policies, HRM, Resistence to Globalization**

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Introduction

Some readers, particularly in the West but not in the Asia Pacific region, will think the authors take a provocative and shallow stance on the issue of ethnocentric policies but they have access to information and beliefs of people in the Asia Pacific region which is not available to academic researchers visiting or sending questionnaires. Both authors have built up trust which enables access to highly sensitive and often controversial information (Lee 1993). One of the authors is a Japanese female lawyer and the other a Western male who has lived and worked in Asia for almost 30 years. Both authors are used to working as trusted 'outsiders' with different organisations and with a wide variety of people. The many years of interacting with people in Asia have given insights to what might be subjective and random information but this very subjectiveness and randomness is often at the heart of people's belief systems. The information presented in the paper would not be given in answers to questionnaires or in a face to face interview with outsiders even a respected academic. The information has been given by a number of HCNs at times when they wished the authors to understand why, apparently sensible and beneficial, policies of foreigners and foreign owned organisations are rejected.

Where once MNCs sent their own people to foreign places (Perlmutter/Heenan 1974) now they send their own policies even where these policies are inappropriate within the host country. This paper takes the example of diversity policies and programmes to demonstrate that the ethnocentricity of MNCs and organisations which claim to be global continues a mindset based on domination reminiscent of the colonial powers. The domination is economic rather than political and military but ethnocentric policies are still seen by the host countries and their nationals (HCNs) as attempts to destroy their national cohesiveness and cultural values. It does not matter if these MNCs (for the purpose of this paper we will use the term MNCs to include international organisations engaged in commercial and non-governmental activities) are well intentioned, those in the host nations often assume that the intentions, or the results, are to create harm. The paper concentrates on the views of non-western recipients of ethnocentric policies but even in a wholly western context policies developed in one country can be entirely inappropriate in another country.

The objective of this study is to build understanding of the complex issues raised when MNCs develop then impose ethnocentric policies. The views given in the paper are ones which have been passed to the authors, in a work or work related setting, by those who wished them to understand the points of view of their fellow nationals. By learning about attitudes to managing diversity and discrimination from the viewpoint of the host nations and host country nationals it is intended that these and other ethnocentric policies will be seriously considered before being applied beyond the parent country.

The present authors are not arguing that the 'local' view must always prevail over the 'global' view. Indeed, in the study of HR policies of MNCs operating in the US, Japan and Germany, evidence of convergence has been found (Pudelko/Harzing 2006). However, the context of the study differs from the present discussion, particularly in regard to the following three points. Firstly, convergence was found amongst

the three countries that are leading economies of the world. Secondly, they are all 'Western' nations, including Japan which regards itself as one of the 'Western' nations, regardless of its geographical location (Nakajima 1999). Thirdly, there have been no colonial relationships between the three countries in question although Germany and Japan were dominated by the USA post 1945. In the context of the present discussion which focuses on the views of non-Western recipients of ethnocentric policies, the present authors are certainly aware that sometimes diversity policies are challenged by some HCNs as a means of using cultural issues to attack economic or political dominance. There are also likely to be a range of 'local' views within the host nations (even among the majority groups). But there can be genuine conflict between the Western view of managing diversity and the hosts' need for community and maintaining their culture. Handling the conflict between encouraging diversity and maintaining cohesion is a demanding task for those working in international management.

In the paper we focus on policies on diversity as an example of the ethnocentric policies which are most challenging to Host Countries and their nationals. To many in the Asia Pacific region such policies are seen as a form of neo-colonialism. Then these is a discussion of why policies such as those on diversity are resisted before going on to give examples of specific policies and the challenges these present to the hosts. The discussion then continues with examples of specific HRM policies which are regarded as ethnocentric and not suitable to most organisations in the region. Finally there are conclusions on how individuals and organisations can be more effective at developing suitable HRM policies.

Ethnocentric policies on diversity as neo-colonialism.

The USA and other individualistic societies such as the UK, according to Smith and Bond (1998), emphasize equal opportunities more than social stability which creates problems when their diversity policies are transferred to less individualistic societies. Often US writers and managers, raised on a 'we know best' or there is 'one best way' or 'Standard Operating Procedures' approach to management, have omitted to understand that the ethnocentric diversity policies they advocate conflict with the hosts' nation building desires and ways of working (Wright and Brewster 2003). Where once organizations from the West used ethnocentric staffing policies, sending parent country nationals (PCNs) to overseas subsidiaries and associates to maintain corporate culture (Banai 1992), now it seems that organizations use ethnocentric policies to impose parent country values on subsidiaries and associates. The recipients of these ethnocentric policies often feel that these are attempts to impose social and cultural domination through economic strength. The policies are seen as a continuity of the old colonial practice of 'divide and rule' so enabling foreigners to break up a community into subgroups which can be played off against each other for the benefit of the outsiders. The foreigner or foreign owned or influenced organisation may not intend to 'divide and rule' but this is how the support for the rights of minorities is perceived by many recipients of these policies.

