

Cultural Factors in Workforce Management: The Case of Multinational Companies Operating in Bangladesh

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Cultural diversity amongst workforces of Multinational Corporations (MNCs) has been the focus of a number of studies. However, few have looked at the relationship between culture and key Human Resource practices such as compensation policy, job security, training and development, selection and recruitment, decentralization and teamwork, and information sharing. Using Hofstede's (1980) culture dimensions as a lens, this paper explores how Bangladeshi employees relate to critical HR practices. The exploration of how culture can play a role in shaping key HR practices in the South Asian context, can assist top management of MNCs to better manage their workforce in Bangladesh or other countries with a similar cultural orientation. A number of propositions are made in this paper, which are suggested would be useful as a framework for future studies in similar settings.

Field of Research: Workforce Management, Multinational Corporations

1. Introduction

1.1 Globalisation of World Economy and Challenges for International Managers

For the last two decades, tremendous developments in the field of telecommunications and transportation have made the world a "Global Village". Globalization has opened the door of opportunities for an increasing number of corporations to cross their national boundaries and expand their market share, reduce costs and enhance efficiency. International movements of goods and services have grown exponentially to US\$ 7.9 trillion (Ulrich & Brockbank, 2005).

Trade Barriers have decreased significantly with the emergence of free trade zones in Asia, Europe and North America, which include the Asia Pacific Economic Forum (APEC), Association of Southeast Asian Nations (ASEAN), European Union (EU), North American Free Trade Agreement (NAFTA), and South Asian Association for Regional Cooperation (SAARC). At current growth rates, trade between nations will exceed total commerce within nations by 2015 (Daft, 1997).

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Despite the reduction in trade barriers to entering new international markets there are still numerous complexities. International managers who manage Multinational Corporations (MNCs) today face an external environment that is fast changing, complex, uncertain and vigorously competitive (Thomas, 2002). Internationalization of a company's operations can result in developing a competitive advantage but only under certain conditions (Friedman, 2007). Gupta and Govindarajan (2001) for example, assert that a global presence will translate into competence only when a company integrates local market differences, realizes global economies of scale, and effectively transfers knowledge and technology across borders. However, issues involving managing diverse groups within the workforce are a complex and delicate matter. Without significant understanding of the different organizational and socio-economic and cultural factors, MNCs may not succeed in taking full advantage of available resources and opportunities. The major challenge for MNCs operating in different markets is therefore to adapt to these different socio-economic and cultural contexts (Tayeb, 1998).

It has been already been accepted both in domestic and international markets that employees can be an important source of competitive advantage for corporations (Peteraf, 1993). Therefore, it is critical that corporations adopt Human Resources Management (HRM) policies and practices that utilize the particular employees' potential to the fullest (Boxall & Purcell, 2000; Grant, 1996). Thorough recruitment and selection processes, effective compensation systems, extensive training and development activities, adequate job satisfaction and employment security all impact positively on the overall business and performance of a corporation. It has also been found that if HRM is linked to the overall business of a company, it may further enhance the performance of the company (Pfeffer, 1998). Moreover, due to the complexity of managing people from different socio-economic and cultural background, it is argued that the way global employees are managed will also have a significant impact on a firm's economic outcome (Bjorkman & Xiucheng, 2002). However, it has been noted that few organizations know how to manage HR effectively in a dynamic international environment because best practices in one context do not always translate to other contexts with differing socio-economic conditions and cultures (Chilton, 1993).

1.2 Emerging Economy Bangladesh

Most of the South Asian economies (e.g. India, Pakistan and Bangladesh) have made significant economic progress in the last two decades and are well on track to becoming major regional or even world economic powerhouses. Although a number of studies have been conducted for addressing the issues related to cultural diversity of employees working for MNCs operating in South Asian countries, only a few of the studies have looked into the issues related to how culture plays a role in shaping HR practices in the South Asian context. Therefore, the purpose of this study is to explore how particular HRM practices are manifested in the South Asian cultural context. We proposed that the identification of these critical HRM practices could assist MNCs top management to better manage their workforce in Bangladesh or other South Asian countries with a similar cultural orientation.

