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Human Resource Management Practices and Organizational Performance: Evidence from Japanese and US Subsidiaries/Joint Venture in Bangladesh

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ABSTRACT

The purpose of this research is to examine the conditions of home and host country culture as well as country of origin effect of HRM practices and its result on organizational performance (OP). The empirical findings showed that Japanese and U.S subsidiaries and joint ventures adapt localization practices with their modifying home host technique with the local business environment. The findings recommend that managers in the US and Japanese subsidiaries and joint ventures in Bangladesh are more strongly influenced by its host country's national culture (as an adoptive host country national and corporate culture). Finally, it can be stated that foreign subsidiaries and joint ventures are trying to achieve the location advantage to create a particular type of HRM practices, with a combined and confined HRM practice that can fit for better organizational performance.

KEY WORDS

HRM practices, organizational performance, Japanese and US subsidiaries and joint ventures, Bangladesh

JEL Code: D12, L25, M51, O15

1 INTRODUCTION

Due to the rapid change of globalization, new technology, the mobility of human resources and cultural issues, managerial power and human resources management (HRM) practices also have been improved dramatically (Brewster & Tregaskis, 2003; Dowling, Welch & Schuler, 1999; Edwards, 1998). The principle of convergence is identified by the different theoretical concept of divergence/ convergence involving to the country and local framework, including enlightening variables, rigid environment, labor market attributes, skills supply and level, and industry formation (Porter, 1987). These may bind or aid accomplishment of strategic HRM practices. Although there is some variety of organization and potential analysis, e.g. 'organizational effectiveness' and 'high dedicated work cultures,' all these systems may help to improve an organization's performance. Insufficient concentration is given to the significance of organizational framework and enabling/disabling organizational factors (Jackson and Schuler, 1995; Marchington and Grugulis, 2000).

In the field of institutionalization approach is represented by the 'business systems' tactic (Whitley, 1992, 1996, 1999), the societal effect method (Maurice, 1979; Sorge & Warner, 1986) and, more recently, the analysis of 'varieties of HRM practices (Hollingsworth & Boyer, 1997; Kitschelt et al., 1999; Hall & Soskice, 2001). Both the cultural and the various materializations of the institutional approaches found modest extent for the cross-national merging of management practices. A country repeatedly referred to in this context is Japan. Its management representation and in exacting its HRM model has, at least until newly, been frequently depicted as very diverse from -style management, yet determined (Dore 2000; Kono & Clegg, 2001; Ouchi, 1981; Vogel, 1979). Though, significant and persisting differences in management methods have been recognized yet in the middle of countries, mostly involving the US and Europe (Brewster & Bournois, 1993; Brewster, 1995; Guest, 1990). Katz & Derbyshire (2000) examine an increasing convergence of various patterns of HRM practices among industrialized countries, simultaneous with the growing divergence of employment practices inside each country, a reality they call converging divergences.

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However, earlier research has also exposed that national cultural and institutional characteristics bound the transfer of HRM practices (Beechler & Yang, 1994; Ferner, 1997; Schuler & Rogovsky, 1998; Khilji, 2003; Myloni et al., 2004). One clear reason for a country getting the position of a leading model is better economic performance. More explicitly, if the strengths of a winning economy are concerned in industries which are characterized by intense international opposition – for example, complicated mass production sectors like automobiles and electronics – the consideration and the willingness to learn from it will be unusually high. Such industries are frequently the key point for important ‘best practices’ and the place where global standards of management practice are set. Taylorism, or ‘scientific management,’ has been the most famous example for a management notion claiming general authority. Other examples are inclining production, kaizen, re-engineering and management by objectives. According to Smith & Meiksins (1995), the USA and Japan are most commonly denoted to as role models, “as they present ‘best practice’ ideas from which other societies can borrow and learn.” As economic performance and development pathways vary over time, however, the role of a ‘leading’ economy also swaps among countries. In the 1950s, 1960s and most of the 1970s the American management approach was evidently dominant, and there was a common expectation that it would increase around the world, gaining function in many foreign countries. One principal arbitrator in diffusing ‘best practices’ internationally are MNCs as they are calculated to be mainly efficient in transferring information across national boundaries (Bartlett & Ghoshal, 1989). Therefore, in this study, the dominance effect is defined as standardization around management practices that are usually apparent as signifying ‘best practices.’

