Strategic Human Resource Management Practices and Its Impact on Sustainable Competitive Advantage: A Comparative Study between Western and Bangladeshi Local Firms

Md. Khasro Miah  
School of Business, North South University  
Dhaka, Bangladesh;

Md. Faisal Ibne Wali  
School of Business, North South University  
Dhaka, Bangladesh

Mohd. Shariful Islam,  
Dept. Of Business Administration,  
World University, Dhaka Bangladesh

Abstract

The main purpose of this study is to investigate to see how Western joint ventures/subsidiaries are operating in Bangladesh and gaining competitive advantages over indigenous companies by overcoming cultural differences. Strategic viewpoints of HRM entail the firms to recognize and adopt human resource initiatives to improve firm’s competitiveness. This study examined the strategic human resource management practices and effects on competitive advantage from a sample respondent consisting managerial employees from ninety-nine Western joint ventures/subsidiaries and one hundred forty local firms’. Data were collected through structured questionnaire surveys among several managers on production and service organizations operating in Bangladesh. A key question measured in this research to explore current study between Western MNCs and Bangladeshi local firms is to extent how Bangladeshi based Western subsidiaries and joint ventures (WVCs) adjust human resource management strategies across national boundaries to address these issues. Current study findings point out that a valid set of strategic HRM practices (investment perspective of HRM, collaborative strategy, resource based view and fair promotion strategy) affect firms competitive advantage. In addition, this research investigates how Western subsidiaries and joint ventures in Bangladesh apply HRM strategic approaches to create competitive advantage. Findings revealed that Bangladesh based Western subsidiaries and / joint ventures operating their business pertaining ethnocentric HRM strategy while Bangladeshi local firms considering confined oriented HRM strategy to operate their domestic organization.

Keywords: Strategic HRM practices, Western joint ventures/subsidiaries,
Introduction

The focal point of any corporate strategy is Sustainable Competitive Advantage (SCA). More specifically, as the giant Western MNCs are expanding globally, they are facing extensive challenges to stay in the competition which lead them to concentrate on every possible factor that leads to competitive advantage. Competitive advantage enables a business to survive against its competition over a long period of time (Coyne, 1986) and the critical initial step is to form a distinctive competence. Two crucial factors must be present to transform a competence into a true competitive advantage: first, the competence must represent an area or capacity that consumer’s value or care about; second, it must reflect some ‘key buying criterion’ for the market. Even if a firm may produce superior products, but unless quality is a key buying concern for consumers, this distinctive competence will not lead to competitive advantage (Coyne 1986). So, a firm needs to set clear goals, strategies and operations to sustain its competitive advantage.

II. Literature Review

The term ‘Sustainable Competitive Advantage’ (SCA) emerged in 1985 with Michel Porter’s idea on firms SCA either through low-cost or differentiation sources. Than in 1991, SCA has been defined as a value creating strategy that is not simultaneously being implemented by any current or potential competitors and other firms are not in a position to duplicate the benefits of this strategy (Barney, 1991). On the basis of Barney’s work, Hoffman developed a conceptual framework and defined SCA as the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitors along with the inability to duplicate the benefits of this strategy’ (Hoffman 2000). Similarly, superior skills and superior resources can also lead to gain SCA (Day and Wensley, 1988).

Other scholars have focused on the specific skills as well as resources that can contribute to SCA. Possessing attributes, like value, rareness, inability to be imitated, and inability to be substituted can lead to SCA, rather than focusing entire firm resources to build SCAs (Barney, 1991). Similarly, firms can combine their resources and skills into core competencies, loosely defined as the attribute which a firm gains distinctively well in relation to competitors (Prahalad and Hamel, 1990). Therefore, firms may succeed in establishing a sustainable competitive advantage by combining skills and resources in unique and enduring ways. By combining resources in this manner, firms can focus on collectively learning how to coordinate all employees’ efforts in order to facilitate growth of specific core competencies.

At present, it is frequently accepted that employees establish a significant source of competitive advantage for firms (Barney, 1991; Pfeiffer, 1994). As a result, it is important for a firm to adopt HRM practices that make the best use of
its employees. An effective HRM and SHRM framework can always be instrumental in sustaining competitive advantage in the market which in turns to the organizational performance (Barney, 1991).