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In the recent years, many MNCs are increasingly putting more attention to the emerging Asian countries for competitive advantage. One classic example is China. With a population of more than 1.3 billion China is predicted to be the largest economy in the world by next 20 years surpassing United States (UN Report 2007). China has become the manufacturing and investment hub for many MNCs. Despite huge success for most of the MNCs, many already failed in doing business in China due to their managements' inability to manage their human resources appropriately (Kipling, 1996). Many Asian countries like: India, South Korea, Malaysia, Thailand, and Vietnam are also following the footsteps of China and have already made significant impacts on the world market. Taking the Chinese lead like the tiger economies in Asia, Bangladesh is also emerging as a dynamic and significant economic player in South Asia.

To gain a better understanding of the role of Bangladesh in the world economy it is useful to gain some background into this emerging economy. Bangladesh is strategically located between the emerging markets of South Asia and the fastest growing markets of Southeast Asia and the ASEAN countries. The proposed concept of the "Bay of Bengal Growth Triangle" is attracting greater attention from the investment world and has its apex in Bangladesh (BOI Handbook, 2007). This Triangle extends South-West through South India to Colombo, Sri Lanka. Its South Eastern arm extends through Myanmar and Thailand to Malaysia. Bangladesh also seen as a possible entry point for servicing the region covering Nepal, Bhutan and the seven North-East Indian states (BOI Handbook, 2007).

Bangladesh is one of the pioneers in the region for economic liberalization. It has adopted the best policies of South Asia to attract Foreign Direct Investment (FDI). Doing business in Bangladesh is much easier than most of the developing countries. A recent report entitled "Doing Business in 2007: Creating Jobs" published jointly by World Bank and IFC placed Bangladesh in 68th position in terms of ease of doing business among 175 countries (World Bank, 2007). This places Bangladesh ahead of other countries in the region such as India (88th) and China (128th). In 2005 total FDI inflow into Bangladesh increased by 84% amounting to US\$845 million. This growth is the second highest in the entire South Asia region. According to the World Investment Report 2006, Bangladesh is now ahead of India in terms of the FDI Performance Index being ranked 116 among 200 economies (BOI Handbook, 2007).

Based on the promising growth performance and future potential, Investor Chronicle, a UK based research organization on market and investment, listed Bangladesh as one of the hottest emerging markets along with Kazakhstan, Ukraine, Pakistan, Egypt, UAE and Nigeria (IC Report, May 2008). Analysts have predicted that the US\$12billion stock market in Dhaka will hit US\$15 billion at the end of this year as more IPOs like *Grameenphone*, and other multinational telecommunications companies are expected to go public along with the privatization of a number of state owned companies. The combination of reforms and privatization is spurring international investors' interest. Citigroup's (the largest US bank) acquisition of a license for investment banking is a sign of huge potential as is the entrance of many multinationals (e.g. Shell, BP, Mobil, HSBC, Samsung, Cemex, Toshiba) into the local market (BOI Handbook, 2007). JP Morgan included Bangladesh in their "Frontier Five" group of countries last year along

with Kenya, Nigeria, Vietnam and Kazakhstan (04/04/2008 Bloomberg News). Goldman Sachs, a US-based investment banking and securities firm, put Bangladesh in its 'Next Eleven', a group of nations having promising economic growth potential after BRIC (Brazil, Russia, India and China) (BOI Handbook, 2007).

3. Literature Review

3.1 Impact of Cultural Factors on HR Practices

Human Resources (HR) are usually considered as one of the most valuable assets in an organization, but only few organizations generate real benefit out of this resource (Pfeffer, 1998). The resource-based view of the firm poses that superior performance is the result of the proper and timely mix of corporate resources including HR. It follows then that Human Resource Management (HRM) practices may lead to higher firm performance and act as a source of long-lasting competitive advantage because these practices are usually ambiguous, often unique and difficult to imitate (Wright, Duford & Snell, 2001). However, a growing body of empirical research has found that HRM practices are not always a source of sustained competitive advantage unless they are aligned with cultural and other contextual factors arising from the global operating environment of MNCs (Ahmad & Schroeder, 2003).