2 HOME AND HOST COUNTRY CULTURE AND HRM PRACTICES

For the period of the last few years, companies have been moved to a competitive environment. It has been argued that human assets are a promising source of spirited advantage for MNCs (Bartlett & Ghoshal, 1991; Schuler & Rogovsky, 1998). HRM is developing from being just a sustainable meaning to one of tactical significance (Teagarden & Von Glinow, 1997). Bartlett and Ghosal (1991) have shown that HRM policies and practices are very crucial for international operations because it is one of the primary mechanisms. Principles and HR systems help to shape organizational culture and the people who control within and pressure that culture; and MNCs therefore, try to move their HRM practices abroad. Conversely, it has also been argued that HRM constitutes a significant restraint when MNCs try to implement global strategies (Adler & Bartholomew, 1992). HRM can be seen as the component of the overall policy of the organization. Perlmutter (1969) shows that an MNC has three strategic choices: ethnocentric, polycentric and global. However, it’s hard to provide specific reasons when it comes to the transfer of HRM practices abroad. External factors like host country environment, limit the MNC's autonomy to choose among the above strategies. In practice, MNCs are using a mixed approach and, as Tayeb (1998) puts it, select the policy that suits best with each subsidiary's local environment.

In addition, recent research has focused on Japanese and US subsidiaries and human resources management which is already discard light on some of the factors that affect MNCs' choices of localization versus internal consistency of HRM practices (Beechler & Yang, 1994; Rosenzweig & Nohria, 1994; Guest & Hoque, 1996; Newman & Nollen, 1996; Bae et al., 1998; Ngo et al., 1998). This article is examining the way in which factors are originating from the cultural and institutional framework of a home and host country force on HRM transfer. To explain cross-national differences adequately, they used both approaches to detain a broad range of influences on HRM transfer. It can be argued that the cultural and institutional environment becomes even more vital for HRM transfer to host countries that are in an intermediary state. Recent research has exposed that companies in different countries are different from their HR policies and practices (Ferner 1997). It has also been noted that transferring HR policies, and practices to different countries can be pretty difficult (Rozenweig & Nohria, 1994; Hofstede, 1980; Yuen & Kee, 1993; Bae et al., 1998; Kovach, 1994). Some of the important complications are strictly related to the home and host country's cultural and institutional environment. The dominance of management theory has recognized universal management practices that can be useful anywhere. There is no single best way to manage an organization because there is the difference in local culture and managerial culture. Some foreign companies have accepted a cultural viewpoint on organizations (e.g. Hofstede, 1980; Laurent, 1983; Trompenaars, 1994; Jackson, 2002). Management and organization cannot be cut off from their particular cultural environment. As with most management practices, HRM practices are based on the cultural attitude that replicates the essential assumptions and values of the national culture in which organizations are rooted. Study leads to the question of what happens when MNCs want to transfer some of their HRM practices overseas when such practices do not fit with the cultures of the recipient host-countries. Inability to adjust HRM practices to a host country's culture can lead to adverse cost that prevents a subsidiary's performance. The present study provides facts that MNCs adapt to a convinced degree to national cultures in which they manage (Beechler & Yang 1994; Fay, 1996; Schuler & Rogovsky, 1998; Tayeb, 1998).

3 HYPOTHESIS DEVELOPMENT

Recruitment and Selection

Fair recruitment involves an essential basis for the employment tests (Huselid, 1995). The performance of human resource management needs a fair recruitment system (Bellingham, Cohen, Edwards & Allen, 1990; Huselid, Jackson & Schuler, 1997). It is a most important way of which a company can ensure that it has the right types of people are by hiring the right types of individuals in the right place (Opatha, 2010, acc. to Ekwoaba, Ikeije & Ufoma, 2015). On the other hand, if the company practices a standard recruitment and selection process, it increases employees positive work environment as they feel that employees judge by them, and finally, better organizational performance can be achieved (Ezeali & Esiagu, 2010; Huselid, 1995).

Hypothesis 1: Effective recruitment practices will be positively associated with organizational performance perceived by managers.

Merit based promotion

Merit based promotions are the most important form of pay for performance in many organizations. It is the primary goal by which workers can raise their long-run compensation and organization performance (Lazear, 1992; McCue, 1992). Best performers can only get a merit-based promotion (Gibbs, 1994; Medoff & Abraham, 1980, 1981). According to Tassema & Soeters (2006), there is a particular affiliation among the promotion practices and employee perceived performance. Organizations those are financially stable in the position such as HP (Hewlett-Packard) usage the merit-based promotion practices to advance their organizations (Truss, 2001).