Bangladesh is a developing country in South Asia that ranks 140th out of 177 countries with an estimated 40% of the population living below poverty line (UNDP Human Development Report, 2007-08) and concentrates more in Micro-Businesses (MBs). These businesses are generally unregistered and solely owned but can have up to 10 employees like street hawkers, shoe maker, barber, vegetable seller and small shop owners. MBs form a large part of the informal sector and their contribution in alleviating poverty and boosting economic growth remains noteworthy. For instance, in Bangladesh, the Small and Medium range Enterprise (SME), which have only 1 worker contributes 26%, 2-5 workers 51%, 6-10 workers 10% to the total economy (Mintoo, 2006). Yet, Bangladesh government has led to the emergence of numerous Western MNCs in Bangladesh and their number has increased steadily in the recent years where the HRM practice have become quite popular as one of the vital tool in gaining sustainable competitive advantage (Sobhan, 2006). In general observation, the WMNCs choose to operate their business in Bangladesh for a number of reasons: low labor costs, multi-tasking talents, ease in obtaining licenses and fulfilling other regulatory requirements, their world wide recognition and product demand in the market, their own skills, expertise and entrepreneurship education (Malik and Abed, 2007). In response to the opportunity provided to the giant MNCs Bangladesh has been trying to adopt market-oriented development approach like other developing countries.

There are few multinational companies with respect to Bangladeshi companies but still these multinationals has a greater market coverage, market share and more competitive advantage. So, the main objective is to see how these companies are having more competitive advantage depending on what sort of things these companies are so strong in the market. To do that five independent variables have been considered: Investment perspective of Strategic HRM, Collaborative Strategies, and Compensation strategy of SHRM, Resource Based View of Strategic HRM and Promotion Strategy of SHRM and one dependant variable i.e., competitive advantage.

Hence, the purpose of this study is to justify the links between strategic tools of HRM and sustainable competitive advantage of the Western MNCs operating in Bangladesh. There can be a possible issue regarding cross-cultural factors for the Western MNCs while they are struggling to adapt in Bangladesh for successfully running the business. This is where the proper integration of HRM strategies is needed to gain sustainable competitive advantage. It will also justify by analyzing the origins of SCA by discussing how it has been applied to human resource management strategy in the Bangladesh circulation.

**Investment Perspective of SHRM**
Employees can be considered as human assets and developing appropriate policies and programs as investments and these assets are necessary to increase the value of an organization (Kimmel, 2006). Furthermore, considering the risk and return of human resource development allows an organization to consider how current expenditures can best be allocated to meet long term performance (Kimmel, 2006). Similarly, Lee Kuan Yew, former Prime Minister of Singapore, once said "to be part of the Asian dynamism, Westerners do not need to become Asians in culture, in values, or in habits...but it is necessary for Westerners to understand Asians, to feel at ease with Asians and to make Asians feel at ease with them" (Ames Gross, 2009). In Bangladesh most of the MNCs are following the basic strategy that they also follow in the other parts of the subcontinent due to cultural similarity.

**H1: Investment of SHRM will have positive effect on the sustainable competitive advantage of Western MNCs operating in Bangladesh**

**Collaborative strategy of HRM**

Collaboration between organizations has grown to be one of the main strategic vectors behind the boom for many companies. Collaboration is having multiple advantages but not every firm have reached to positive outcomes or expected results (Kogut, 1989; Young-Ybarra &Wiersema, 1999) that is why collaboration is challenging.

In order to receive maximum benefit effective and efficient implementation is required and the capability to manage collaboration effectively need to be developed (Ireland, Hitt, and Vaidyanath, 2002). Similarly, collaborative know-how is also essential for better outcome and it can be developed from collaborative experience (Simonin, 1997). Collaborative proficiency can be divided into know-how concerning different faces of managing a relationship, selecting the right partner, develop a suitable alliance design, adapt the relationship as needed, and manage the end game appropriately (Simonin 1997; Reuer 1999).

More so, Collaborative forms of running business have flourished rapidly and continue to do so as firms of all sizes and nationalities in an increasing number of industries and countries perceive value in such arrangements (Kogut, 1988; Faulkner 2003). Development of collaborative agreements around the world has hastened since 1970s growing from zero to almost one every day (Morris & Hergert, 1987; Lundan & Hagedoorn, 2001). A study by Harbison and Pekar (1999) indicated that alliances accounted for 18% of the revenue of US corporations in 1999, compared to 7% in 1990 and 1% in 1980. India also, has observed a rising trend in collaborative arrangements during the past few years, which evoked interest in finding the motives for such strategies.

**H2:Collaborative strategies will have positive effect on the sustainable competitive advantage of Western MNCs operating in Bangladesh**

**Compensation strategy of HRM**
Compensation refers to an amount which employees get by contributing to the organization, or for doing their job. Wages, salaries or benefits are the most common forms of compensation but it widely includes some more types such as: base pay, commissions, overtime pay, bonuses, profit sharing, and merit pay. Other compensation can be stock options, meal and travel or housing allowance. Benefits include a defined retirement benefit plan, medical and dental plans; short-term and long-term disability; life insurance; and tuition reimbursement (Lindalee A. Lawrence, Donald T. Sagolla & Stephen R. Laverty, 1989).