Globalization has accelerated the transfer of not only product and services, but also corporate management practices. The transfer of HRM practices occurs mostly from developed countries to developing ones (Aycan, 2005). MNCs operating in many countries with different socio-economic and cultural orientations face serious challenges in implementing Western HRM practices in the developing countries (Jaeger & Kanungo, 1990). Effective implementation of HRM practices is largely dependant on the extent to which the practices are perceived to be appropriate by managers and their subordinates (Eveg & Eqile, 1993). Therefore, a thorough understanding of the cultural and other contextual elements where HRM practices are being implemented is required in order to maximize the outcome.

Despite the general applicability of HRM theories, HRM practices carry a significant amount of local flavors. In any particular nation, HRM practices will be rooted in the country's historical, political, social and political differences (Tanure & Duarte, 2005). Tayeb (1998) claims that, as opposed to universal aspects, locally meaningful aspects of HRM are based on employees' work-related values and attitudes. These deep rooted values and attitudes have a strong association with the employees' occupational, cultural and social backgrounds. In other words, these values are rooted in their societies. Due to the deep anchoring of HRM practices in the historical, political, economic, social and cultural environment of a country, the import or transfer of these practices from developed to the developing countries may produce unexpected results (Tanure and Duarte, 2005). This can be seen in many East European countries, where despite both ownership and management changes in many big firms as a result of economic liberalization in the 1990s, HR practices remained almost unchanged because the legacy of the previous institutional environment continued to play an influential role in the successful operations of these corporations (Taplin & Frege 1999).

The relationship between contextual elements, especially culture and organizational practices, has opened several avenues for research investigation. General systems theory, societal effect theory and institutional theory offer useful explanations about the ways in which social and organizational contexts influence HRM practices in organizations (Jackson & Schuler, 1995). Tayeb (1995) suggested that the 'what' question in HRM might be universal, but the 'how' question is definitely culturally specific. Rather than affecting directly, culture has a moderating effect on organizational practices. Even though contingent factors help determine the organizational structure, culturally driven preferences influence the selection of appropriate practices (Child, 1981). Kanungo and Jaeger (1990) proposed a theoretical model of culture fit (MCF) which explicitly links culture to an organization's HRM practices. The model proposes that the internal work culture is based on managerial beliefs and assumptions about two basic organizational elements: the task and the employees. Managers implement HRM practices based on their perceptions of the nature of both the task and of employees and these perceptions are rooted in the socio-cultural context of the employees (Kanungo & Jaeger, 1990).

A number of studies have been conducted exploring this relationship between employees' cultural orientations and organizational HRM practices (Ayman, 2005). Sparrow and Wu (1998) used the cultural orientation framework to predict HRM preferences of Taiwanese employees. Nyambegara et al. (2000) used the cultural orientation framework to explore the impact of cultural orientations on individual HRM preferences in the Kenyan context. Both studies concluded that a significant relationship exists between employees' cultural orientations and their preference for particular HRM practices. The study presented here, in particular, will explore the relationship between Bangladesh employees' cultural orientations and organizational HRM practices.

3.2 Hofstede's Study and the Bangladeshi Culture

Culture in general is a broad concept, but can be generalized as consisting of patterned ways of thinking, feeling and reacting. It is acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups (Kluckhohn, 1951). The essential core of culture consists of traditional ideas and especially their attached values (Kluckhohn, 1951). Geert Hofstede (1980), one of the pioneers in the field of studying culture world-wide, defined culture as,

'Culture is not a characteristic of individuals; it encompasses a number of people who were conditioned by the same education and life experience. When we speak of the culture of a group, a tribe, a geographical region, a national minority, or a nation, culture refers to the collective mental programming that is different from that of other groups, tribes, regions, minorities or majorities, or Nations (p. 12).'