The basis for management of diversity in the West focuses on 'individual' or 'personal' needs and aspirations (Goffee/Jones 1999). For example, Cunningham and James (2001) claim that management of diversity aims to treat people equally irrespec-

tive of sex, ethnic origin and disability while Gilbert and Ivancevich (2000) maintain that the reason for managing diversity 'includes moral, ethical and results-based reasons such as fairness, upholding the dignity of every person and optimizing the full range of skills and abilities of the workforce.' However it was not long ago that in the USA and Europe, encouraging diversity was unusual. Discrimination based on race, religion, sex, sexual orientation, or family circumstances was the normal practice only a few decades ago.

Indeed, the Policy Research Institute on Ageing and Ethnicity (2007) has found that SMEs in the UK have made little progress in employing people from ethnic minorities and that they are not convinced of commercial benefits from having an ethnically diverse workforce. Furthermore the Chartered Institute of Personnel and Development (2005) warns companies that a badly managed diversity policy can cause as much damage to their business performance as ignoring the issue altogether, as it can create conflict and tension in the workplace.

It is still normal in the West to have discriminatory practices. However the basis of these practices is alleged to be on fair and relevant criteria (Shweder 2003) such as ability to do a job. As we will see later, ability might not be seen as fair and relevant to non Westerners. Diverse groups are excluded in the West, for example if they do not hold citizenship or residence permission allowing them to work in the western country, or if they hold 'extremist' political views- such as communists in the USA and fascists in Germany.

When working abroad some Westerners and Western owned, or influenced, international organisations appear to be engaged in a 'crusade' to impose their views on diversity upon the host nations even when their home country does not practice what is being proposed to apply in the host nation. The recipients of Western diversity policies and practices often view these as attempts to impose on the hosts values and policies which are not fully practiced in the originating environment as is pointed out by the UNDP (2005). The actions of the Western countries, for example the USA being one of only two states to vote against (Gioia 2005) the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions (UNESCO 2005), is seen as demonstrating that there is 'our' rule for 'our' diversity practices and other rules for 'your' diversity policies (International Herald Tribune 2005). Gender equality is another example. In the UK, the Equal Opportunities Commission (EOC) highlights that women are still 'woefully under-represented' in senior positions across the public and private sector, notwithstanding the introduction of the Sex Discrimination Act thirty year ago (EOC 2007). Indeed, the Commission points out that the UK ranks 59th in the world in terms of women's representation in Parliament, outperformed by Rwanda, Afghanistan and Iraq. It can be argued that the US does not fare any better, regarding women in powerful positions ranking 66th in the world, while UK ranks 52nd in the most recent data compiled by the Inter-parliamentary Union (2006). The US congress has only in 2007 sworn in the first female speaker and the country is yet to have the first female Head of State. The situation for women in the corporate sector of these First World economies appears to be fraught with difficulty and continues to be the subject of research which attempts to understand the

factors that advance and impede women's contributions to economic and business leadership (Schipani et al. 2005).

In the opinion of many HCNs, and their governments, the imposition of diversity policies is only one aspect of globalisation and standardisation that contain neo-colonist overtones of economic and cultural domination. The real colonial experience of many countries is still recent and memories are clear of how minority groups have used military force, often backed by the same countries which now call for the management of diversity, to impose their will on the majority. Those with the most to gain from diversity are those who do not currently have the opportunities to achieve what they need or who fear losing what they already have. Therefore, suggest Smith and Bond (1998), those in a weak or weakening position will take the chances offered by favourable policies introduced from outside. Minorities seeking advancement or protection will often form alliances with incomers to give both parties the strength to challenge the dominant groups whether it is in societies or organisations. Sometimes these minorities are very powerful in economic terms (Ong 1999;Hampden-Turner/ Trompenaars 2000) but they may be politically weak or if politically powerful they fear that the power will be diminished (Ong 1999). Ethnic groups such as the Chinese in South-East Asia, Chinese and Indians in Indonesia and Pacific Islands, Russians in Central Asia, have been seen as allies of the international businesses operating against the interests of the majority populations. Chua (2003) believes that the encouragement of rights to minorities is building up great resentment which has, or will, fuel massive problems for the wider world. Chua's view of the situation is supported by Buruma and Margalit (2004) who maintain that Chinese in South East Asia, for example, are believed by the majority ethnic groups to 'conspire, together with venal 'Westernized' native elites, to poison and undermine authentic, spiritual, or racial communities'. Mortimer (1999) holds similar views to Chua (2003) on the unintended damaging consequences of extending democracy and other Western ideas in societies where there are not shared values, shared religion or other unifying cultural forces.

