Applicability of Western Human Resource Management Practices in Bangladesh for Indigenous Organizational Success: A Study on Cultural Perspective

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ABSTRACT

The objective of this paper is to analyze the Western and Bangladeshi Human Resource Management (HRM) practices in the cross-cultural context with a view to establishing a common HRM framework for Bangladeshi organizations which will enable them to be competitive in the globalized business environment. To serve the purpose, five multinational (MNCs) and five local companies have been selected on purposive sampling technique as primary data sources in addition to secondary sources. This paper presents an argument that there is a link between Western HRM practices (modernized practices) and organizational performance and this relationship is attributed by a thorough understanding of the host country culture. In this study, we have seen that the MNCs originated in Western countries and operating in Bangladesh have been successful in their respective industries as they could make an effective blend between the home country HRM practices and host country culture. But the indigenous companies remained stringent to their traditional practices and find themselves as follower rather being the industry leader. Therefore, this paper suggests indigenous companies to be adaptive in the changing environment to remain competitive.

Key Words: HRM, Business Environment, Cross Culture

I. Introduction

Bangladesh, being a member of developing countries, could achieve the attention of the global community because of its constant growth in GDP (it maintained around 6 per cent growth rate for the last couple of years) and foreign direct investment (FDI) inflows. FDI inflow in Bangladesh was US$1.13 billion in 2011, US$ 1.08 billion in 2008 and in the last year (2012), it rose by 13.75 per cent to US$ 1.29 billion, whereas globally it fell by 18 per cent in the last year (The Financial Express, June 27, 2013). This development is believed to be attributable to the massive expansion of private sectors as a result of trade liberalization policy adopted in the late 1970s and early 1980s. Currently it is a member of WTO and strongly believes in a free market economy. This change in business landscape has posed significant challenges for the enterprises to ensure their sustainability. Consequently, business leaders are endeavoring a lot to achieve competitive advantage in all their operations including human resource management (HRM) practices. It is widely accepted now that HRM can act as a key means to achieve a competitive advantage (Khan, 2011). But the changing paradigms of HRM, starting its journey as personnel management during the late 18th and early 19th centuries and then changed to HRM (late 1970s and early 1980s) and later as Strategic HRM and lastly as International HRM left the business leaders in confusion about which HRM paradigm they will follow to ensure sustainability of their enterprises. Moreover, there have been numerous models of HRM which have been evolved in last 25 years or so (Khan, 2011) e.g. the hard and soft models[1] (Harvard and Michigan Models), convergence and divergence models, etc. There is almost no research finding about the applicability of such models in case of Bangladeshi enterprises.

Regarding all the models, culture free or culture bound is an important issue in determining HRM practices which are raised by researchers alike (Khan, 2011). According to Schuler et al. (2004), "managing cultural differences is a key HR issue for International Joint Ventures, International Mergers & Acquisitions, as it is for any cross-border alliances." Local HRM practices are also subject to cultural orientation. But in case of Bangladesh we find fuzzy scenario. On revisiting HRM practices in Bangladesh, Huq (2000) observed that we are still following traditional practices. And the reasons are, according to Huq (2000), lack of understanding about the importance of HRM by the top management; weak and unenlightened labor movement; lack of professionalism in management practices; and inadequate indigenous knowledge. This rearward situation in HRM practices doesn't match with some of the contexts of Bangladesh. Bangladesh, as a part of Indian sub-continent, had been under the British rule for about 200 years and we are yet to come out from the influence of norms and values that embedded in our culture during their ruling period. Moreover, in recent

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[1] The hard approach reflects a utilitarian instrumentalism. This sees people in the organization as a mere resource to achieve the ends of the organization. The soft model sees people more as valued assets capable of development, worthy of trust, and providing inputs through participation and informed choice (Beer and Spector, 1985; Hendry and Pettigrew, 1990; and Khan, 2011).

times, we have seen a significant number of business schools imparting degrees based on Western books due to lack of indigenous knowledge. And most Bangladeshis have a tendency to prefer foreign made to locally made things. But we find no impact of this Western orientation while we analyze the performance of local firms. We observe that most of the local organizations in Bangladesh are sick and their target markets are being dominated by reputed multinational companies which have adopted good and proven HRM practices from their host countries with some modifications blending with host country cultures. The Bangladeshi entrepreneurs are still in dilemma which HRM practices they will adopt (Western or Bangladeshi culture based) for ensuring sustainability of their organizations. Many organizations with the initiative of second generation entrepreneurs have already started to implement Western HRM practices[2] with the help of consultants hiring from either locally or overseas and some of them are experiencing significant growth in terms of revenue and some others do not. This is because 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). And uncritical transfer of management theories and techniques based on Western ideologies and value systems have in many ways contributed to organizational inefficiency and ineffectiveness in the developing countries as well as in other countries which does not share the same value systems (Kanungo and Jaegar, 1993). Some local organizations in Bangladesh also experienced negative impact on organizational performance when trying to simply replicate the Western HRM practices.