Hypothesis 2: Merit-based promotion practices will be positively associated with organizational performance perceived by managers.

Paternalistic Leadership Style

In paternalistic leadership style, people in authority consider employees to an obligation and make sure to protect them (Aycan, Kanungo, & Sinha, 1999; James, Chen & Cropanzano, 1996). Thus, paternalistic leadership style provides both professional and personal guidance to employees (Gelfand et al., 2007). As a result, employees are more dedicated to their work which leads organizational performance. Research suggests that paternalism is an effective approach in many on- management styles (Farh et al., 2006; Martinez, 2003; Pellegrini & Scandura, 2006; Uhl-Bien et al., 1990).

Hypothesis 3: Paternalistic leadership practice will be positively associated with organizational performance perceived by managers.

Decentralized Decision Making

The appropriate or systematic approach of decision rights within an organization has been widely accepted because it increases employees' healthy working environment and better organizational performance (Friebel & Raith, 2001). Designation without authority is like forming many rules but no application of those standards. The level of trust of employee's increases as they get empowered (Moye & Henkin, 2006). According to Jarrar and Zairi (2002) when employers give power to employees in decision making that will increase their responsibility in an achievement of job satisfaction. The loyalty of employees towards organization is based on empowerment (Lee, Nam, Park & Lee, 2006). Empowerment is one of powerful technique that effects employee's commitment and better organizational performance.

Hypothesis 4: Decentralized decision-making practice of an organization will be positively associated organizational performance perceived by managers.

Employee Benefits

Researchers have detected that there is a strong relationship between employee benefits and organizational performance (Vu, 2014; Prasnikar, Ferligoj, Cirman, & Valentincic, 1999). Benefits or incentives can be different types of form like monetary remunerations or other types of incentive-based compensation such as stock option, share ownership, rewards, and bonuses. Employees' performance will be substantially better under benefit plans because it is supportive and innovative work practices (Ichniowski, Shaw & Prensushi, 1997). Thus, the employee feels committed to their jobs, and it results in organizational performance. Armstrong (2001) linked benefits to the achievement, motivation, productive and organizational performance. Ian, Jim and Will (2004) concurred that benefits should be designed such a way that an organization can use it effectively to increase work commitment to employees and overall organizational performance.

Hypothesis 5: Employee benefit practice of an organization will be positively associated with organizational performance perceived by managers.

Training and Development

Researchers have initiated that there is strong support for the impact of training on productivity and where employees and employers are both beneficial (Ballot, Gerard, Fakhfakh, & Taymaz, 2006; Conti, 2005; Dearden, Lorraine, Reed & Van Reenen, 2006). Moreover, Lynch and Black (1995) suggested that training improves employees' work commitment and organizational performance. Further established by Barrett and O'Connell (2001) extensive training is more effective than organizational specific training to the employee. Nankervis, Compton, and McCarthy (1999) showed that effective training not only improves employees' knowledge and skills to accomplish their job but also it increases employees' satisfaction level which leads final organizational performance.

Hypothesis 6: Extensive training and development practice of an organization will be positively associated with organizational performance perceived by managers.

4 METHODOLOGY

This research has been conducted in Bangladesh between US and Japanese MNCs subsidiaries and joint venture. In this research, prior studies, research questions have used to determine the perceived results. Using a survey system, we collected data from managers, assistant managers and HR executives of US and Japanese subsidiaries and a joint venture in Bangladesh. We followed mixed approach to ensure an acceptable number of replies since mail surveys have a record of low response rates (Harzing, 1997). The respondents also provided qualitative data on the organization's HRM practices during the interviews. Six areas of HRM practices are examined such as selection and recruitment, training and development, employee benefits, merit-based promotion, paternalistic leadership style and decentralized decision making.

Analysis

Data are analyzed using SPSS, version 20. Correlations, using Pearson's 'r' are completed to explore the relationship between HRM practices and organizational performance. Also, the multiple linear regression techniques are used to investigate the differential impacts of those approaches being tested.

