Domestic and multinational firms

The Company X is the UKs largest cash and carry operative, offering its own branded and confidential-label products which are sold to more or less than 500, 000 customers including self-sufficient convenience stores, grocers, leisure outlets, pubs and restaurants. The company ' X' operates 32 stores in 5 countries such as Ireland, Malaysia, Sweden, Denmark and most recent in India. The Company currently lists over 10, 000 lines of product, comprising and widespread range of branded and own labelled foods, beers, wines, spirits, and tobacco and non-food items. In this year 2012, sales totalling £2 billion were gained by the customer from the Group's branches and sales totalling £0. 5 billion were delivered by the company to customer premises. The Company supplies approximately 300, 000 catering businesses and over 16, 000 independent retailers. In January, 2011 The Company has opened its new subsidiary in India followed by huge success in Malaysia. The company has now 5 branches in 5 different places. It's a ' huge success of any company when they go globally said the regional director of X. The success in Malaysia and the experienced knowledge of economic condition in Europe has given a impact to start business in this region. Thus, the company is planning to set up its new subsidiary next to India. They choose a developing country Bangladesh.

It's sometimes less understood that the domestic company is a multinational company. Adler (1983) has seen close differences between domestic and multinational firms by asking a group of experts in this field. He finds multiculturalism and geographic dispersion as two factors were to be considered a primary importance in differentiating between domestic and multinational firms. Multiculturalism can be defined as ' the group of people from two or more cultural backgrounds within an organization'. People from different origin, different culture works together in company. Geographic dispersion can be defined as the company set its subsidiary in a different location or parent firm in different countries'. The blend of both multiculturalism and geographic dispersion is of essentially importance. So far, most international business learning have determined on the consequences of geographic dispersion and tended to give little concentration to the consequences of multiculturalism. Most relative management studies upturned the importance. Most relative studies intend to hub on cultural differences, while neglecting the geographic dispersion feature of multinational firms. To get a whole picture of MNC's, both perspectives are equally important.

Differences between Domestic and Multinational Firms (Adler, 1983)

Multiculturalism

People from different origin, different culture works together in company
Geographic dispersion

the location of different subunits of the parent firm in different countries

Both are significant, but both create increased complexity in organizations

' X' company is fully diversified company. People from different countries are working together. Due to mixed culture and community here in Uk, The ' X' company often used nearby subsidiaries to get cheap products and stay in the market and hence it start invest a small amount in different country as a foreign investment, initially ' X' company realized that the investment in different subsidiaries sometimes made them extra cost. Sometimes supply & chain takes time. So the board of directors decides to open new subsidiaries on the company's name. And they made it and soon company stated getting profitable.

The countries where X company Operates there business

X

Ireland

INDIA

Malayasia

France

Netherland

Sweden

Some have set up two separate units, one for domestic business and one for international business, held together only at the very top. More often, corporations have contracted international sales agents such as franchised distributors and dealers incorporated into the rest of the corporation through a vice president. Others have implemented country-by-country operations where operating subsidiaries produce and market the products in their own country. As regional economies develop in Europe, North America and Southeast Asia, many corporations have begun to shift focus from countries to regions, supporting them with their own staff. Corporations with products that sell all over the world may have a truly global organization dividing their organization by products at the very top and only after that by regions. A transnational corporation, on the other hand, has different regions perform different parts in the product cycle taking advantage of economies of scale, differences in wage levels and differences in skills of the employees. Another organizational structure is the functionally distributed approach, where the headquarters take care of innovations and marketing strategies, the regions manufacture the products, and the countries distribute and sell. Finally, the matrix organization institutionalizes the collaboration between the product managers and the regional managers.

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 performed for addressing the issues connected 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.