Therefore, our objective is to investigate which HRM practices are appropriate for Bangladeshi organizations keeping Bangladeshi culture as a priority. To do so, analysis has been made on cross-cultural perspective. As Adler (2001) suggests, cross-cultural research can introduce a new understanding of employee behavior in an organizational setting. 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 (Abdullah et al., undated).

II. Review of Literature

This paper examines the differences in HRM practices of Western based MNCs operating in Bangladesh and of indigenous firms with the belief that the study will help to identify the unique HRM practices of Bangladesh and also of the western affiliates operating in Bangladesh. The result of this study may enable the indigenous firms to modernize their HRM practices in the local context. Here, a pertinent question may arise, why should the firms bother about the local context while designing their HRM practices? There have been a significant number of studies to answer the question and the researchers have been found divided into two schools of thought i.e. a cultural and a universalist (Muller et al., 1999). Many researchers commented that the national culture has a role to shape HRM practices (Nyambegera et al., 2000; Singh, 2009; Aycan et al., 2000; Mahal, 2009; Chew and Sharma, 2005; Muller et al., 1999; Kanungo and Jaeger, 1993; Hofstede, 1980; Myloni et al., 2004). On the contrary, universalist thinking, which is supported by convergence and contingency thinking, suggests that there is one best way and it has universal applicability (Boxall, 1995; and Smith, 1992).

In case of transferability of Western-style HRM practices to host countries, a limited number of studies conducted in this field and researchers have questioned the universal applicability of the Anglo-Saxon model (Khan, 2011). The study of some researchers expressed their doubt about the transferability of Western HRM practices to developing countries as their contextual factors are different. The latest study conducted by Aamir et al. (2013) largely supports the effect of national culture on the transfer of HR policies and practices and the best method to be used to deal with differentiation in the transfer of HR policies and practices would be through divergence. The same result also emanated from the study of Verburg et al. (1999) on two countries namely China and Netherlands. An exploratory study of Jackson (2002) across seven nations including the USA, Hong Kong, Japan, Australia, Korea, Poland, Russia reveals that people are different as per human value and it emphasizes on developing culturally sensitive HRM policies and practices. The Study of Bjorkman and Lu (1997) conducted on 65 Chinese-Western joint ventures revealed that though the Western parent organizations had very specific and standard HRM policies, their implementation was adapted at least to some extent to the local conditions. Another important study conducted by Thang et al. (2007) reveals that those foreign practices which tend to offer compromise with the norms, values and assumptions of the existing Vietnamese culture have the best chance to be imported. The study of Pudelko and Harzing (2009) on Japan, USA and Germany reveals that adoption of USA HRM practices will be only successful if there is adaptation with the socio-cultural context of Japan.

On the contrary, the study of Galang (2007) on nine countries (China, Japan, South Korea, Taiwan, Indonesia, Philippines, Australia, Canada, and the U.S.) report that practices in hiring, training, performance appraisal and compensation are directional convergence. The study of Gamble (2006) shows how and to what extent the Chinese workers responded to Western HRM Practices. It revealed that the workers responded positively and unmodified transfer of Western HRM was possible in China by a British firm. On the other hand, the separate studies of Pudelko (2006) and Khan (2011) give us a new direction. The essence what we get from their studies that neither convergence nor divergence model can serve the purpose of HRM constituency; rather we need to adopt a middle of the path approach which can integrate the qualities of both approaches.

[2] The term 'Western HRM practices' is difficult to define as the countries in Western region are not homogenous. Therefore, it has been defined based on common characteristics of some HRM practices due to shortage of country specific literature and research findings.

Moreover, it is now proved that HRM and organizational performance are positively interlinked. The study of Akhtar et al. (2008) on 465 Chinese enterprises reveals that a valid set of strategic HRM practices i.e. training, participation, results-oriented appraisals, internal career opportunities, employment security and job descriptions affect both product/service performance of the enterprises. The study of Ahmad and Schroeder (2003) tried to make a link between HRM practices and operational performance which may help HRM and operational managers to design HRM system at the plant level to gain superior performance. The study of Fey and Bjorkman (2000) investigates the relationship between HRM and the performance of 101 foreign-owned subsidiaries in Russia and the results support that investments in HRM practices can substantially help a firm to perform better.

Therefore, an attempt has been made to investigate whether local enterprises in Bangladesh can apply Western HRM practices to achieve better organizational performances.

Objectives of the Study

The objective of this study is to analyze the Western and Bangladeshi HRM practices in the cross-cultural contexts with a view to establishing a common HRM framework for Bangladeshi organizations which will enable them to be competitive in the globalized business environment. To do so, analysis has been made to identify the HRM practices of some Western Multinational Companies operating in Bangladesh and some indigenous companies to understand the difference in practices.

III. Methodology

The main purpose of this study is to bring qualitative changes in HR practices of local companies in Bangladesh. Both primary and secondary methods were followed in preparing the paper. Primary data were collected during the period from April to August in the year 2012. Secondary information has been collected through various national, international journals, periodicals and scholarly publications (both from printed sources and electronic sources). In-depth interview was also conducted with some top and mid level employees of the Human Resources department of different Multinational companies originated in Western countries operating in Bangladesh and of some other Bangladeshi companies. A purposive sampling method has been followed in selecting the companies. The summary is shown in Table I.