Since culture is a collective mental programming, it is often difficult to change culture if it is changeable at all (Hofstede 1980). This is because culture is shared by a group of people and is usually crystallized in the social institutions these people build as a group,

such as: family structures, religious organizations, educational structures, forms of government, legal frameworks, literature and work organizations (Hofstede, 1980).

Many researchers have developed various value dimensions to assist them to conceptualize and measure culture (e.g. Hofstede 1980, House et al., 1999). Despite various shortcomings and criticisms, this dimension-based approach is common, and convenient for the purpose of this study because identified cultural dimensions show validity and establish a link between phenomena at the individual, organizational, and societal levels (Ayman, 2005). In his seminal work that started with 116,000 questionnaires completed by executives of the technology giant IBM across 40 different countries in 1980, Hofstede studied how cultures differ across nations (Hofstede 1980). Hofstede (1980) initially identified four major cross-cultural dimensions to describe the culture of a particular country. The four cross-cultural dimensions were power distance, uncertainty avoidance, individualism – collectivism and masculinity- femininity. Later Hofstede (1993) added another dimension based on further study, termed as short-long term orientation.

The culture of Bangladesh has a unique history, dating back more than 2500 years ago. The land, the rivers and the lives of the common people formed a rich heritage with both commonalities with, and differences from, neighboring regions. It has evolved over the centuries, encompassing the cultural diversity of several social groups within Bangladesh. The culture of Bangladesh is composite, and over centuries has assimilated influences of Hinduism, Jainism, Buddhism, and Islam. The rich Bangladeshi culture combines traditions from Dravidian, Indo-Aryan, Mongol/Mughul, Arab, Persian, Turkic, and Western European cultures (Bangladesh.com). Residents of Bangladesh, about 98% of who are ethnic Bengali and speak Bangla, are called Bangladeshis. Most Bangladeshis (about 86%) are Muslims, but Hindus constitute a sizable (13%) minority (CIA Factbook, 2008).

Hofstede's (1980) study did not include Bangladesh; however, two significant neighbors, India and Pakistan, were included. Despite some differences, Bangladeshi culture is quite similar to Indian and Pakistani culture due to historical and religious bindings amongst the people of these three countries. The observations of commonalities between these countries have also been the experiences of the researchers through personal interactions and field observations. This can be explained through a number of historic facts. Bangladesh was once part of the undivided Indian subcontinent and for a time, also part of Pakistan (1947-1971). Pakistan, a predominantly Muslim (about 90%) country, has many common practices with Bangladeshi Muslims in terms of their societal practices (CIA Factbook, 2008). As India has a good representation of both Islam and Hinduism, it too possesses cultural similarity with Bangladesh. Therefore it is useful for this study to use as a framework the findings of Hofstede in regard to Pakistan and India and extrapolate from this the most likely cultural dimensions to be found in Bangladesh (see Table 1). Moreover, we propose the use this framework to undertake a study of the most common HR practices used by MNCs to explore how these cultural dimensions manifest themselves within the identified HR framework.

Table 1: Predicted Cultural Dimensions of Bangladesh Based on Hofstede's (1980, 1993) Studies Adopted from Abdullah, Boyle and Joham (2010).

