Home and Host Country effect on Human Resource Management Practices: A Comparative Study

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ABSTRACT— This study endeavors to exhibit the impact of national and corporate culture on various managers and employees at Japanese subsidiaries/joint ventures (JVCs) and Bangladeshi Local Companies (BLCs) in Bangladesh. The main objective of this study is to identify how JVCs adopted distinctive HRM practices that intensified the way of flat organization system among Bangladeshi employees of the firms. Results show that the HRM practices of the JVCs were more strongly influenced by its home country culture, than by the host country’s national culture. Finally, based on the results of qualitative evidence of comprehensive interview, a theorized prototypical building horizontal HRM practices in Japanese subsidiaries/joint ventures were proposed.

Keywords--- HRM practices, National and Corporate Culture, Japanese Subsidiaries/ Joint ventures, Bangladesh Local Companies.

1. INTRODUCTION

There have been various studies engaged in the U.S.A, EU and Japan, as well as many Asian countries with regards to HRM practices. However, there is little comparative and qualitative research conducted between Japanese subsidiaries and joint ventures, (JVCs), and Bangladeshi Local Companies (BLCs). Both domestic and foreign subsidiary/joint ventures, which are highly dependent upon the ample and low cost human resources, are making it difficult to create better HRM practices a major challenge for gaining potential possible development in Bangladeshi human resources (Miah, and Siddique, 2014; Aycan et al., 2007; Collings, Scullion, and Dowling, 2009; Rosenzweig and Nohria, 1994). Although there is a growing concern over this topic, a few cases have been exhibited to examine the way in which companies; both foreign and Bangladeshi Local Companies can manage Bangladesh human resources and shape up new concepts of HRM practices aspect as proposed in this research “HRM practices.” There is evidently a need for rational-in-depth research on the relationships between HRM practices, and organizational culture in Bangladesh. This study will create a valuable impact on the present concept in the field of HRM in general and the management of developing South Asian countries in particular Bangladesh (Miah and Siddique 2014; Miah and Wali 2012; Morishima 2003; Aycan et al., 2007).

This research has been examined to survey how Japanese foreign overseas firms can continue their competitive advantage in the global business area by applying the home country HRM practices. A numbers of studies have demonstrated that Japanese HRM practices rather fit within the relocates in given countries (Takeuchi 2003). Though, few studies were undertaken regarding on how it was possible for Japanese companies to increase effectiveness in their foreign operations by relocating their mother HRM practices to Bangladesh (Miah, M.K., and Bird, A., 2007). In addition, the key motive of the current case study between HRM practices and organizational performance has been extensively acknowledged in Bangladesh (Miah and Siddique 2014).

In developing HRM practices and better organizational performance, the present study partly will rely on contingency assumptions. Although there are a number of different approaches in contingency theory, this study’s theoretical choices fall into the one originating from a system perspective (Campbell & Lindberg, 1990; Cole, 1989; Hall, 1986; Jepperson & Meyer, 1991; Orru, Biggart, & Hamilton, 1991; Strang & Meyer, 1993; Whitley, 1992a, 1992b). Some researchers approving a contingency perspective argue that: “the central issue for Japanese subsidiaries and joint ventures are not to identify the best international HRM policy per se, but rather to find how the Japanese companies adapted their HRM practices like rigid bureaucratic cultural system in Bangladesh between the firm’s national and corporate
Japanese subsidiaries and joint ventures are endeavoring for better HRM practices among Bangladesh managers through adjusting their corporate values, which are associated with the “strongparent culture” based on a home subsidiaryaffiliation. But due to purpose of the abovementioned, our current researchanticipated a paradigm called “HRM practices” which demonstrates robustextensive training techniques to be used by hiring fresh graduate employees with careful screening process to improve the Japanese subsidiaries for better performance and enhance participation of managers regarding HRM practices. A number of research scholarshave found that the Bangladesh HRM practices is very dictatorialoriented e.g., Habibullah, M., (1974); Razzaque, A. M., (1991); Kanungo, and Jaeger, (1990); Miah, M. K., Wakabayashi, M. and Takeuchi, N. (2003). As McGregor(1960) Theory X explains the negative human trait that prevail in the Bangladesh companies, that employees want external control. Average human being character has an inherent abhorrence of work and majority of the employee are required to be controlled, directed and threatened with punishment to get them to put forth adequate effort toward the accomplishment of the company objective.