Resistance to accepting diversity policy.

Why is there so much resistance to the attempts to manage diversity? The resistance generally results from the way that Western and international managers and their employers seek to manage the diversity within the host community. As mentioned above the recipients see the push for diversity as part of an effort, through globalisation and standardisation, by the West to impose moral and ethical values based on the home countries' experiences and needs and by doing so divide and damage the host society. The recipients do not believe that diversity issues are high priorities for their society which are often at a fragile stage of nation building or which lack sufficient resources to improve the future opportunities for their populations while they are struggling to meet immediate needs. Cohen (1999) discusses fear of the unknown and heterophobia (the fear of difference) as irrational but understandable reactions to rapid change. Cohen suggests that 'competition for jobs, for desirable sexual partners, housing, status or territory compounds psychological angst, driving it to a higher gear.' The current severe resistance to migrants in the USA and Europe are examples of Western

unwillingness to accept a greater diversity within their own states while insisting that other countries accept and grant rights to foreigners.

According to Buruma and Margalit (2004) countries such as Malaysia (but the same critique could be made against Australia, the People's Republic of China and the Republic of China, Indonesia, Japan and New Zealand among others) have emphasised the identity and rights of the majority rather than recognised the diversity and rights of minorities. The emphasis has often been to correct the wrongs of the past or present (for example Mahathir 1980) or to create a nation (Mortimer 1999) or to give 'rabble rousing' politicians a focus for discontent (Chua 2003). The majority populations will often insist on the minority assimilating by practicing the religion, using the language, obeying the dress codes and work ethics of the majority. When the foreigners' diversity policies are designed to welcome difference they are seen as threatening the national identity which is based on shared citizenship, shared culture and adherence to shared values and behaviours. Even wearing the Mao suits, the shalwar-kameez of Pakistan and the Arab thobe were part of the process of creating nations and such symbols (even in dress) were, and still are, important parts of building a shared national identity (Smith and Bond 1998). In European countries, including Denmark, France and Germany, Muslim women wearing a hijab are seen as being unwilling to share a national identity and legislation has been used to restrict this form of dress. Differences, even in dress, are still seen as symbols of dissent. Differences in other ways are seen as symbols of revolt.

In many countries ethnic rights and the rights of 'sons of the soil' are also linked with resistance to globalisation and resistance to foreigners imposing their standards and policies, such as diversity, on the host population. The backlash when diversity is mismanaged includes 'ethnic cleaning' by expulsion or removal of rights of citizenship, examples quoted by Chua (2003) and Harry (2006) include situations in Indonesia against Chinese, in Central Asia against Russians to which we could add those against Indians in Fiji, Koreans in Japan and many other examples. Resistance to the diversity policies of international organisations is part of a backlash against 'global' solutions. The resistance is also part of the backlash against western 'morality' which is seen as encouraging 'immoral' behaviour on the part of women, gays, youths, and adult men who are seen as taking rights but not responsibilities (Buruma/Margalit 2004). The solution to the 'problem of terrorism' might be seen by commentators such as Friedman (2001) or western politicians as lying in multicultural, free market democracies built upon individual rights. But this Western 'solution' is seen by many HCNs, and researchers such as Miller (1995), as producing greater problems by enforcing inappropriate Western values.

The challenge presented by diversity policies

Adler (1997) demonstrates that western origin diversity policies, which are those produced by many MNCs, may be against the law in the host country. Examples of the western prohibitions being against the law in other locations include the Gulf Cooperation Council (GCC) states where employment law says that jobs must first be offered to Host Country Nationals, then citizens of other GCC states, then other Arabs, and finally, if there are no suitable candidates from those groups, jobs can be offered

to others. In Malaysia Bumipurtas (mainly ethnic Malays) have preference for jobs and educational facilities before Chinese and Indian citizens. In India the *dalit* or scheduled caste members have preference over other castes for some job categories and access to higher education. Western prohibitions would also conflict with Islamic law which forbids Muslims from converting to another religion so religious freedom is *haram* or forbidden. Briscoe and Schuler (2004) argue that a crucial ethical decision for managers is what to do when an employment practice which is illegal or doubtful at 'home' is legal and normal in the 'host' environment. As Dowling and Welch (2004) point out there is no easy solution to that dilemma.