Cultural Dimension	Description of the dimension	Hofstede's findings on India and Pakistan	Most likely cultural dimensions for Bangladesh
Power distance (Hofstede, 1980)	Refers to the extent that individuals accept differences between people as legitimate and expected. Cultures high on power distance see difference between superiors and their subordinates as distinct with wide status differentials. Low power distance cultures see fewer difference between subordinates and superiors, superiors are more accessible, and differences between the sexes with respect to social status is less pronounced (Hofstede, 1980)	India – Large power distance Pakistan – Large power distance	Large power distance: due to colonial legacy of hierarchical power structure, differences in family status, inequality in socio-economic conditions of the people
Uncertainty avoidance (Hofstede, 1980)	Refers to the degree that people are comfortable with ambiguity. Individuals who are high uncertainty avoider place great emphasis on stability and certainty, and favor a variety of Mechanisms that increases a sense of security. Individuals low in this dimension are more comfortable with risk taking and are more willing to move forward without knowing what lies ahead (Hofstede, 1980)	India – Weak uncertainty avoidance Pakistan – Strong uncertainty avoidance	Strong uncertainty avoidance: due to widespread poverty in the country, high unemployment rates, difficulty in finding a new job, uncertainty in economic progress, latent fatalism because of religious influence
Individualism – Collectivism (Hofstede, 1980)	Refers to the extent that individuals focus on individual needs and wants as opposed to the needs of the group. Cultures that lean towards the individualism side of the cultural continuum stress responsibility and achievement by individuals. In collectivist cultures emphasize group efforts, teamwork, and group membership (Wagner & Hollenbeck, 2005, Hofstede, 1984)	India – Collectivist Pakistan - Collectivist	Collectivist: due to family orientation, social structure, sense of responsibility, affiliation with groups or other people
Masculinity – Femininity (Hofstede, 1980)	Refers to the degree that individuals exhibit masculine behaviors like: dominance, independence or feminine values and behaviors like: openness, interdependence. In high masculine cultures differentiated sex roles, independent performance, achievement, and ambition are clearly visible. In feminine cultures equal sex roles, quality of life, and helping others are more emphasized (Wagner & Hollenbeck, 2005, Hofstede, 1984)	India – Masculine Pakistan - Masculine	Masculine: due to wide gender differences, assertiveness of the people for money and other things because of poverty
Short – long term orientation (Hofstede, 1984)	Short-term orientation focuses on the present or the past, honors traditions, and consumes resources to meet the current needs. On the other hand, long-term oriented cultures, resources are saved to meet long-term or future vision of the society (Hofstede, 1984)	Study not conducted in India and Pakistan	Short-term oriented: due to poverty people want to maximize short-term gain and they are not willing to wait for a long time to get results

4. Link between Culture and Salient HR Practices

4.1 Salient HRM Practices

A growing body of empirical research has examined the effect of HRM practices on organizational performance (Vlachos, 2008). The list of HR practices that can affect employees' individual, as well as the organizations' performance either independently or in bundles is quite long. However, not every HR practice can be a source of sustained competitive advantage (Ahmad & Schroeder, 2003; Cardon & Stevens 2004; Guest 1997). In order to examine the effect of HR practices on employee and organizational performance in the Bangladeshi context, we have chosen to examine the key HRM practices as proposed by Pfeffer (1998), Ahmad and Schroeder (2003) and Aycan (2005): recruitment and selection, job security, training and development, decentralization/teamwork, information sharing and compensation policy. A number of studies have been conducted in different settings to test the relationships between the stated HR practices and organizational performance. Many studies have found that significant relationships exist between the stated HR practices and organizational performance (Vlachos, 2008). Ahmad and Schroeder (2003) conducted a study to generalize the findings of impact of HR practices proposed by Pfeffer (1998) on operations management across countries and industries. Their findings provide overall support for Pfeffer's proposed HR practices.

The following sections discuss each of these practices and what influence culture may have on them. This leads to a number of propositions that identify the likely scenarios to be found in the Bangladeshi context, based on the cultural dimensions identified in Table 1. It is then suggested that this can potentially assist the managers of MNC to successfully implement effective HR practices across the identified multicultural context.

4.2 Culture and Compensation Policy

Performance-based compensation is one of the most important HR practices that companies use to evaluate and reward employees (Colin & Clark, 2003). Many studies have found that there is a positive link between performance-based compensation and employees' performance (Cardon & Stevens, 2004). Empirical studies on the relationship between performance related pay and company performance have also found a positive relationship (Singh, 2005). Uen and Chien (2004) identified performance-based compensation and merit-based promotion as ingredients in company's incentive systems that encourage employees' performance and higher commitment level.