In the recent years, many MNCs are more and more putting more attention to the rising Asian countries for competitive advantage. One of the best examples is China. With a population of more than 1. 8 billion China is assumed to be the largest economy in the world by next 20 years exceeding United States (UN Report 2007). China has become the developed and investment centre for many MNCs. Apart from of huge success for most of the MNCs, many already were unsuccessful in doing business in China due to their managementsâ€Ÿ inability to manage their human resources appropriately (Kipling, 1996). Many Asian countries like: Korea, India, Thailand, Malaysia, and Vietnam are also subsequent the footsteps of China and have already made a major impacts on the world economy. Taking the Chinese guide like the tiger economies in Asia, Bangladesh is also rising 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).

Culture in general is a broad concept, but can be generalized as consisting of decorative ways of thoughts, emotions and reacting. It is obtained mainly by symbols, constituting the characteristic achievements of human groups. The main core of culture consists of usual ideas and especially their attached principles (Kluckhohn, 1951). Geert Hofstede (1980), one of the pioneers in the field of studying culture world-wide, defined culture as, Culture is not a feature of individuals; it includes a number of people who were trained by the same education and life experience.

Many researchers have developed various value dimensions to assist them to conceptualize and measure culture (e. g. Hofstede 1980, House et al., 1999). Despite a range of shortcomings and disapproval, this dimension-based approach is frequent and convenient for the purpose of this study because recognized cultural dimensions show validity and establish a link between phenomena at the individual, organizational, and societal levels (Aycan, 2005). In his work that started with 116, 000 questionnaires completed by executives of the technology giant IBM across 40 countries in 1980, Hofstede studied how cultures vary across nations (Hofstede 1980). Hofstede (1980) firstly identified four major cross-cultural dimensions to explain the culture of a particular country. His four cross-cultural dimensions were power distance, uncertainty avoidance, individualism – collectivism and masculinity- femininity. Later he joined 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 environment and the lives of the common people formed a rich heritage with both commonalities with and a slide different from neighbouring regions. It has evolved over the centuries, encompassing the cultural diversity of several social groups within Bangladesh. The culture of Bangladesh is complex, and over centuries has understood 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 Fact book, 2008).

During the last few decades, companies have been tackled with a more and more competitive environment. Forces make possible globalisation, such as the liberalisation of international trade, the international mixing of production, research and marketing by major MNCs, as well as the appearance of major economic regions like the European Union, have allowed companies to invest overseas in order to gain or maintain competitive advantage. It has been argued that human assets are a rising source of competitive advantage for MNCs (Barlett and Ghoshal, 1991; Schuler and Rogovsky, 1998). HRM is developing from being just a support function to one of strategic importance (Teagargen and Von Glinow, 1997). Barlett and Ghosal (1991) have argued that HRM policies and practices are becoming crucial they can act as device for co-ordination and control of international operation. Values and HR systems help to shape organisational culture and the people who operate within and influence that culture; and MNCs therefore attempt to transfer their HRM practices abroad. On the other hand, it has been argued that HRM constitutes a major constraint when MNCs try to implement global strategies (Adler and Bartholomew, 1992). This is mainly due to the complexities involved in employing and managing from disparate national and cultural backgrounds.

Human resource management (HRM) refers to all of the dedicated activity that an organization uses to affect the behaviours of all the people who work for it (Jackson & Schuler, 2003). Because the behaviours of employees influence profitability, customer satisfaction and variety of other important measures of organizational effectiveness, managing human resources is a key strategic challenge for all companies, and particularly so for those engaged in cross border alliances (Briscoe & Schuler, 2004). Though there are significant problems with cross border mergers and acquisitions when it's dealing with internationally. It's more complex than the domestic ones. Scholars argue that cultural differences are the primary cause of cross-border M&A failure (Yong & Tian, 2007), but the cultural difference is usually neglected by companies. In terms of the culture perspective, scholars argue that culture differences are a major cause of problems in post-merger or post-acquisition integration process. There are studies about culture clash, impact of the culture differences, the dynamics of the acculturation process an construction of various culture conceptions. Culture is often neglected by managers (Baono & Bowditch, 1989, quoted in Birkinshaw, Bresman and Hakanson, 2000).