The Western view is, often, that diversity of participants creates unity and strength from including various differences. The non Western view is that diversity of participants risks destroying unity and weakening communities by accepting various differences. When the State is made up of a number of diverse ethnic or religious groups, such as those given in examples, the nation is in danger of secessionist tendencies and potential break-up, hence the emphasis on the rights of citizens and especially the rights of the major groups

We will now consider some specific factors in diversity, which are enshrined in various legal instruments issued by international or regional organisations. For example, the European Union first adopted a directive prohibiting discrimination on the grounds of sex in 1979 (Council 1979). It was followed by a directive prohibiting discrimination on the grounds of race and ethnic origin (Council 2000a) and a directive prohibiting discrimination based on religion or belief, disability, age or sexual orientation as regards employment and occupation (Council 2000b). The specific factors are considered to demonstrate that resistance to the management of diversity makes sense to the recipients of these policies.

Sex

The Conference Board (2004) believes that much of the focus of international organisations' diversity strategy is aimed at improving the situation of women. Women make up half the world's population and it seems self evident that they should be allowed to play their part in human productivity and human development. But in many societies (including Western societies until recently) men and women prefer that men work outside the home and women work in the home or close by. In the West there is a reduction in the numbers of employable men due to demographic changes so adult women are encouraged to be in the workforce (demographic change is not, however, the only reason for encouraging women to work in the West). In the rest of the world where there are lots of youngsters and few older people having women looking after the children and not working makes social and economic sense. When foreigners seek rights for women the HCNs, female as well as male, may not want to exercise their right (Yamani 2000).

The HCNs and their governments, who are being told to grant rights and opportunities to women, see campaigns against their cultural norms as attempts to drive apart the women and men within the society- to literally divide the population in half, male and female. The divided population would be weaker and less able to resist the other challenges brought about by globalisation and modernisation. For those who are

champions of globalisation and modernisation the rights of women and diversity within the workplace do not imply changes in sexual conduct but in many societies (Buruma/argalit 2004 suggest particularly in Muslim societies) the regulation of female sexual behaviour is at the heart of social norms and values. Muslims (and Hindus and Buddhists and citizens of most Asian Pacific societies) are strong advocates of public morality which the management of diversity, by enabling individual females to regulate their own behaviour, severely challenges.

Nationality and Citizenship

Prior to the idea of 'nation state' created in the West during the 17th and 18th centuries the norm within most of the world was for societies to be based on ethnic, tribal or religious solidarity. Therefore an understanding of the history of nations is needed so that one can appreciate the influences upon the host country and its nationals therefore why the export of policies encouraging diversity are considered to be so threatening. For many non-Western countries the nation state is very fragile. More than half the world's population live in states which are less than 60 years old many of which have had troubled times since creation. Of the nations of South Asia, India and Pakistan came into existence in 1947 (and have fought three wars against each other since that time), Bangladesh came into existence in 1971 (it separated from Pakistan after civil war) and Sri Lanka gained independence in 1947 and has been wracked by civil war for most of the past 3 decades. The People's Republic of China (PRC) came into existence in 1949 after decades of civil war and the Republic of China/ Taiwan is still seen as a breakaway state, while Tibet and Xinjiang Province have strong separatist tendencies. Indonesia gained recognition as an independent state only in 1949 and since that time has occupied Irian Jaya (in 1963 when it was taken from the Dutch and independent minded Papuans) and East Timor in 1975 when was occupied following the departure of the Portuguese but after a devastating war was able to separate from Indonesia in 1999. With the fragile condition of many nations the encouragement of diversity is seen as damaging identity and culture.

Ethnic group

It is very difficult for Westerners to understand that for most nation states ethnic community ties are stronger than the ties of citizenship or nationality. Cohen (1999) suggests that in the age of rapid globalisation ethnic identity is more, not less, important as a sound foundation in the face of uncertainty and insecurity of economic change. As Miller (1995) has, argued nations pursue policies that are designed to protect their particular identity and the culture of their members (or the culture of the dominant members). If nations do not protect their identity and culture they will break up or at least have attempts by some communities to breakaway. Globalising businesses and international organisations are seen, by many HCNs, as vehicles for the break-up by weakening the power of ethnic majorities. Chua (2003) argues that the Chinese in Indonesia and other parts of South East Asia are seen, by the majority of the population, as working to undermine the power and rights of their ethnic group. The Chinese in the Pacific islands, although a minority, are economically strong and so are resented by HCNs when they claim rights of citizenship, based on residence, and seek the support of powerful outsiders.