Culture however, can have a very significant moderating effect on an organization's compensation and reward policy. Unlike the high performance and low power distance cultures, in the high power distance cultures, wage and salary determination is based on the subjective evaluations of managers who reserve the right to assign differential salaries to employees recruited for the same job (Mendonca & Kanungo, 1994). Performance-reward contingency is found to be lower in high power distance cultures (Aycan, 2000). Moreover, in high power distance cultures, reward allocation is based on

criteria other than performance such as seniority or being on good terms with the management (Hui & Luk, 1997; Leung, 1997). Seniority based compensation is also associated with high level of uncertainty avoidance (Scheler & Pasovsky, 1998).

Bangladeshi culture is characterized by high power distance and low performance orientation. Hence, we propose:

Proposition 1: In the Bangladeshi context, employees do not resist the fact that differential salaries and benefits are paid to different employees based on subjective decisions of the top management rather than paying salaries and benefits based on a structured compensation policy.

Individualism and collectivism can also play an important role in deciding what kind of reward system a company should adopt. As opposed to a focus on individual performance and the related pay-for-performance system, in collectivistic cultures, there is a strong emphasis on group-based rewards (Glushinos, 1988). As individual differences are downplayed in collectivistic cultures, the 'equality' principle in compensation and reward systems is very significant (Aycan, 2005). Indirect compensation which includes benefits and allowances offered by an organization is also subject to cross-cultural variations. Hao and Von Glinow (1995) found a strong positive correlation between collectivism and flexible benefit plans. Preferred benefits for collectivist cultures include welfare programs such as contribution to children education fund, housing loan, etc (Sparrow and Budhwar, 1997).

Since Bangladeshi people have a very collectivist culture, we propose:

Proposition 2: In the Bangladeshi context, employees prefer group-based flexible benefits plans as incentives rather than individual rewards.

4.3 Culture and Job Security

In today's fiercely competitive world where employees are hired and fired instantly based on a company's needs, job security has emerged as one of the most important issues to employees around the world. Job security helps to create an environment of confidence among employees which reinforces their commitment to the company (Pfeffer, 1998). When companies do provide job security, it can have a positive impact on the companies' performance. This relates to the notion that job security both increases an employee's commitment, and has a significant effect on an employee's level of motivation as well (Nohria et al., 2008).

Ahmad and Schroeder (2003) found that job security also affects operational performance of an organization indirectly through organizational commitment. In their study of 101 foreign companies operating in Russia, Fey et al. (2000) also found that job security improves company performance. Delery and Doty (1996) studied the US banking sector and found significant support for a positive relationship between job security and organizational performance (Vlachos, 2008).

In high uncertainty avoidance cultures, job security is particularly important to the employees because they want to avoid the risk of losing their jobs. In collectivist cultures, losing a job is considered as a discredit to the employees. Most of the time, the cause of the job loss is irrelevant to other members of the group. Hence, in the collectivist cultures, employees are often motivated to put considerable effort in their jobs to make sure that they are not fired or laid off.

Considering the high uncertainty avoidance and collectivist nature of the Bangladeshi culture, we propose:

Proposition 3: In the Bangladeshi context, job security is one of the most important elements for employee motivation. People put considerable effort to make sure that their job is secure.

4.4 Culture, and Training and Development

Training and development activities have been identified as crucial to organizational growth and survival in today's competitive world (Dee Saa-Davis, 2006). Training programs increase employee skills, which has a direct impact on employee productivity (Huselid, 1995). In addition, training is an effective way to overcome the factors that decrease employee job performance and satisfaction (Xiao, 1996). Like job security, training and development requires a certain degree of reciprocity: a company that continuously trains and develops its employees is actually increasing the market value of its employees, which affects employees' productivity, commitment and may decrease the motivation to quit the company (Vlachos, 2008).