In contrast, Theory Y explains the self-motivated and optimistic philosophies found in the Japanese HRM practice which states that: humans are self-directed, work committed, loyal and accountable. The relationship between managers is more flexible in the typical Japanese HRM system. On the contrary, Bangladeshi local companies follow traditional cultural style, which is closer to that explained by “Theory X.” A number of previous researches have shown that in Bangladeshi companies, managers are typically autocratic in their work practices and opinions, and they appear ethically against the idea of employee liberty and flexibility in working framework (Miah, M. K., Wakabayashi, M. and Takeuchi, N. 2003; Miah and Siddique 2014). In contrast, Haire, Ghiselli and Porter (1966) and Taylor, Beechler, & Napier, 1996; Bird, 1991, recommended that Japanese HRM practices are more consultative and participative.

Furthermore, debates on the HRM practices dilemma lead to the questions; how can HRM practices effectively be utilized? Should the parent company try to impose centrally developed HRM practices uniformly across all Locations(global consistency) or should it allow for more locally developed practices, tailored to each location (foreign and local integration)? To sum up, should the HRM function be local, hybridized, or transferred?

2. RESEARCH DESIGN

The current research: by using adialogue and interview technique was carried out to discover the existing HRM practices in Bangladesh. In this case, the authors have taken rigorous interviews and observed firms at their head offices in Dhaka, Chittagong and six factory plant (three of Japanese and Bangladeshi, each) locations over the course of four weeks at the end of October 2015. The detailed interviewing process was conducted in the following way: 1) focus on individual interviews, 2) follow-up structured interviews, and 3) ongoing informal dialogue. With this purpose, Japanese subsidiaries/joint ventures (JVCs) and Bangladeshi local companies (BLCs) in Bangladesh were visited and different types of information regarding HRM practices were collected from several sources. We also collected organization annual reports and other information about the company establishment year, company size, structure, and corporate philosophy, business growth and employee turnover.

The main purpose was to investigate, by conducting interviews with the individual company managers and comparing what factors impact on HRM practices, measure, and compare their effectiveness in the national and corporate cultural situation. The target sample consisted of the six (three of Japanese, and Bangladeshi local) manufacturing, which belong to RMG and Textile industries. The key purpose why these industries are chosen as cases of this interview survey is the desire to control the human resources across companies. Earlier study recommended that the level of human resources possessed by a company is considered to significantly and directly influence the HRM effectiveness of firm’s HRM practice e.g., Delaney & Huselid, 1996; Miah, M. K., and Bird, A., 2007; Aycan, Z. 2008. It is stated that in Bangladesh particularly, the major industries of Japanese investors are the textile, RMG, and food processing and so forth.

On the other hand, the prior research advocates that the human resource oriented industry is necessarily comparable to those of the textile and food processing industries e.g., Yuen & Kee, (1993). Additionally, some HRM researchesrecommended that the HRM style of companies and their response to internal organizational system including HRM practices and policies should be observed from the careful sampling of some leading and progressive industries (Becker & Huselid, 1999; Thomas 2005). The speed and the nature of business structure changes and its response to HRM are different across industries with different levels of nation. For these reasons, we have chosen the sample firms categorized as less technology-based industries (Yuen & Kee, 1993; Mansour 2007; Taylor, S., Beechler, S., & Napier, N. 1996, Aycan, Z. 2008) and thus did not include the technology and auto industry that are categorized as relatively high technology-based industries.
Table 1: Japanese Subsidiaries and Joint Ventures (JVCs) and Bangladeshi Local Companies (BLCs) in Bangladesh