The minority will usually prefer to be allies of the powerful outsiders who, they hope, will judge them on their ability (Hampden-Turner and Trompenaars 2000) rather than their ethnic origin. Countries such as Malaysia and Indonesia actively promote the interests of the Malay ethnic group (who are the majority in both countries) over that of minorities including Chinese, Indian and Papuan. The government of the People's Republic of China (PRC) promote the interests of the Han Chinese over that of the Tibetans, Uighur and other ethnic minorities. The Japanese, less formally but just as effectively, discriminate against those citizens of Korean origin as well as against Japanese women (Nariari 2007). Outsiders may argue that these policies favouring ethnic majorities have led to cronyism and dependence on state support (Chua 2003;HuOng et al.2004), as well as holding back economic development, but such policies are still popular with the majority of HCNs.

Diversity policies from the West, which appear to favour minority ethnic groups seem to HCNs to be hypocritical when discrimination on the basis of race, colour, and ethnic group still seem to be widespread even in the countries (including the USA) which have been the major drivers of diversity management programmes. It also seems symptomatic of the Western view that minorities are often considered in terms of their colour rather than their ethnic group. The 'black' citizens of the USA are mainly the descendants of diverse ethnic communities in Africa who were enslaved and taken to foreign lands where their ethnic heritage was lost and was replaced by a classification of based on colour or the generalisation of 'African American'.

Tribe – clan – class

Researchers such as Hofstede (1980) and Trompenaars and Woolliams (2005) have demonstrated that Asians are more communal in their values than those from the West. This sense of community is generally positive in that it gives members a sense of worth and belonging. However a sense of community can have a negative impact on those who are not part of the tribe or clan which makes up the community. International organisations will find that the 'community' will expect its members in positions of power to support the rest of the community (Shweder 2003) even when that means appointing or promoting people who are not capable of performing the allocated tasks. Within Arab lands the systems of nepotism and connections have been shown by Hayajneh et al (1994) and by Weir and Hutching (2006) to be very powerful. Within most Arab lands tribal groups dominate sectors of the civil service and parastatal organisations and act in the best interests of the tribe not the interests of the employer or the customer. Among the Chinese clan groups are important, according to Ong (1999) but this is not obvious to the outsiders who lack guanxi (connections).

In the West the 'old school tie', shared membership country club or belonging to a particular class might not demonstrate tribal links but do show connections and expectation of mutual support not much different from those shown by Shweder (2003) to apply in India, by Ong (1999) to apply in Chinese societies and by Hampden-Turner and Trompenaars (2000) to apply in many ethnic groups. In all these cases loyalty to a community is more important than loyalty to an employer, supplier, or customer. Sometimes the loyalty to the community is greater than to the nation. Certainly

the loyalty does not extend to those who are not part of the community and definitely does not extend to a foreign employer.

Religion

Those from the secular West find it difficult to understand the unifying power of religion. Some countries outside the West are actually based on a shared religion for example Saudi Arabia, Pakistan and Bangladesh but others such as Nepal, Bhutan, Sri Lanka and Thailand have strong religious communities which endeavour to dominate and unite the governance of these countries. In Europe religion was seen as divisive and the cause of many wars and civil conflicts hence, according to Buruma and Margalit (2004), the drive in the past 200 years to separate religion and government in countries such as the USA and France. The removal of the state's involvement in religious matters, in the West, allowed citizens the right to follow any or no religion (Shweder 2003). Western encouragement of these rights in countries such as Saudi Arabia, Pakistan, PRC, or India is seen as further attempts to divide and weaken those countries. Sharia law forbids a Muslim from renouncing Islam and those who become apostolates risk death. All citizens of Saudi Arabia must be Muslims and foreigners have their declared religious beliefs marked on their compulsory identity cards partially to prevent non Muslims visiting the holy places of Islam. The government of the PRC regulates the activities of the Christian, Muslim and Buddhist faiths and, as the Falun Gong members have found, unregulated activities result in severe punishments. In India the Muslims and the Hindus (the Bharatiya Janata Party (BJP) and their allies the Rashtriya Swayamsevak Sangh (RSS)) are strongly against proselytising of their co-religionists. In Central Asia the activities of Protestant Christian groups (especially from the USA) are greatly resented by Muslims as well as by Orthodox and Catholic Christians