As Carnina et al (2010) argued that, the realization of the synergy through successful integration is essential to create value. The integration process plays a vital role in the success of an acquisition. Though we can talk about a lot of cultural integration in details but we keep focus on basic integration process.

Within the domain of the study of the integration process, there are three major findings concerning integration process (Shimizu al 2004).

The culture difference imposes a challenge to integration process.

The integration process and adopted control system decide the performance of the acquisition.

Acquirer nationality decides the preference of the integration process and control system.

From the first point, we can see the importance of culture. It leads to find out how culture difference influences the integration process.

Piero Morosini and Harbir Singh carried out a survey of 400 companies in cross border acquisitions in Italy and they found out that a ‘ national culture-compatible’ post acquisition strategy implemented by the acquiring company to interact and be coherent with the target company’s national culture can significantly improve cross-border post acquisition performance. (Morosini 1994)

Recent research has revealed that companies in different countries differ with respect to their HRM practices and policies (Ferner 1997). It has also been noted that transferring HR policies and practices to different countries can be quite problematic (Rozenweigh and Nohria, 1994; Hofstede, 1980; Bae et al., 1998). Some of the major obstacles are closely related to the host country’s cultural and institutional environment.

Zhu & Huang (2007) propose four models for cross-culture management to solve the culture differences. We can draw a picture to understand further.

Culture

Localization

It means the subsidiary of the parent company located in other nations is regarded an independent entity and it can make its own strategy and decisions according the local circumstance. The parent company respects the local culture and recruits local people to manage the subsidiary

2. Transplanting the culture of the parent company.

The acquirer appoints its own people as representative to control the target company. Through strongly supervising the target company, the buyer can transplant its culture.

3. Cultural innovation by integration.

In this situation, both the cultures of the acquirer and the target companies exist together, and the new culture is established by convergence of the two cultures. This culture innovation can maximize

the cross culture value.

4. Evasion tactics.

It happens when there is a huge cultural gap between the acquirer and the target. Then the acquirer will appoint a manager, but it is also possible that the third party will be involved in order to bridge the cultural gap and smooth out the management transition. This model is usually used in a transition period.

Zhu & Huang (2007) propose four models for cross-culture management

Although the dominance of Amarican management theory has led to the belief in universal management practices that can be applied anywhere, research has shown that managerial attitudes, values and behaviours differ across national cultures. There is no single best way to manage an organisation, since-among other factors-differences in national cultures sometimes require differences in management practices. Several management writers have adopted a cultural perspective on organisations (e. g. Hofstede, 1980; Laurent, 1983; Trompenaars, 1994; Jackson, 2002). Central to this approach is that societies/countries are different from each other and that this distinctiveness is reflected in the way that oraganisations are managed. Management and organisation cannot be isolated from their particular cultural environment.

As with most management practices, HRM practices are based on cultural beliefs that reflect the basic assumptions and values of the national culture in which organizations are embedded. This leads to the question of what happens when MNCs want to transfer some their HRM practices overseas, especially in cases when assumptions that underlie such practices to a host-country's culture can lead to negative consequences that inhibit a subsidiary's performance. Existing research provides evidence that MNCs adapt to certain degree to national cultures in which they operate (Schuler and Rogovsky, 1998; Beechler and Yang 1994; Tayeb, 1998). In addition, subsidiaries that are managed consistently with national culture expectations have been found to perform better compared to subsidiaries that are mananged otherwise (Newman and Nollen, 1996).

To practice HRM in Bangladeshi environment

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

Job security: Job security is one of the most important elements for employee motivation. People put considerable effort into making sure that their job is secure.

Training and Development: 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 favour by allowing them to get adequate training.

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

The above discussion notwithstanding, cultural values are not the only determinates of individual behaviour that subsequently affects management practices.

In the above discussion