Table I
Summary of Primary Data Sources

	Local Firms	MNCs	Total
No. of Firms Studied	05	05	10
No. of Top Management Interviewed	05	05	10
No. of Mid Management Interviewed	07	06	13

Western HRM Practices vs. Bangladeshi HRM practices

Study suggests that national cultural factors such as collectivism and high power distance have a strong influence on HRM practices (Mangi et al., 2012). And the following organizational practices might be regarded as being influenced by culture (Hollinshead, 2010):

- preferred organizational structures – flat/tall, consultative/authoritarian, and so on (power distance);

- recruitment, whether based on merit or nepotism (achievement v. ascription, high context);

- whether pay is individually determined (individualism v. collectivism);

- the level of statutory regulation in employment (uncertainty avoidance);

- maternity, paternity, childcare provisions, and so on (masculinity v. femininity).

The HRM practices developed in Western countries are a result of common culture. Cultural dimensions of Western countries based on Hofstede's (1980, 1993) studies may be summarized as follows:

Table II
Most likely cultural dimensions for Western countries

Cultural dimensions	Most likely cultural dimensions for Western countries
Power Distance	Low
Uncertainty Avoidance	Low
Individualism-Collectivism	Individualism
Masculinity-Femininity	Femininity
Short-Long Term Orientation	Long Term Orientation

Source: Compiled from Hofstede's study (1980, 1993).

Difference in cultural assumptions, which affect HRM practices, is the beliefs about human potential and malleability (Jaegar, 1993). In Western societies, it is believed that human potential is unlimited and they are highly creative; in contrast, developing countries view it as fixed with limited potential. In Western societies, job

descriptions are defined by specific duties, the best person is recruited to the specific position, and regarded as a resource to achieve the executive ends of the organization (Jackson, 2002). They believe in individualism and equity over equality norm in case of pay for performance; willing to evaluate self and others frankly, objectively and rationally; willing to take more responsibility and authority; managers prefer to delegate (Thang et al., 2007 and Pudelko and Harzing, 2009). So the people are highly individualistic in nature and achievement oriented. The people possess the characteristics of "Theory Y". Pay, promotion and other rewards are linked to competency- and objectives-based appraisal systems.

In Bangladesh, except few multinationals and local companies, the Human Resource Management model can be characterized by secured employment for a specific duration (mostly in the public sector), seniority based wage system and reward, only literate and politicized labor unions and mostly maintenance oriented workforce. The current HRM practices have been attributed by the indigenous culture which may be characterized as follows:

Table III
Predicted Cultural Dimensions of Bangladesh based on Hofstede's (1980, 1993) studies

Cultural Dimension	Most likely cultural dimensions for Bangladesh
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	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	Collectivist: due to family orientation, social structure, sense of responsibility, affiliation with groups or other people
Masculinity – Femininity	Masculine: due to wide gender differences, assertiveness of the people for money and other things because of poverty
Short – long term orientation	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

Source: Adopted from Abdullah et al. (undated).

Leadership in Bangladesh is mostly autocratic and Managers in Bangladeshi companies are "Theory X" oriented regarding their beliefs in human resources (Miah et al., 2001). The HR department mainly performs administrative functions to support the owner of the organization. In these organizations, decision making is characterized by bounded rationality; most communication is down-ward in direction; interactions between supervisors and subordinates are formal; very little trust is placed on employees; conflicts are suppressed and discouraged; training in general is considered to be the responsibility of employees and not of employers (Miah et al., 2001).

IV. Study Findings

This section summarizes the research findings about the HRM practices in Western MNCs operating in Bangladesh and in Bangladeshi enterprises. Analysis has been made on five HRM practices. The information was collected committing that it will be kept confidential and for the reason the names of the companies under the study have been kept undisclosed. Symbolic names have been used as MNC (1~5) for multinational companies and LC (1~5) for local companies. The basic information of the organizations under study is given below:

Table IV
Western MNCs under study

Sl #	MNCs	Business type	Country of Origin	Started operation (Year)	Manpower Size (Direct)
01	MNC1	Manufacturing (Cigarette)	UK & USA	1949	1186
02	MNC2	Manufacturing and processing (Powder Milk and other food items)	Switzerland	1994	500
03	MNC3	Manufacturing and Trading (Paints)	United Kingdom	1972	475
04	MNC4	Manufacturing (Oxygen)	United Kingdom and LaterGermany	1958	400
05	MNC5	Trading (Mobile technology, Industrial Machinery)	Germany	1968	250

Table V
Bangladeshi enterprises under study

Sl #	Organizations	Business type	Started operation (Year)	Manpower Size (Direct)
01	LC1	Manufacturing (Battery, IPS); Trading (Lubricant, etc.)	1954	3,000
02	LC2	Manufacturing (Furniture)	1975	4,000
03	LC3	Manufacturing (Cement, Paper, Tissue, etc.)	1986	12,000
04	LC4	Manufacturing (Food items)	1980	25,000
05	LC5	Manufacturing (Garments, Textiles)	1984	10,000

At the very beginning, all MNC affiliates were asked which model do they follow in designing their HRM practices? All of them answered that they use Western style HRM with some modifications in order to adjust with local culture and to comply with the requirements of Bangladesh Labor Code and latest minimum wage standard.