The sample

In total, 35 US and Japanese subsidiaries and joint venture (20+15) were randomly selected in this study. Among 20 US subsidiaries and joint venture, 120 survey questionnaires were distributed to the manager HR, assistant manager HR and HR executives. We received 82 usable questionnaires from US subsidiaries and rests of 38 questionnaires were missing and incomplete. On the other hand, among 15 Japanese subsidiaries and joint ventures, 90 questionnaires were distributed to the manager HR, assistant manager HR and HR executives and returned 69 were usable, and 21 were missing and incomplete. Total distributed 210 survey questionnaires and total returned usable questionnaires for analysis 151 which are 71.9% of a total number of distributed. Total missing 59 which are 28.1% of total number where 15 questionnaires are incomplete, rest of questionnaires are not usable due to other data problem.

Measurement and scales

Several items were used to measure the variables, which capture aspects of HRM practices. Researchers have shown that how closely these items matched their organizational performance and current HRM practices, in most of the cases on a five-point Likert scale. Respondents were also questioned to answer a particular query regarding the degree of transfer that took place in each of these different groups of HRM practices. Moreover, following Hannon et al., (1995) and Rosenzweig and Nohria (1994), Conti (2005) the questionnaire included questions on the degree of subsidiary's interaction with HR practices and organizational performance.

The measurement scale of recruitment & selection developed by Schuler and Jackson (1987) to identify employees' work commitment related with a standard hiring process that leads final organizational performance. This measure asked different Japanese and US companies to rate on a 5 (Five) point scale, from 1 (strongly disagree) to 5 (Strongly Agree). These are Selection methods used (application forms, assessment centers, psychometric tests); Low / high importance of recommendation and personal acquaintance with the potential candidate; Internal/external recruitment, etc.

McCelland (2002) developed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) for training and development. The statements are; Attending training in past 12 months; individual plan for professional development; preferred learning styles; perceived training needs.

The measurement scale of merit-based promotion is developed by Shahzad, Bashir and Ramay (2008). Their research questions regarding promotional factors showed the fact of employees' work commitment that leads organizational performance. This measure asked different Japanese and US companies to rate on a 5 (Five) point scale. These are Presence of written and operational promotion policy; Provision of priority to seniority in promotion; Provision of precedence to merit in promotion; the Primary objective of employee promotion (performance improvement – career development).

Page and Tomson (2002) developed a five scale rating point of measuring employees' benefit policy that increases employees' work commitment and organizational performance. These are: Personal time and personal leave policies meet or exceed expectations; Work life services (legal, domestic partner benefits, fitness programs) meet or exceed expectations; Life and disability insurance meet or exceed expectations; The 401 (K) savings program meet or exceed expectations; Vacation benefits meet or exceed expectations.

Cheng et al., (2000) developed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) of paternalistic leadership. The statements are; Supervisor is like a family member when he/she gets along with employee; Supervisor devotes all his/her energy to taking care of employees; Beyond work relations, my supervisor expresses concern about employees' daily life; Supervisor ordinarily shows a kind concern for employees' comfort; Supervisor takes very thoughtful care of subordinates who have spent a long time with him.

Brown and Cregan (2008), Morehead et al., (1997) developed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) of decentralized decision making. The statements are: Employees are involved in decision making; Organization shares information with employees; Employees are actively committed to involvement; Employees have the power to make a major decision.

The organizational performance was measured using a five-point scale in which indicator items ranged from low performance (1), rather low (2), average (3), rather high (4) and high (5). A combined scale used from earlier research (Bird & Bechler, 1999; Huslid & Becker, 1997; Miah & Bird, 2007; Macduffie 1995; and Huselid & Backer, 1994) was adopted in this study for Organizational Performance. It consisted of seven items measuring the performance. The items are Relations between management and other employees, relations among employees in general, the satisfaction of customers, the presence of the ability to attract essential employees and ability to retain key employees. The factor analysis based on all managers showed that the five items of US and Japanese subsidiaries and joint ventures consist of one factor, with adequately alpha (α) = .70 coefficient.