<table>
<thead>
<tr>
<th>Interviewed people</th>
<th>Japanese Company (A)</th>
<th>Japanese Company (B)</th>
<th>Japanese Company (C)</th>
<th>Bangladeshi Local Company (A)</th>
<th>Bangladeshi Local Company (B)</th>
<th>Bangladeshi Local Company (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Types</td>
<td>Garments</td>
<td>Garments</td>
<td>Garments Accessories</td>
<td>Textile Company</td>
<td>Garments</td>
<td>Garments</td>
</tr>
<tr>
<td>General Manager, Manager HR, Production, Supervisor, Line Manager, Manager factory, Assistant Manager Production and Factory Supervisor</td>
<td>General Manager, Line manager Manager Factory, Manager Production and Factory Supervisor</td>
<td>General Manager, Company Vice President, Production, Manager HR, Manager Accounting, Manager Factory, Production and Factory Supervisor</td>
<td>General Manager, Manager HR, Factory Supervisor, Line Manager Factory and Production Manager, Employee Association Leader</td>
<td>General Manager, Manager HR, Executive HR, Supervisor Line manager Manager Factory, Production and Factory Supervisor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of Industry</td>
<td>Joint -venture</td>
<td>Subsidiary</td>
<td>Subsidiary</td>
<td>Local</td>
<td>Local</td>
<td>Local</td>
</tr>
<tr>
<td>Number of Total Employees</td>
<td>6000</td>
<td>4800</td>
<td>4350</td>
<td>4890</td>
<td>16000</td>
<td>6800</td>
</tr>
<tr>
<td>Number of Foreign Expertise</td>
<td>9</td>
<td>8</td>
<td>14</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Average Age of Employees</td>
<td>32.5</td>
<td>27.5</td>
<td>29.1</td>
<td>42.6</td>
<td>47.0</td>
<td>53.7</td>
</tr>
<tr>
<td>Average Education of Employees</td>
<td>Master degree</td>
<td>Bachelor degree</td>
<td>Master Degree</td>
<td>Bachelor degree</td>
<td>Bachelor Degree</td>
<td>College Degree</td>
</tr>
<tr>
<td>Number of Strike Day</td>
<td>No strike</td>
<td>No strike</td>
<td>No strike</td>
<td>No strike</td>
<td>No strike</td>
<td>4th day strike</td>
</tr>
<tr>
<td>Business Growth</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Moderate</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Sales Growth</td>
<td>10%-15%</td>
<td>8%-12%</td>
<td>10%-15%</td>
<td>7%-12%</td>
<td>6%-11%</td>
<td>3%-6%</td>
</tr>
<tr>
<td>Employee Turnover Rate</td>
<td>1% to 4%</td>
<td>2% - 5%</td>
<td>4% - 7%</td>
<td>5%-8%</td>
<td>5%-7%</td>
<td>6%-10%</td>
</tr>
</tbody>
</table>

3. RESEARCH RESULTS

Results of the present qualitative study (Table 2) revealed that traditional Bangladeshi style of HRM practices still prevail and the standardization of HRM practices are very poor. The primary cause results from local company managers and employees, who are poorly trained or have negative tendency towards organization. However, current interview study results (Table 2) indicatethat Japanese subsidiaries and joint ventures do have a participative HRM practices showing consistency with the well-known early evidence provided by Haire, Ghiselli and Porter (1966).

On the other hand, based on the case study (Figure 1) it can be inferred that Japanese companies in Bangladesh create a blend of strong corporate culture of the parent and the local traditional culture to create an“open hybrid” or “Third culture” that suits the local cultural setting of Bangladesh. TheBangladeshi based Japanese companies started their affiliated HRM practices using a customized style modified from the home or host culture. The Japanese companies created this “Cross HRM practices”which appears to be a fit for Bangladeshi traditional HRM style. This system motivates theBangladeshi managers to learn from Japanese parent sources within the Bangladeshi organization. A number of researchers in this area suggested the effect on the hybrid HRM technique /design on the global learning competence of...
firm’s policy and practices, particularly in highlighting on the impact of systems on the organization’s capacity to utilize double-loop learning, going beyond the single-loop learning (Argyris, et al., 1978; Nevis, DiBella, & Gould, 1995; Sonja Sackmann and Margaret, (2004). The revolutionary research by Bird et al. (1999; Dowling and Engle, 2008) has pointed out that home country based firms are predominantly constrained in the organization’s ability to examine the underlying assumptions of HRM practices. Based on some studies, the Japanese enterprise union system enables horizontal and vertical communication, participation of managers and employees in the consensus decisions of the company, and wage settlements without any hostility. This remains core to Japanese HRM practices as it ensures a win-win working environment with organizational innovation and quality of working environment.