The process of designing and developing HRM practices in Western MNCs operating in Bangladesh can be shown in the following figure.

Figure I
The development process of HRM practices in Western MNCs operating in Bangladesh
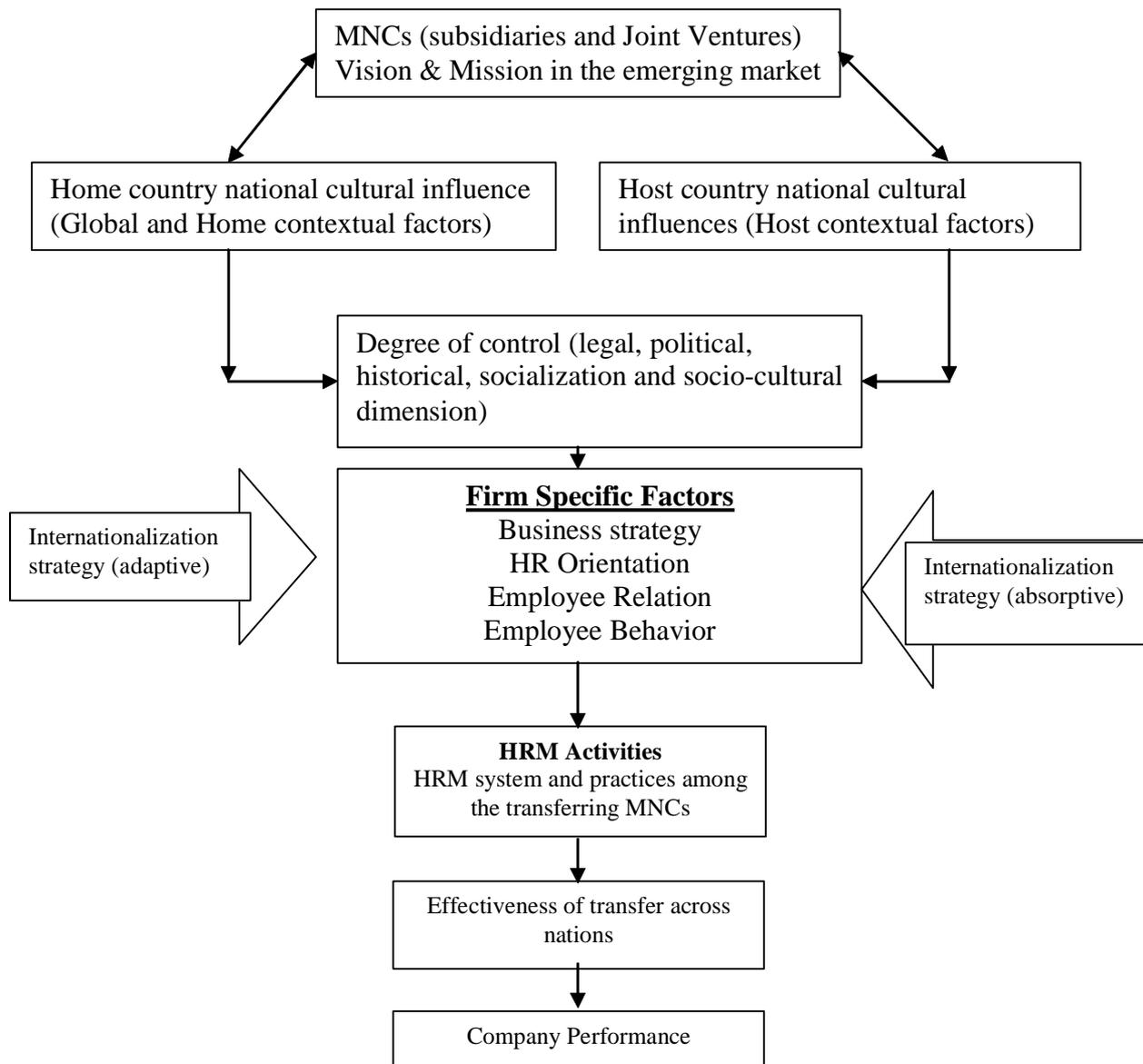
Source: Author developed the model under the supervision and guidance of Dr. M. Khasro Miah, Professor, North South University.