Organizational training and development activities vary significantly based on the cultural contexts. Unlike the high performance oriented cultures where training and development are primarily geared towards improving individual or group performance, in collectivist cultures, such activities serve an additional purpose, which is to increase loyalty and commitment to the organization (Aycan, 2005). Wong et al. (2001) reported that by providing training to their employees, Chinese companies instilled the perception that the companies treated the employees well. This perception, in turn, stimulated the need to pay back the favor by working hard and staying committed to the company. In such contexts, training and development is used as a tool to motivate employees and reward them for their loyalty and commitment (Sinha, 1997; Tsang, 1994).

Given the fact that Bangladesh is a collectivist and to some extent a low performance oriented culture, we propose:

Proposition 4: In the Bangladeshi context, providing adequate training not only equips the employees with necessary knowledge and skills to perform their assigned duties but also makes the employees more loyal and committed to the company due to the perception that the company has done them a favor by allowing them to get adequate training.

Content and methods of training also varies across cultures. To achieve effectiveness in training, training programs should fit with employees cognitive abilities. Savvas et al. (2000) proposed that cross-cultural variation in cognitive style has to be taken into consideration in designing appropriate training. Earley (1994) found that individualism and collectivism have a significant impact on the way employees receive and use information used during training sessions. To suit Bangladeshi employees' cultural orientation, we propose:

Proposition 5: In the Bangladeshi context, employee training programs should be tailored to suit employees' cultural orientation rather than applying the same methods used in other contexts.

4.5 Culture and Selection & Recruitment

In the HRM system, the selection and recruitment process has an important place. Proper selection and recruitment processes can ensure that the right people, with desirable characteristics and knowledge, are in the right place, so that they fit with the culture and climate of the organization (Aycan, 2005). In addition, identifying the right employees in the first place can decrease the cost of employees' training and development. In addition, companies have to attract skillful employees whose values and goals are consistent with the company.

Criteria that are used in recruitment and selection process are usually culture-bound (Aycan, 2005) and can widely vary across cultures. Cultural contexts may also determine the preference for external or internal recruitment. In some cultures, internal hiring and promotions are preferred to ensure loyalty and commitment to the company (Bian & Aug, 1997). A study conducted by Bjorkmand and Lu (1999) found that it is extremely difficult for externally recruited employees to get into strong social networks in collectivist cultures and cope with the resentment of and resistances to their appointment when an internal candidate is supported. In the high uncertainty avoidance cultures, organizations prefer internal hiring to maintain the status quo (Aycan, 2005). In the collectivist cultures, word-of mouth is a common method of announcing job openings where in-group members are usually supported by other group members for the position (Lu, 1999).

Since Bangladeshi culture is characterized by high collectivism and uncertainty avoidance, we propose:

Proposition 6: In the Bangladeshi context, employees prefer the companies to hire new employees through internal advertisement and references rather than hiring externally through open competition.

4.6 Culture and Decentralization & Teamwork

Decentralization and teamwork are critical to organizational competitiveness and innovativeness (Lau & Ngo, 2004; Mivvis, 1997). Team activities not only improve cooperation and communication among employees, they also create an appropriate

work culture (Kaya, 2006). In most contemporary organizations more and more employees are required to work in teams and make joint decisions to meet team and organizational goals (Aycan, 2005). Ahmad and Schroeder (2003) assert that effective team working requires professional people skills, including a deep understanding of aptitudes, abilities, and personal traits of team members.

Tata and Prasad (2004) found that decentralization and teamwork promotes employee commitment and creates a sense of attachment to the organization. A number of studies identified decentralization and teamwork as important high-performance HRM practices (Pfeffer, 1998; Wagner, 1994, Singer & Daval, 2000). In a study of differential outcomes of team structures for workers, supervisors and middle managers in a large telecommunications company, Butt (2004) found that participation in decentralized teams was associated with significantly higher level of employment security and satisfaction for workers.