Table 2: Summary Results of Case Study Based on Interview Survey among Japanese Subsidiaries/joint ventures and Bangladeshi local Companies

<table>
<thead>
<tr>
<th></th>
<th>Japanese Subsidiaries/ Joint Ventures</th>
<th>Bangladeshi Local Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting and Selection process</td>
<td>Fresh graduate, well-structured and Internal, Online test, Written, Cognitive, and Oral Interview with Internship practices; structured Job Specification and Description</td>
<td>Internal and External, Written test, unstructured Oral Interview, less Internship focus; less unstructured Job Specification and Description</td>
</tr>
<tr>
<td>Training and Development</td>
<td>Clearly Job Rotation, long term training with On The Job training ; Home Country HR Policy based training ; Training outcome considered with high importance</td>
<td>Moderate focus on Job Rotation, short term focus on training and On The Job and Off The Job; less overseas training, coaching by supervisor and less skill training by outside agency</td>
</tr>
<tr>
<td>Promotion Practices</td>
<td>Promotion based on Key Performance Indicators( KPI) ; performance based with 360 degree feedback</td>
<td>Promotion based on Key Performance Indicators (KPI) but sometime it does not work due to seniority and local influence; this mixed method is not a clear policy, written in the promotion practices</td>
</tr>
<tr>
<td>Performance Appraisal and Management</td>
<td>360 degree feedback, Written feedback given to employees; parent country PAM adaptation is visible</td>
<td>Performance Appraisal time interval is once a year; no clear policy; it is kind of unstructured and verbal method is used.</td>
</tr>
<tr>
<td>Compensation and benefits practices</td>
<td>Market trends, competency based; home and local country adaptation; health insurance, monetary and non-monetary rewards; gratuity and provident fund; festive and performance bonus; both male and female get equal.</td>
<td>Market trends; moderate competency based; local country adaptation; monetary benefits more and less non-financial involvement; festive bonus and only one company follow performance bonus; both male and female get equal.</td>
</tr>
<tr>
<td>Employee Employer Relationship</td>
<td>Improve Total Quality (systems, service, product, staff, process and environment and quality Enhancement; company win-win strategy based policy; product innovation; quality focus and cost reduction focus; strong parent country based corporate culture and business strategy).</td>
<td>Company is more concern about the profit and ROI but sometime focus is on quality and better process and cost reduction; one company was found with no standard measurement about quality and product innovation focus; strong local, national, cultural based business policy and strategy.</td>
</tr>
</tbody>
</table>

The current case study points out that JVS and BLCs are culturally very different, but Japanese Companies are strongly influenced by the culture of their home country, resulting in formation of hybrid HRM practices. This result suggests that the corporate culture of Japanese company can have a better and a substantial influence than the Bangladeshi national culture in transforming the HRM practices for the Japanese companies operating in Bangladesh.

In contrast, BLCs are deeply influenced by the national culture rather than the corporate culture in shaping the HRM practices. These outcomes advocate that through extensive training and coaching experience in JVS ventures corporations, Bangladeshi managers could be more engaged and loyal towards organization and employees and adapt themselves to the win-win growth in HRM practices of the company. This is a fascinating case of organizational learning in which the influence of the Japanese parent country culture on the first (Bangladeshi) culture creates a good working environment for Bangladeshi managers. This study encourages foreign companies to overcome the traditional ideas and...
create new HRM practices which provide them insights on how to manage organization and supervise employees efficiently. The implementation of the idea of “third culture learning” in Bangladesh bringing concepts from Europe and America, is an area that can be further explored via research and investigation.