Whereas, the designing and development process of HRM practices in Bangladeshi organizations can be seen in the following figure:

Figure II
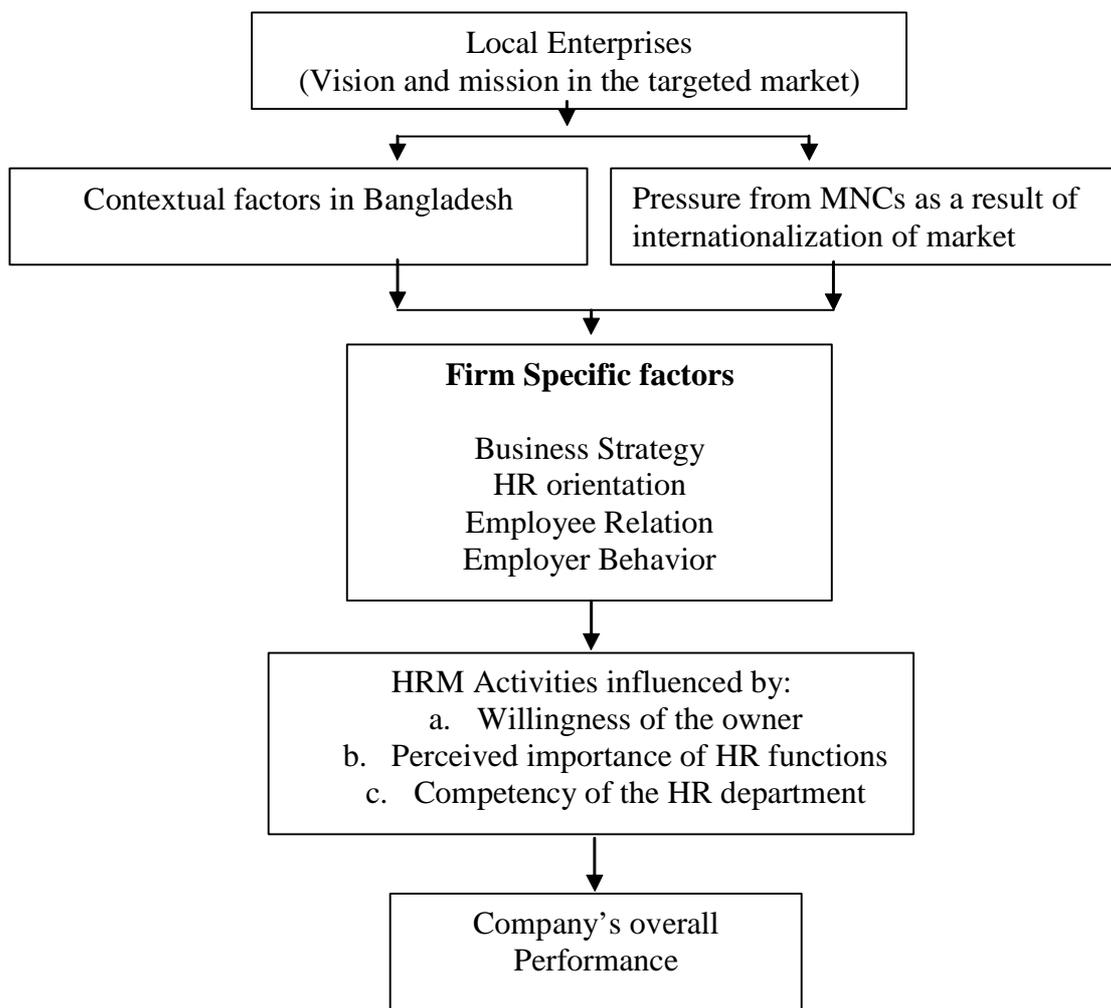**The development process of HRM practices in Bangladeshi firms**