Table 1: Factor analysis of HRM practices using for the present study

| Variables | Loading | Eigen Values | Percentage of total variance explained | Cumulative percentage of variance explained | Cronbach alpha Value |
|--|---------|--------------|--|---|----------------------|
| Recruitment & Selection | | | | | |
| Selection methods used (application forms, assessment centers, psychometric tests) | .75 | 3.46 | 36.891 | 36.891 | .79 |
| Low / high importance of recommendation and/or personal acquaintance with the potential candidate | .78 | | | | |
| Internal / external recruitment | .76 | | | | |
| Selection criteria based on informal qualifications | .75 | | | | |
| Training & Development | | | | | |
| Attending training in past 12 month | .76 | 2.11 | 34.671 | 34.671 | .77 |
| individual plan for professional development | .54 | | | | |
| perceived training needs | .76 | | | | |
| Promotion | | | | | |
| Presence of written and operational promotion policy | .67 | 2.01 | 32.471 | 32.471 | .74 |
| Provision of priority to seniority in promotion | .77 | | | | |
| Provision of priority to merit in promotion | -0.20 | | | | |
| Primary objective of employee promotion (performance improvement – career development). | .49 | | | | |
| Employee Benefits | | | | | |
| Personal time and personal leave policies meet or exceed expectations | -.59 | 2.28 | 34.623 | 34.623 | .75 |
| Work life services (legal, domestic partner benefits, and fitness programs) meet or exceed expectations. | .71 | | | | |
| Life and disability insurance meet or exceed expectations | .60 | | | | |
| The 401 (K) savings program meet or exceed expectations. | .78 | | | | |
| Vacation benefits meet or exceed expectations. | .69 | | | | |

| Variables | Loading | Eigen Values | Percentage of total variance explained | Cumulative percentage of variance explained | Cronbach alpha Value |
|--|---------|--------------|--|---|----------------------|
| Paternalistic Leadership Style | | | | | |
| Supervisor is like a family member when he/she gets along with employee. | .61 | 1.77 | 32.532 | 32.532 | .73 |
| Supervisor devotes all his/her energy to taking care of employees. | -.62 | | | | |
| Beyond work relations, my supervisor expresses concern about employees' daily life. | .64 | | | | |
| Supervisor ordinarily shows a kind concern for employees' comfort. | .61 | | | | |
| Supervisor takes very thoughtful care of subordinates who have spent a long time with him. | -.49 | | | | |
| Decentralized Decision Making | | | | | |
| Employees are involved in decision making | .73 | 2.29 | 30.771 | 34.771 | .76 |
| Organization shares information with employees | -.57 | | | | |
| Employees are actively committed to involvement | -.46 | | | | |
| Employees have power to make important decision | .75 | | | | |

Exploratory principal component factor analysis identified six HRM practice namely, recruitment and selection, training, promotion, decentralized decision making, paternalistic leadership style, and employee benefits. Results of factor analysis are at Table 1. The first factor was classified as recruitment and selection with accounted for (36.89%) of explained variance and considered as most vital. The second factor was 'training and development' explained (34.67%) variance and considered as most significant. The third factor 'promotion' explained (32.47%) variance which is considered another important. The fourth factor 'employee benefits' explained (34.62%) variance. The fifth factor 'paternalistic leadership style' explained (32.53%) variance and considered as most vital. The last and sixth factor 'decentralized decision making' accounted for (34.77%) variance and comprised of four scale items. Organizational performance accounted for (37.99%) variance and comprised of five scale items.

5 RESULTS

Table 2: Correlation matrix results of US and Japanese subsidiaries and joint venture

| No | Criteria | USA | | Japanese | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|----|----------------------------|------|------|----------|------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| | | Mean | S.D | Mean | S.D | | | | | | | | | |
| 1 | Organizational performance | 2.20 | 0.61 | 2.27 | 0.62 | - | .33** | .30** | .15 | .23** | .25** | .33** | .22** | -.15 |
| 2 | Recruitment | 3.68 | 0.71 | 3.57 | 0.70 | .36** | - | .31** | .58** | .47** | .24** | .71** | -.11 | .03 |
| 3 | Training | 4.31 | 0.62 | 4.29 | 0.64 | .31** | .32** | - | .36** | .24** | -.22 | -.23 | .10** | .05 |
| 4 | Promotion | 4.25 | 0.89 | 4.11 | 0.82 | .18** | .57** | .37** | - | .37 | .12** | .24** | .21** | -.15 |
| 5 | Employee Benefits | 3.12 | 0.65 | 3.11 | 0.53 | .12** | .33** | .26** | .22** | - | .26** | .14** | -.16 | -.07 |
| 6 | PLS | 0.30 | 0.93 | 0.45 | 0.91 | .15** | .28** | -.23 | .16** | .12** | - | .28** | .42** | -.32 |
| 7 | DDM | 0.11 | 0.45 | 0.57 | 0.43 | .09 | .73** | -.21 | .23** | .16** | .11** | - | .21** | -.03 |
| 8 | Organization Size | 0.57 | 0.31 | 0.21 | 0.30 | .23** | -.19 | .11** | .20 | -.15 | .44** | .18** | - | .11* |
| 9 | Age | 2.51 | 0.46 | 2.59 | 0.44 | .17** | .04 | .07 | -.19 | -.08 | -.33 | .21** | .33** | - |