In the West people aspire to the pinnacle of Maslow's (1970) hierarchy of needs-self-actualisation. In Islam, as Nusair (1985) shows, the pinnacle to which Muslims aspire is religious faith. Where the state has a majority of citizens who are of one faith those who follow a different faith or a different branch of the faith are seen as highly suspect even if they are fellow citizens. When foreigners argue for the rights of diverse religious groups they are striking at the heart of the majority host religious community. So when outsiders support the rights of the minority it is invariably seen as an attempt to split the nation for the benefit of the foreigners. For example support for the Shia, who make up around 20% of the population in Saudi Arabia and who dominate the oil rich Eastern Province, is considered by many of the Sunni majority to be an attempt to gain control of the country's oil wealth. Similarly, foreigners' willingness to employ Christians and Parsees in Pakistan and India are seen as favouring the minority religious groups at the expense of the majority.

Language group

The majority groups, even if they accept religious or ethnic differences, invariably expect unity in language so that for example Thailand will accept Han Chinese as full citizens provided they use the Thai language not Chinese dialects. The importance of language is one of the particular issues which, according to Miller (1995) and Khilnani (1997), face countries which have had to rapidly create modern nation states following

colonial rule. These states impose a standard language as means of uniting and ruling new nations. The government of the PRC imposed *putong hwa* (based on the dialect used around Beijing) on parts of the country where Cantonese, Shanghainese and other Chinese dialects were in general use. In Pakistan Urdu (which had been developed in the Lucknow area of what became the Republic of India) was imposed on the Punjabi, Pashto, Balouchi and Sindi speakers of the regions that became Pakistan. India tried to impose Hindi throughout the country but this was resisted by the southern states of Tamil Nadu and Kerela that considered this an attempt at re-colonising by the northern Indians so English was maintained as an official language. Encouraging diversity in language, especially if it is accompanied by the use of a foreign language for 'business purposes', is highly divisive within nations particularly if the educated elite are separated, by language, from the majority of citizens. In case we assume that diversity in language is welcomed in the West we should recall the resistance to the efforts of the central governments of France and Spain to impose a common language on the Bretons and Basques.

Age (young – old)

Western nations face demographic challenges driven by declining birth rates and rising numbers of elderly citizens. To deal with these challenges governments have introduced legislation preventing discrimination against older workers. To make the best use of the young people they are encouraged to spend many years in education and postpone entry to employment. Legislation forbids, or severely restricts, the employment of those in their early teenage years. In most of the rest of the world the demographic challenges are very different. Here there are not large percentages of elderly people but there are often 30% to 50% of the population under the age of 20 years. Although societies realise the value of education individual families, most of whom subsist on less than $2 a day, do not have the resources to have young people stay at school and bring in no income. Many families, and children, would prefer that MNC's policies included employment opportunities for the young.

Sexual orientation and conduct

Supporting diversity of sexual orientation is a great challenge for many HCNs. In most of Asia homosexual activity is illegal, for example in Hong Kong many homosexual activities result in prosecution (BBC 2005(a)) and in India all same sex relationships are illegal (BBC 2005(b)). In many non-Western societies differences in sexual orientation are hidden as a cause of shame to the family. Buruma and Margalit (2004) point out that Western 'lack of' morality in sexual orientation seems to many Muslims (and the present authors have found others including Orthodox Jews, Hindus, Christians and followers of other and no religions) to be depraved. The HCNs in many places outside the West cannot understand how illegitimate (i.e. outside marriage) sexual relations and homosexuality can be allowed nor understand how those who practice such activities are to be welcomed for their diversity (Miller 1995). To the Westerner the individual's sexual orientation are of no concern to others provided these others are not adversely affected. Many non-westerners consider that other members of society are adversely affected by diverse sexual orientations.

Disability

The inclusion of the disabled into diversity programmes is relatively recent in most of Europe and North America. In the UK major legislation is less than 30 years old and in the USA the most important legislation was introduced in 1992. It was only when these societies were wealthy enough to provide resources for the disabled and recognised the injustice of allowing restrictions on the disabled peoples' right to be included within the workplace and public activities became the norm. In most of the world's societies, families and individuals struggle to provide opportunities for the able and have few resources left to aid the disabled. In some cultures disability is consider 'karma' or fate to be met and dealt with in this lifetime. It is difficult to accept this view but it is one that has been adopted not just by Hindu and Buddhist faiths.