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┌─────────────────────────────────────────────────────┐
│           Local Enterprises                            │
│   (Vision and mission in the targeted market)          │
└─────────────────────────────────────────────────────┘
          │                              │
          ▼                              ▼
┌───────────────────────────┐  ┌───────────────────────────────┐
│ Contextual factors in      │  │ Pressure from MNCs as a result │
│ Bangladesh                 │  │ of internationalization of     │
│                            │  │ market                         │
└───────────────────────────┘  └───────────────────────────────┘
          │                              │
          ▼                              ▼
┌─────────────────────────────────────────────────────┐
│              Firm Specific factors                     │
│                                                        │
│              Business Strategy                         │
│              HR orientation                            │
│              Employee Relation                         │
│              Employer Behavior                         │
└─────────────────────────────────────────────────────┘
                        │
                        ▼
┌─────────────────────────────────────────────────────┐
│           HRM Activities influenced by:                │
│        a.  Willingness of the owner                    │
│        b.  Perceived importance of HR functions        │
│        c.  Competency of the HR department             │
└─────────────────────────────────────────────────────┘
                        │
                        ▼
┌─────────────────────────────────────────────────────┐
│              Company's overall                         │
│              Performance                               │
└─────────────────────────────────────────────────────┘
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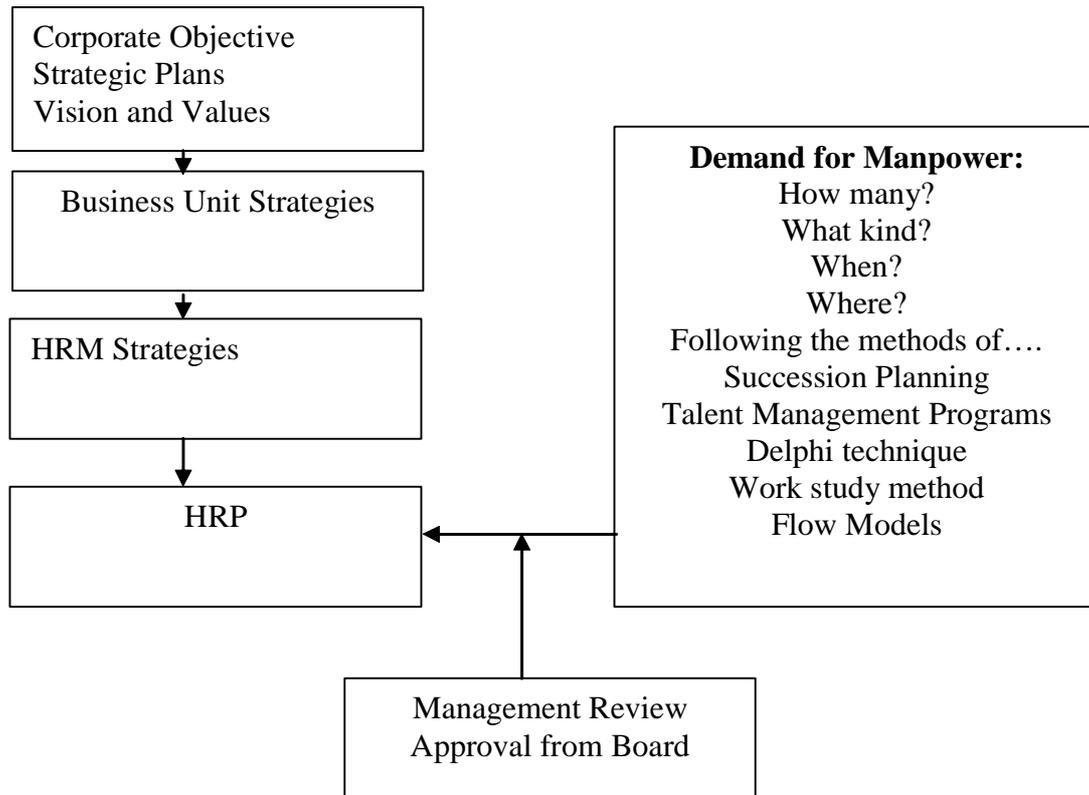
Source: Author developed the model based on research findings.

Now we will focus on specific HRM practices both in Western MNCs and Bangladeshi enterprises in more details.

a) *Human Resources Planning(HRP):* In this study, it has been found that in most of the MNCs with few variations, HRP is valued significantly to maintain smooth flow of skills and innovations to pace with rapid technological change and in order to meet the needs of expansion and diversification programs. In the structured HRP practices, MNC1 ranks the top position and MNC3 ranks the lowest among the five organizations. These enterprises mainly practice succession planning and undertake different talent management programs to support HRP. The HRP process followed in MNCs can be shown in the following figure:

Figure III
Manpower planning process in western MNCs operating in Bangladesh

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┌─────────────────────────────┐
│ Corporate Objective          │
│ Strategic Plans              │
│ Vision and Values            │
└─────────────────────────────┘
              │
              ▼
┌─────────────────────────────┐                    ┌──────────────────────────────────────┐
│ Business Unit Strategies     │                    │      Demand for Manpower:              │
│                              │                    │        How many?                       │
└─────────────────────────────┘                    │        What kind?                      │
              │                                     │          When?                         │
              ▼                                     │          Where?                        │
┌─────────────────────────────┐                    │  Following the methods of….            │
│ HRM Strategies               │                    │     Succession Planning                │
│                              │                    │  Talent Management Programs            │
└─────────────────────────────┘                    │     Delphi technique                   │
              │                                     │     Work study method                  │
              ▼                                     │       Flow Models                      │
┌─────────────────────────────┐  ◄─────────────────└──────────────────────────────────────┘
│ HRP                          │        ▲
│                              │        │
└─────────────────────────────┘        │
                      ┌─────────────────────────────┐
                      │ Management Review            │
                      │ Approval from Board          │
                      └─────────────────────────────┘
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Source: Developed by the Author.

In Bangladeshi enterprises except LC1, HRP is not properly valued and the system is done mainly on the basis of management judgment. At LC1, HRP process has strong linkages with business plans and board members have noteworthy control over the process. Other organizations under the study do not have any structured process. It is done mainly on the basis of short term focus and succession planning is missing in these organizations. As a result, these organizations suffer from skill and leadership shortage even for mid and top level management positions which sometimes affect company performance more severely.

b) *Recruitment and Selection:* Once it is determined what types of jobs in how many numbers are to be filled up with what qualification of people, then the next step is to hire the right people in the right number for jobs falling vacant. There is a big difference between the local and MNCs in the practices of manpower acquisition which is shown below:

Table VI
Comparison between Western MNCs and local firms in terms of staffing

| Subject/Criteria	Western MNCs	Local companies
Recruitment sources	Employment Agencies Professional Associations Educational Institutions Web Job sites Newspaper	Employee referrals Relatives Educational Institutions Employment Agencies Advertisements in newspaper
Selection tools	Assessment Center Situation Analysis Psychometric Test Ability Test Role Play	Unstructured interview Recommendations Intelligence Ability Test
Policy	Well written policy and strictly followed	There are some policies but not followed strictly

Source: Developed by the Author.