Like other HR practices, the cultural context of an organization can significantly affect the level of decentralization and teamwork within the organization. In collectivistic and high power distance cultures, employees are more prone to teamwork and decentralized decision making (Aycan, 2005). On the other hand, in individualistic and low power distance cultures, employees prefer individual performance rather than groupwork and they expect individual reward and recognition for their performance (Aycan, 2005, Kaya, 2006).

Bangladeshi culture is characterized by collectivism and high power distance which are ideal characteristics for fostering decentralization and teamwork. Therefore, we propose:

Proposition 7: In the Bangladeshi context, employees prefer teamwork and decentralised decision making.

4.7 Culture and Information Sharing

Information sharing has emerged as a significant HR practice in contemporary organizations. Sharing information on both the individual and company performance fosters organizational openness. This in turn enhances loyalty and trust of the employees to the company which results in enhanced motivation and co-operative behaviors (Grzelak, 1988; Stone, 1998). Aycan (2000) asserts that communicating performance data on a routine basis help employees to improve and develop. In the absence of any feedback, employees may perceive to have a satisfactory performance when in reality they don't (Choe et al., 1999). Besides, information sharing leads to organizational transparency that helps to enhance employee commitment and reduce turnover (Ahmad & Schroeder, 2003). In his study, Morishimo (1991) found a positive association between information sharing, and productivity and profitability.

Information sharing is however not as widespread as might be expected (Kaya, 2006). In particular culture plays an important role in fostering or hindering sharing of information. In the high power distance cultures, company top managers are reluctant to

share critical information with their subordinates because, they think, with more information employees can become more powerful and companies may lose control of them (Pfeffer, 1998). However, in low power distance and performance oriented cultures sharing of information appears to be more common.

Since Bangladeshi culture is characterized by high power distance, we propose:

Proposition 8: In the Bangladeshi context, employees accept the fact that not all information will be shared with them by their superiors and there will be a certain degree of lack of transparency in information sharing.

5. Conclusion

Cultural context plays a significant role in managing an organization's Human Resources effectively as management practices can be influenced by a country's historical, social and political differences (Tanure & Duarte, 2005). As such, HR practices can lead to long-term competitive advantage for the organization only when they are aligned with these cultural and other contextual factors (Ahmad & Schroeder, 2003; Guest 1997). To better understand these influences and through relevant literature review, this paper has discussed six salient HR practices (i.e. compensation policy, job security, training and development, selection and recruitment, decentralization and team work and job security) and identified eight propositions highlighting the influence of Bangladeshi employees' cultural context. Hofstede's (1980) cultural dimensions, in particular, were found useful in exploring the relationship between these critical HR practices and Bangladeshi employees. The propositions presented are believed to be of use to the managers of MNC looking to understand how cross-cultural variations influence the implementation of HR strategies in a particular country, which in turn can affect organizational performance.

Bangladesh is a developing country with significant socioeconomic development opportunities. To maximize the outcome from those opportunities, business organizations need to attract, retain and manage their human resources effectively by managing their expectations effectively. Studying HRM practices in Bangladesh and how cultural and contextual issues affect them can benefit MNCs in two different ways. First, it will help to identify and understand the impact of these contextual factors on the Bangladeshi workforce. At the same time, the study may also enable the MNCs HR managers to find out which HR practices lead to better individual as well as firm performance in the Bangladeshi context. This will help the MNCs' top management in implementing management practices in other South Asian countries with a similar cultural orientation.

6. Limitations and Future Direction

Overall, this research is an initial step in identifying and investigating culturally congruent elements of HR practices among MNC employees in the non-Western context of Bangladesh. The most important drawback of this paper is lack of collected data to test the proposed propositions. Future research is suggested to further identify

key cultural indicators supporting the eight propositions presented above, which the authors believe are significant culturally relevant elements of MNC HR practices. Furthermore, these indicators are believed to have a significant impact on employee expectations in the non-Western context of Bangladesh. Future qualitative analysis is proposed to identify specific employees' cognitive and behavioral outcomes of job satisfaction, commitment and motivation as these are significantly affected by the identified elements of HR practices.

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