Western human resource practices

The final categories which we examine in the review of ethnocentric policies might seem odd choices and not ones mentioned in the EU and other international directives.

Ability

For most organisations in the West ability is taken to be the foundation upon which the diversity of other attributes is built. Many HCNs find it perfectly correct to use criteria other than ability. The belief that ability is not as important as connections or relationship is found in many societies (Hayajneh et al. 1994; Ong 1999; Hampden-Turner/Trompenaars 2000; Fisher/Lovell 2006). The Chinese and Muslim empires appointed government and military officers based on ability centuries before the Europeans gave up buying office or appointing cronies- the appointment of the well connected may not have been entirely given up by Western governments and businesses as Harris and Brewster (1999) demonstrate. Long before the Western military and later business organisations developed assessment centres the Chinese had used formal examinations and tests, covering a wide variety of topics, for Civil Service appointments and promotions.

Host organisations according to Muna (1980) and Ong (1999) may value loyalty and kinship more than ability and accept diversity in ability so that the loyal but less capable employee has as much right to keep a job as the person with more ability. In much of Asia conformity is especially valued, over ability, innovation and creativity in agricultural and pastoral societies where as Mutwa (1977) shows those who diverge from conformity, even if it is in finding better ways to work, risk severe sanctions including death. Those with ability threaten the status quo of powerful elements in organisations and even in the West demonstrating ability rather than loyalty can be a career limiting (Conference Board 2005). Adler (1997) accepts that when the need for cohesion is high then other needs, such as innovation and creativity which are encouraged by diversity in team makeup, may have to be ignored and in such cases diversity may not be useful and conformity is necessary. However, organisations that value conformity and loyalty over ability, such as many world class companies in Japan and East Asia, do prosper even in complex industries such as electronics (Hampden-Turner/Trompenaars 2002).

Performance Management and Assessment

Although most assessment of ability takes place in selection of new recruits many Western organisations have established systems to manage ability, or at least the results of ability, through Performance Management and Assessment (PMA) systems. Often PMA is resisted, not just in the Asia Pacific region, because the focus of PMA is seen as to divide the workforce and so to weaken the power of employees. Trade Unions in North America and Europe, as well as in Australia and New Zealand, tried hard to resist the creation of PMA and where they were unable to resist the system have often undermined the effectiveness so that PMA is not used for disciplinary matters nor used to reward too highly or too lowly. The impact of Trade Union activity and general human nature to not cause too much conflict in relations between managers and workers has resulted in most staff in the West getting a close to average rating in PMA.

In Asia there are two main areas of contention in PMA- that few consider 'average' to be a reasonable view of their performance and the system is seem to pitch individuals against the group and vice versa. Perceived status is important throughout the Asia Pacific region and even those who, by apparently objective measures, are of lower status will not accept this being declared. So there is 'inflation' in respectful titles, over politeness and a devaluation of 'normal' and 'average' so that in terms of PMA most managers will assess staff as 'good' 'excellent' or 'outstanding' rather than face the poor morale or hostility which would result from saying that performance is 'satisfactory' or 'average'.

In some areas of the region, particularly in places and occupations where employers' power is very strong there is a contrary approach to PMA when it is used to dismiss or reduce the pay of workers. In these cases smart forms and standardised processes of PMA are not used but quotas are imposed to dismiss a set number of workers whose performance is deemed unsatisfactory.

Fear of dismissal or desire to have a greater share of any extra pay leads some individuals to perform in ways which show their colleagues to be poor performers. The community spirit is often greater in Asia than in the West (partly for cultural reasons but mainly because poor people rely more on self help groups than the rich who have individual wealth or social security to help during periods of crisis) the encouragement of individual efforts (the 'tall poppies') are seen as being against the best interests of the majority. PMA, particularly when linked to pay, is seen a foreign ploy to split and weaken the community and workers in general by favouring the few.

Pay

A feature of the Western emphasis on the individual and perceived performance is that the 'winner' gets a much higher share of resources than the pack of 'also rans'. Where two decades ago diversity in pay in organisations was typically multiples of ten now it is in multiples of hundreds. The diversity is probably now higher in Asia than it in the West because there are fewer government controls on misusing power and position but also because there is less business transparency than in the West. In China rates of pay are often 500 times higher at the top of organisations than at the bottom. When privileges and benefits are taken into account the rewards are even higher. A

consequence is resentment and jealousy potential serious social unrest because the benefits of change are unevenly distributed.