Manpower acquisition activities mainly take place in the starting positions in most of the MNCs whereas local organizations hire at every level in their organizational hierarchy. The MNCs adopt different employment branding strategies in order to attract quality pools e.g. Battle of Minds program by MNC1 and other CSR activities initiated by other enterprises. Because of the extensive use of above listed effective selection tools, MNCs can hire the best talents in their organizations but the local organizations are lagging behind in this war of talents. There is an exception for LC1 and LC2 where job profiles and person profiles are strictly followed for hiring like other MNCs but unlike in the case of other local firms. In case of staffing approaches, MNC1, MNC2 & MNC5 follow geocentric approach where nationality is ignored in favor of ability but other MNCs like MNC3 and MNC4 follow the polycentric approach (subsidiaries are usually managed by local nationals). In case of local firms, they usually follow ethnocentric approach with few exceptions for LC2 and LC1 where some of the top positions are filled up by overseas experts which enabled them to implement some innovative changes in the management process. Most of the staffing functions in MNCs are done following third party methods especially by management consultants and employment agencies as a strategy of outsourcing non-core activities whereas in local firms, the HR department remains busy for hiring activities for all the year round.

c) *Training and Development:* All the MNCs under the study value training as an integral part of their performance improvement process. The participants in the training and development programs are selected on the basis of training needs analysis (TNA). TNA at MNC1 and MNC2 are conducted as per the following process:

Figure IV
Training Needs Analysis Process
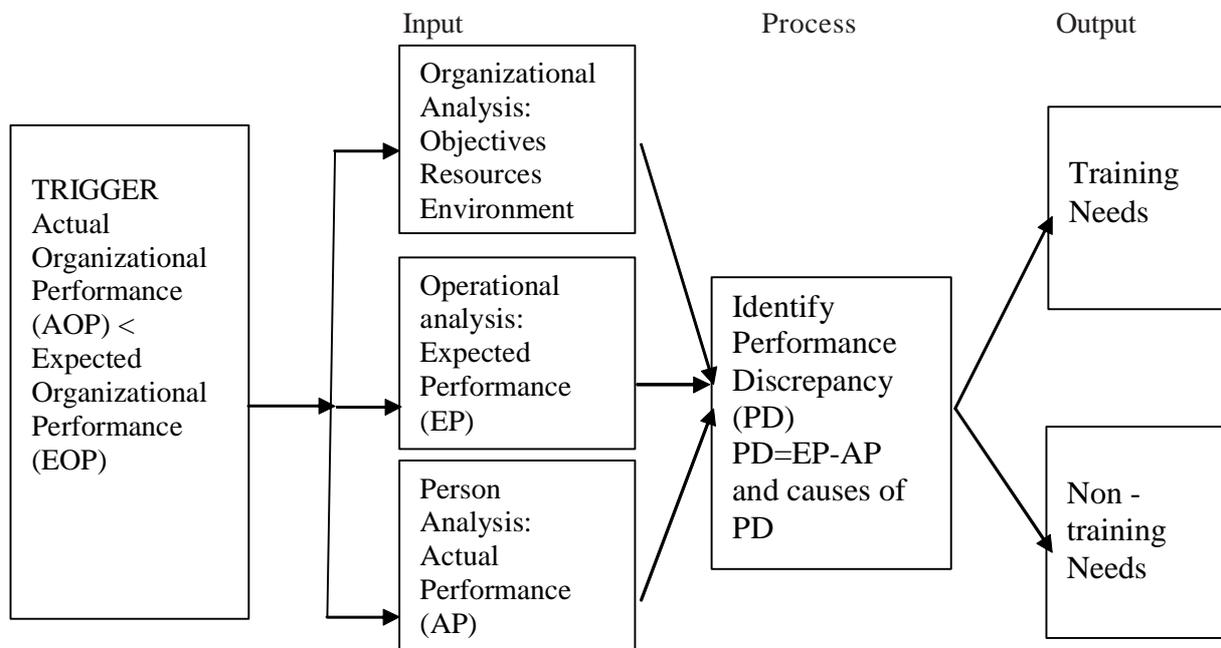
Source: Adopted from Blanchard and Thacker (2005).