Note: PLS = Paternalistic Leadership Style; DDM = Decision Decentralization

Table 2 exhibits the means, standard deviations, and correlations of US companies among the variables in this study. Six HRM practice (Recruitment and Selection, Training and development, Promotion, Paternalistic leadership style, decentralized decision making and employee benefits) has significant influences on the organizational performance perceived by managers of US and Japanese company in Bangladesh. Type of organization size and Age are found to be significantly related to organizational performance. It indicates that higher levels of organizational performance is positively related with recruitment and selection ($r = 0.36, p < 0.01$); training and development

($r = 0.31, p < 0.01$); merit-based promotion ($r = 0.18, p < 0.01$); employee benefits ($r = 0.12, p < 0.01$); paternalistic leadership style ($r = 0.15, p < 0.01$) of all managers respectively. Hypothesis 1,2,3,4 and 5 of the present study is accepted. However, decentralized decision making ($r = 0.09$) positively impacts on organizational performance and indicated this is positively related but not significantly impact on organizational performance. This weak correlation of decentralized decision-making found that the symptoms to decentralized decision-making errors. In this case, organizations are a failure to practice decentralized decision-making practices to perceive important organizational performance.

Table 2 shows that recruitment & selection, training, and development, paternalistic leadership style, employee benefits, decentralized decision making of a Japanese company is found to be significantly related to organizational performance. It indicates that higher levels of organizational performance is positively associated with recruitment & selection ($r = 0.33, p < 0.05$); training and development ($r = 0.30, p < 0.05$); employee benefits ($r = 0.23, p < 0.05$); paternalistic leadership style ($r = 0.25, p < 0.5$); decentralized decision-making ($r = 0.33, p < 0.5$) perceived by managers. However, promotion practices ($r = 0.17, p < \text{not significant}$) of Japanese company showed that insignificant, weak association with effective organizational performance. Therefore, it does not support Hypothesis 3. However, the Merit-based promotion has a positive influence on organization performance and not significant with organizational performance. This weak correlation of Merit based Promotion with better organizational performance found that there are some errors in promotion policy or practices in a Japanese company as they most focus on seniority-based promotion rather that merit based promotion.

Table 3: Correlation results among all variables used for the present research all sample managers

| No. | Criteria | Mean | S.D. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|-----|--------------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|------|---|
| 1 | Organizational performance | 2.27 | 0.61 | - | | | | | | | | |
| 2 | Recruitment | 3.57 | 0.72 | .38** | | | | | | | | |
| 3 | Training | 4.29 | 0.63 | .37** | .31** | | | | | | | |
| 4 | Promotion | 4.11 | 0.84 | .13 | .52** | .37** | | | | | | |
| 5 | Employee Benefits | 3.13 | 0.47 | .18** | .41** | .30** | .15** | | | | | |
| 6 | Paternalistic Leadership Style | 0.45 | 0.95 | .27** | .23** | -.23 | .13** | .18** | | | | |
| 7 | Decision decentralization | 0.57 | 0.46 | .08 | .74** | -.21 | .22** | .15** | .19** | | | |
| 8 | Organization Size | 0.21 | 0.37 | .23** | -.15 | .11** | .21** | -.14 | .45** | .21** | | |
| 9 | Age of Employee | 2.59 | 0.48 | -.12 | .06 | .07 | -.16 | -.06 | -.32 | -.23 | -.27 | - |

In Table 3 shows the overall correlation of HRM practices with organizational performance in both US and Japanese companies. Result found that recruitment & selection ($r = 0.38, p < 0.05$), training and development ($r = 0.37, p < 0.01$), employee benefits ($r = 0.18, p < 0.5$) and paternalistic leadership style ($r = 0.27, p < 0.01$) is positively associated with organizational performance in both US and Japanese companies. On the other hand, decentralized decision making and merit-based promotion positively influence on organizational performance but not significant with organizational performance.