According to projected diagram (Figure 2) the formation and expansion of a parent company’s corporate HRM practices, can be used as a base on which the new HRM practices can be developed. Japanese company in these cases, made significant developments involving new knowledge based hiring of fresh graduates as employees. This is achieved by undertaking a careful screening procedures and a selection practice following the first step used in adopting the parent- corporate HRM practices. The first is with regards to choosing between two prospects. Japanese company focuses on house trainings “on the job” and “Job Rotation”. This comprises coaching managers to develop their knowledge and skills preventedious behavior, and concurrently stresses continuous training by using a coaching based technique (Miah, M. K., Wakabayashi, M., and Tomita, T. 2001; Schuler, & Jackson, 1987; Takeuchi, N. 2003).

The second step of a HRM prototype can operate at any of the two levels: company HRM practices, and participative HRM philosophy. Designed to enhance participative HRM practices, Japanese company is demanding to strengthen work engagement and participative working environment among managers and employees to employ effective way of human resources handing in their organization. In order to impart this technique, JVC has adapted the following HRM practices: (1) Promotion based on 360 performance, (2) Merit and performance based payment, (3) Extensive job rotation (4) Bonus and benefits on overall company performance (5) Transformational leadership (6) Bottom-top decision making (7) Combination of horizontal and vertical communication (8) Improve total quality management with learning organizational culture.

The present case study defines the framework into which HR policies fit in the Bangladeshi organizations. A newly chosen corporate philosophymay also be consistent with a widely accepted policy in the host country. Study found that “resource accumulation” is a widely recognized Japanese HRM practices or style (Beechler & Bird; 1995, Bird 1991; Kagono, et al. 1986; Schuler, 1989; Takeuchi 2001) that predicts Japanese Company in Bangladesh to bear overtime as a result of their ability to utilize home based human resources.

Figure 1: Proposed Diagram Drawn by Case Study based on Japanese Subsidiaries and Joint Ventures in Bangladesh

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Finally, a strong home country corporate cultural pattern is created by Japanese Company, focusing on provoking specific organizational behaviors. Japanese companies have implemented the form from their parent practice by being devoted to how their employees in the host country perform and comparing them to similar aspects of Japanese employees back home. For this reason, Japanese Company in Bangladesh paid its employees overtime for staying after hours to work in generating effective management and employees' work commitment and team activities, just as in Japan.

The fact that Japanese employees stayed after work voluntarily, without pay, reflected differing policies and philosophies between the two locations (Takeuchi 2001; Schuler, & Jackson, 1987). A critical idea here is that, the similarity with respect to some practices (Quality Control Circles) that could be accomplished only through differences in other practices (fair compensation and benefits practices), draws the attention to the parent company's assessment of certain policies as being vital to the effective and participation of the affiliate (Vogel, 1979; Ouchi, 1981; Peters and Waterman, 1982). In order to change Bangladeshi traditional values and culture, Japanese companies seek corporate values of the parent company by adopting trust and fairness.

4. CONCLUDING REMARKS

To conclude, the “third culture system” or “open hybrid” corporate culture in the Bangladeshi based Japanese companies helped to establish managers and employees teamwork and). They depend on the notion of unity and a flat organization system. Extensive trainings take place through job rotations and ongoing home country coaching activities including both on and off the job.

Thus, two factors strongly influence the decisions about the HRM practices at which the model is to be applied, they are: (1) how the company perceives management as a core competency, and (2) the perception that the parent's management system fits with the host country culture. High perception was noticed in instances where management was seen as a core competence or the parent system's fit with the local culture.

Finally, the present case study anticipated model has identified the noticeable futures of Japanese HRM practices and styles based on cross-cultural context. Having said so, the current model could be expanded or substituted models can be developed to further elaborating on the research. Additionally, future research is required on this model for MNCs to identify its degree of applicability in other Asian countries. Taking into consideration of the uniformity of the home institutional context of Japanese MNCs (Lincoln et al., 1986; Smith, 1997; Yoshimura and Anderson, 1997; Crawford, 1998), it is apparent that further research on non-Japanese subsidiaries/joint ventures (Western MNCs) will eventually signify that the proposed model will require further expansion.

5. REFERENCES


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