Extensive trainings are provided to develop knowledge, skills and abilities (KSA) of the employees in home and overseas by the MNCs, whereas, in local enterprises employee development is given less priority. There is no systematic TNA conducted by local firms and there are some trainings provided to the employees who are selected on the basis of subjective choice of supervisors. Only LC1, among the local organizations, provides training to its employees and that can be compared with the practices in MNC3 and MNC4. It maintains an annual training calendar and on the basis of identifying training needs the input of which are generated from performance appraisal reports and comment of the supervisors, the trainings are provided both at home and abroad. It also practices several in-house employee development programs like I+10 and 10 habits of highly effective people to emphasize focus on self-development to enhance team performance. A new joiner at LC1 has to cover two sessions of the I+10 program initially. The first is an awareness session followed by a 360 degree community session, where the individual is given feedback by his team members relating to the 10 habits. It has defined competency framework for each job and develops its every employee to make him fit for the current and future assignments.

d) *Performance Appraisal:* We found local firms similar to the MNCs under this study have their own performance appraisal system but vary organization to organization in terms of methods used and quality derived from the process. Most of the MNCs except

MNC3 use modern appraisal methods i.e. MNC1 and MNC2 use balanced scorecard, assessment centers and management by objectives (MBO) methods and MNC5 and MNC4 use MBO and behaviorally anchored rating scale (BARS) methods, on the contrary MNC3 uses graphic rating scale (GRS) with some combination of BARS method. The outcome of this appraisal has a strong link in defining future career and remuneration of the employees. But the local companies use traditional methods like checklist and GRS to appraise their employees and the outcome has little implications on pay fixation and career progression. An exception has been found in case of LC1 where David Norton and Robert Kaplan are working as consultants to implement balanced scorecard as a tool for appraising performance of the employees. Every month, there is a performance review meeting held to find out the improvement areas. MNC1 conducts performance appraisal half yearly basis whereas MNC3 and MNC2 appraise performance once in a year. The organizations which could make a strong linkage between appraisal outcome and reward are performing better in the marketplace.

e) *Compensation and Benefits:* Most of the MNCs design their compensation system combining both base pay and variable pay, the ratio of which is 65:35, whereas, in local companies the ratio is about 90:10. In formulating compensation decision, the MNCs try to address some important issues, like:

   i)   Whether the compensation structure supports the business strategy.

   ii) Does it support talent retention program of the organization?

   iii) How should total compensation be positioned against the competitors?

The MNCs under the study usually have the intention to be the market leader in terms of compensation payment in their respective industry which has made them as preferred employers among the job seekers. Transparent and variable pay system has made their employees dedicated, committed and result oriented. On the other hand, among the local companies, LC1 and LC2 offer competitive remuneration package to their employees.

From the analysis of the organizations, we have found several HRM characteristics common for MNCs. These are:

   a.   Focus on core activities;

   b.   Aligned with core business strategies;

   c.   HR department acts as a partner in all operational process;

   d.   Focus on adding value to the organization;

   e.   All expenses are accounted as a means of achieving value for the organization;

   f.   Strong emphasis on talent management and management development activities;

   g.   HR department acts as knowledge generators and disseminators;

   h.   Management views HR department as change agent.

The MNCs have implemented home country HRM practices adjusting with the host country culture. These practices enabled them to attract and retain talents in these organizations and helped them to be an industry leader.

Whereas in Bangladeshi organizations, HRM practices can be characterized in the following manner:

   a.   Focus on non-core and administrative activities;

   b.   Not aligned with core business strategies;

   c.   HR department possesses little knowledge about the business process and hence acts as an isolated department;

   d.   Expenses on people development get less priority in the annual budget;

   e.   HR department performs maintenance oriented role rather being involved in growth oriented activities;

   f.   Focus on short term gain;

   g.   Owner driven;

   h.   Emphasis on kinship, loyalty rather than ability.

V. Conclusion and Recommendations

In the above analysis, it has been found that the firms that adopted traditional HRM practices are falling behind in comparison to the firms which have adopted modern practices originated in Western countries adjusting with the local culture. LC1, for example, has implemented several modern HRM practices and experiencing continuous growth in the sheer competitive environment. Therefore, we may conclude on the basis of the research findings that culturally indigenous HRM practices evolved along with the country's national culture in Bangladesh have failed to contribute in the organizational success. But there is strong evidence that the effective HRM practices have created positive impact on firm performance. Therefore, modernizing HRM practices is a must to be adaptive in the ever changing competitive market environment. In the context of globalization, the challenge of Human Resource Management (HRM) practices would be to create an environment of resilience, which can accommodate and assimilate successfully changes in systems, structures, technologies, methods, etc. (Singh, 2009). In case of Bangladesh, we would like to suggest indigenous enterprises to follow the middle of the path approach in designing their HR policies and practices. It will enable the firms to make effective synergy between the best HRM practices originated in Western countries

and the host country culture. This changes in HRM practices might have strong influence in shaping organizational culture by providing information to employees that influences their assumptions, values and attitudes (Ngo and Loi, 2008; Lau and Ngo, 2004; Bowen and Ostroff, 2004; and McKenzie, 2010).

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[2]The term 'Western HRM practices' is difficult to define as the countries in Western region are not homogenous. Therefore, it has been defined based on common characteristics of some HRM practices due to shortage of country specific literature and research findings.

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