The result of Table 4 shows that HRM practices consistently affect the organizational performance positively. Here $\beta = .31(p < .001)$, $\beta = .39(p < .001)$ for RS practices of US and Japanese company and overall $\beta = .35(p < .001)$. Therefore, it means that recruitment and selection was positively significant with organizational performance. Again, training and development, employee benefits, paternalistic leadership style also have positive significance with organizational performance since training and development for the US and Japanese companies ($\beta = 0.32, p < .001$), ($\beta = 0.34, p < .001$) and overall ($\beta = .33, p < .001$) respectively. Employee benefits for US and Japanese companies ($\beta = 0.38, p < .001$), ($\beta = 0.37, p < .001$) and overall ($\beta = .37, p < .001$) respectively. Paternalistic leadership style1 for US and Japanese companies ($\beta = 0.39, p < .001$), ($\beta = 0.34, p < .001$) and overall ($\beta = .36, p < .001$) respectively. However $\beta = 0.34, (p < .001)$, $\beta = 0.22, (p < \text{not significant})$ for US and Japanese company respectively and overall $\beta = .33, (p < \text{not significant})$. It means that merit-based promotion is positively significant with organizational performance in US companies but in a Japanese company, it has positive influence but not important with organizational performance, and overall it has no positive significant with organizational performance.

Table 4: Hierarchical regression results on HRM practices and organizational performance (N= 151)

| Category | Overall Company | | | US Company | | | Japanese Company | | |
|--------------------------------|-----------------|------|-----|------------|------|-----|------------------|------|-----|
| Variable | β | t | Sig | β | t | Sig | β | t | Sig |
| Recruitment and Selection | .35 | 3.75 | *** | 0.31 | 3.57 | *** | 0.39 | 3.62 | *** |
| Training and development | .33 | 2.86 | *** | 0.32 | 3.63 | *** | 0.34 | 3.68 | *** |
| Merit based promotion | .33 | 3.69 | n.s | 0.34 | 3.68 | *** | 0.22 | 3.66 | n.s |
| Employee Benefits | .37 | 3.79 | *** | 0.38 | 3.69 | *** | 0.37 | 3.60 | *** |
| Paternalistic Leadership Style | .36 | 3.59 | *** | 0.39 | 3.70 | *** | 0.34 | 3.65 | *** |
| Decentralized Decision Making | .38 | 3.77 | n.s | 0.37 | 3.71 | n.s | 0.39 | 3.66 | *** |
| Organization Size | .16 | 3.55 | n.s | 0.26 | 1.66 | *** | 0.28 | 1.62 | *** |
| Age of Employee | .22 | 2.40 | *** | 0.28 | 2.63 | *** | 0.26 | 2.63 | *** |

Also, we can see that decentralized decision making is not significant with organizational performance though it has the positive influence on US companies ($\beta=0.37$, $p < \text{not significant}$). Again decentralized decision making for Japanese companies is ($\beta = 0.39$, $p < .001$) it is positively significant with the organizational performance but overall decentralized decision making is not positively significant with an organizational performance where ($\beta = .38$, $p < \text{not significant}$).

Table 4 also shows that company size is positively significant with organizational performance. For US companies ($\beta = .26$, $p < .001$); for Japanese companies ($\beta = .26$, $p < .001$) and overall ($\beta = .22$, $p < .001$). It indicates that company size is also important regarding HRM practices in US and Japanese subsidiaries/ joint venture. In contrast, large organizations have better HRM practices where small organizations do not practice HRM system correctly.

6 DISCUSSION

This study highlights the importance of HRM practices in US and Japanese companies in Bangladesh. It gives to considerate of the impact of HRM practices on organizational performance. In this study, six essential HR practice are recognized. These HR practices have evaluated to find out the relationship between HR practices and organizational performance. In this study, we have examined recruitment and selection and its effect on organizational performance. Recruitment is the process of finding and attracting desired candidates for a job vacancy, at present, it is a major strategic issue (Li, Liao & Chu 2006). An organization which wants to operate globally should have a good recruitment and selection practice in its host country to gain competitive advantage. This study found that recruitment and selection positively influence on organizational performance.

Tassema and Soeters (2006) determined that there is a positive relationship among the promotion practices and employee perceived performance as well as organizational performance. In our study, we have seen that promotion practice positively significant with organizational performance in US companies but in Japanese companies; it has positive influence but not significant with organizational performance as most of the Japanese companies practice seniority-based promotion practices (Teng, 2005).