In Asia and Pacific rim countries there is a general harking back to a period when need rather than contribution was the basis for a share of resources. Populist politicians and others certainly agitate against the 'unfair' pay practices brought by foreigners. It must be admitted that even in the centres of Capitalist culture and societies driven by market forces, including the USA and UK, there is recognition that the distribution of rewards is often unfair but these societies have enough wealth to keep the lowest paid workers from destitution.

In Asia it is generally only the family and a few charities which enable those who cannot work to survive. With the introduction of western ideas of individual responsibility and reward this 'life line' for survival is not always present. Until recently it was accepted that the young would take care of the old, the wealthier family members would support the less well off such as those studying to improve their potential and that when expensive necessities where required (such as a wedding, funeral, new home) the family or community would contribute knowing tat there would come a time when they face similar costs and could rely on help from others. The pay policies, and the greed of some (many) Asians, has meant that the strong and the smart are able to get and keep a much larger share of resources than they need. So societies become much more polarised than they were and the social structure is weakened so that crime increases, personal benefits are emphasised and long term consequences are ignored.

Conclusions

This study has drawn attention to the resistance to managing diversity and has emphasised the potential negative impact of ethnocentric policies. Recognising and accepting host country culture does not mean that everything is acceptable. Some individuals or groups will misunderstand or distort 'culture' and values to impose their own beliefs on others or to exercise power through 'culture'. Litvin (2003) has shown the impact of parent country pressure groups can be substantial when they agitate to impose their views on foreign operations of an MNC. To work effectively it is necessary to consider whether the policies are appropriate as is shown by Fisher and Lovell (2000) quoting Jaeger and Kanungo (1990):

> 'Uncritical transfer of management theories and techniques based on Western ideologies and value systems has in many ways contributed to organisational inefficiency and ineffectiveness in the developing country context'.

Banai and Sama (2000) built upon the work of Perlmutter and Heenan (1974) to outline the 'decision making mode and ethical approach' of HR policies on staffing. These staffing policies were to use 1. an ethnocentric approach in which parent country nationals fill the key posts in head office and in subsidiaries, 2. a polycentric approach in which key posts in head office are held by parent country nationals and key posts in subsidiaries are held by host country nationals, 3. a geocentric approach in which all key posts are held by those from a global pool of talented workers irrespective of nationality. Using this classification but adapted for the policies chosen by an MNC we can posit that 1. an ethnocentric approach would insist that parent country

policies on diversity would apply in head office and in subsidiaries, 2. a polycentric approach would apply parent country policies in the parent country and host country policies in subsidiaries, 3. a geocentric approach would develop policies irrespective of source culture/ country and apply policies throughout the organisation.

Hosts will be receptive to the polycentric approach as their values will drive diversity policies (as was found by foreign owned subsidiaries in the Republic of South Africa during the apartheid regime) but organisations may consider that some values are so important that they must insist on an ethnocentric or geocentric approach. However keeping the hosts happy might not be sufficient reason for allowing polycentric policies for moral reasons (Fisher/Lovell 2006) or for business reasons (Litvin 2003). Ethnocentric approaches can generate resistance from hosts who do not see the relevance of the policies to their situation or who, as has been discussed in this paper, fear the impact of policies on their society or community. Geocentric approaches might be suitable for fundamental human rights (in most societies at most times) but it is unlikely that agreement will be reached on what policies should apply everywhere. However the process of trying to reach agreement is likely to be beneficial to those managing diversity and the hosts- even if there is no final agreement on the policies.

This study has aimed to stimulate the reader into thinking of the consequences of ethnocentric policies even those imposed with good intentions. It is hoped that by understanding the consequences of good intentions more research will be undertaken into the impact of ethnocentric policies. The study has shown that while in the West diversity is often considered a strengthening of the entity, outside the West diversity is often considered a weakening of the entity.

The paper has emphasised the negative reaction to diversity policies as an example of ethnocentric policies, however there are many HCNs and host countries welcoming the opportunities that are opened to disadvantaged groups and communities by policies of inclusion and support for diversity. International organisations have begun initiatives to promote tolerance and respect for diversity. For example, the World Bank has established the Civil Engagement, Empowerment and Respect for Diversity Program (CEERD) to provide assistance to those countries where there is need, opportunity and interest, to deliver on the advocacy priorities of social inclusion, empowerment of the poor and conflict prevention by promoting diversity through education and media, and legal and economic empowerment, amongst other means (World Bank). Those who develop and implement MNCs' policies internationally can make a valuable contribution to human and business development if they are willing to educate, to learn, to share knowledge and to work with others to create suitable policies.

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