According to Jarrar and Zairi (2002) decentralized decision-making increase employees' job satisfaction, work commitment, and organizational performance. Empowerment is one of the best HR practices that affect job satisfaction because sometimes employees prefer more self-respect rather than financial benefits. In our study result shows that decentralized decision making is significant with organizational performance in Japanese companies but not significant for US companies.

Employee benefits have grown in significance over the past few decades. In our study, we have found that employee benefits positively significant with organizational performance. Some studies revealed the result of employee benefits on organization performance and employee productivity (e.g. Beam & McFadden, 1988; Evers, 1998; Federico & Goldsmith, 1998; Steere, 2000; Laabs, 2000; Kurlander & Barton, 2003).

Training refers to activities that teach employees how to perform better in their current job. Many researchers have identified that training increase employee's skills, organizational performance, organizational survival (Koch & McGrath, 1996; Delaney & Huselid, 1996) and it keeps an organization to remain competitive (Barney 1991; McDuffie 1995; Salas & Cannon-Bowers, 2001). In this study also found that training positively significant with organizational performance.

In the organizational context, paternalistic leadership creates more morality and humanity in the workplace. In paternalistic leadership style, employers are more involved in employees' personal life rather than professional life. As a result work commitment and organizational performance is achieved. As Gordon (1998) and Warren (1999) showed that paternalism extracts employee commitment, productivity, and organizational performance.

7 CONCLUDING REMARKS

This study indicates the impacts of HRM practices on organizational performance in US and Japanese company in Bangladesh context. Review of the survey shows the strong support of HRM practices and organizational performance. This study also shows that how companies can be successful in host countries if they practice basic HRM policies and issues. In this research, we have shown that both U.S and Japanese companies have good HR practices. However, in some cases, companies are the failure to practice some HR functions which might not be beneficial to gain a competitive advantage in Bangladesh. This study, have identified that some HR practices that are significant with the organizational performance but companies do not maintain those properly. Lack of decentralized decision-making practices in US organizations and traditional promotion policy in Japanese organizations may lose their competitive advantage in Bangladesh. On the other hand, we have observed that how HRM practices are significant with organizational performance. Most of the previous study on the relationship between HRM practices and organizational performance has looked at the direct correlation (Huselid, 1995; Martin-Alcazar et al., 2005).

Therefore, managers should be concerned regarding the practice of basic HR functions to ensure work commitment as well as organizational performance. Moreover, this study also indicates the cross-cultural functions or dominance effect. US companies have their dominant model or HR practice, but to some extent, they try to localize their HR practices. However, the previous study showed that US companies adapt less localization strategy, and they are more flexible to follow their dominant model. Moreover, US companies try to transfer their home country HR practice to some extent in Bangladesh. Japanese subsidiaries in Bangladesh we found that they avoid localization practice and follow their dominant model as well as transfer home country culture to host country culture (Pudelko & Harzing, 2007). The recent study showed that both U.S and Japanese subsidies in Bangladesh are associated with the country of origin effect. It could be a positive sign for other MNC who want to globalize their business.

In Bangladesh U.S and Japanese, subsidiaries are relatively small. Another fact is the research was done only in subsidiaries with HR managers and executives. But it requires a more extensive discussion. Researchers selected their respondents as high-level HR managers because they are knowledgeable, and they have mass information regarding the organization. However, Bowman and Ambrosini (1997) argued using single respondents because observations might be biased by his/her emotional commitment to the organizational strategy. The same might be true in this study. HR managers might think of their dominant model in headquarters, but in their external communications, actual HRM practices are much more localized and adjusted to local circumstances. Sometimes managers do not provide much information regarding their organizational policies and practices. Wright, McMahan, Snell and Gerhart (2001) observed that HR executives are different from managers in their thinking of HR practices.

In spite of its constraints, it can be said that the study has made a significant enrichment to the convergence/divergence and standardization/localization issue. Moreover, it has also shown the connection between HR practices and organizational performance. Future research may include huge sample scale to avoid the methodological limitations. Future research should include other workplace proportions such as organizational politics and managerial practices which influence organizational performance. Furthermore, the research should also include other variables such as the relationship between the employer and employee on organizational performance. Comparative studies regarding professions, cultures, and industries are needed to understand clearly in future research. Moreover, a prospective study may also find whether U.S and Japanese subsidies are successful in retaining their dominant model in other regions or not like Bangladesh.

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