Compensation strategies are recognized as being critical to the delivery of an organization’s business strategy and change initiatives, motivating and mobilizing staff to achieve valued organizational goals. Asia Pacific region witnessed the highest salary increase in the world (Hooi Lai Wan, 2008). To get the attention of better performing staffs, one must offer a variable pay rate of 7%-8% in addition to their base pay (Heathfield, 2006). Complex compensation systems have become the norm of forward-thinking companies as they work to align compensation more directly with business and financial goals (Hansen, 2007). Variable pay differs from organization to organization as grade structures have become organization specific to attain organizational performance (Gerritsen, 2005).

**H3: Compensation strategy will have positive effect on the sustainable competitive advantage of Western MNCs operating in Bangladesh**

**Resource Based View of SHRM**

Achieving organization’s missions and objective requires right person in right position and organization wide commitment and contributions. The best performance of an organization depends on a sound and effective human resource management (Azhdar Karami, Farhad Analoui, John Cusworth, 2004). Resource Based View (RBV) is connection amongst strategy and HRM (Wright, Dunford & Snell, 2001) and over the years it became the predominant approach (Morris, Snell & Wright, 2006) in HRM system as firm performance requires HRM efficiency (Becker & Gerhart, 1996). Similarly, Wright, Dunford and Snell (2001) stated RBV as an clarification for HR practices that lead to competitive advantage (Carina B. Friedman, Dirk Holtbrugge, Jonas F. Nurember, 2008) and stimulation of HRM as Holy Grail (Purcell & Kinnie, 2007). In this context, the study has shown that high rates of attrition in foreign firms can be reduced by individual performance evaluation and reward systems. (Carina B. Friedman, 2008)

**H4: Resource based view of SHRM will have positive effect on the sustainable competitive advantage of Western MNCs operating in Bangladesh**

**Promotion Strategy of SHRM**

The framework of ranking employees through systematic performance appraisal helps to find out the most qualified candidate by taking consideration both quantitative scores and qualitative characteristics of
incumbents performance (Chiung Moon; Joosung Lee; Chanseok Jeong; Jin Lee; Sungcheol Park, 2007). Promotion paves the pathway for employees towards specific career paths during their job. Now, employees are creating and managing their own career paths with one or multiple organizations. As today’s business environment is turbulent, individuals may need to make a lateral move to position him/her for a later upward move (Randall S. Hansen, 1996) and therefore can be the great source of information and career guidance (John Walton, 1999).

Bangladesh, after independence has been able to attract a considerable amount of western MNCs and all those companies did have deep human resource considerations for the country as a part of their regional plan. Hence, the promotion decision of an employee requires to be taken with due consideration to incumbents abilities, as promoting an individual implies assigning him/her additional duties and responsibilities (Manali, 2008).

**H5: Performance based promotion strategy will have positive effect on the sustainable competitive advantage of Western MNCs operating in Bangladesh**

**III. Methodology**

In developing this report we have visited several WMNCs located in different places of Dhaka, Bangladesh where we have managed to conduct interviews 239 managerial employees especially the HR managers and line managers. To collect the primary data we used structured questionnaire using five-point likert scale from 1 to 5 that indicates 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=strongly Agree.

**IV. Measures**

We did the research mainly to find out how the WMNCs are working in Bangladesh that faces a lot of cultural differences. There were five independent variables and the first one we worked with was “investment perspective of SHRM” where we have seen that all the questions are adding realistic information’s in our research. It means that the WMNCs working in Bangladesh do see their SHRM as an investment which is really important to gain competitive advantage. We also found a variance of 40.1% that is the data’s collected regarding V1 is 40% scattered around the mean and the reliability coefficients is also high alpha=.83 showing that the information’s are consistent and reliable.

The test was run based on the variable “collaborative strategy” and we have realized that all the questions should be accepted as they are adding realistic information. That is WMNCs working in Bangladesh uses collaborative strategy to gain competitive advantage to overcome/minimize cultural difference. The variance of the data is 33.9% scattered around the mean which is favorable.

Third variable “compensation strategy of SHRM” has questions which added reliable information in our research showing that the compensation strategies are properly used in WMNCs
operating in Bangladesh and should be used to gain competitive advantage. The variance is 29.6% that is the data’s are 27% scattered around the mean and the reliability coefficient is alpha=.73 that is greater than 0.6 and indicates that the data is reliable.

In addition, “resource based view of SHRM” is important because it explains whether a company is seeing its HRM as a resource or not. When a company views HRM as a resource rather than a cost than that company can gain competitive advantage. In our test we saw that all the questions are adding reliable information in our research that is WMNCs operating in Bangladesh views its HRM as a resource rather than cost. The variance is 40% that is the data’s are 40% scattered around the mean and the reliability coefficient is alpha=.83 which is higher than 0.6 and therefore we can say that the questions is regarding resource based view are all reliable and consistent incase of WMNCs operating in Bangladesh.

In our fifth test we have used “promotional strategy of SHRM” and here we have tried to see whether the WMNCs have strategies for their promotion. After the test we have seen that all the questions have value greater than 0.4 and so the questions are adding realizable information in our tests and so WMNCs in Bangladesh do use promotional strategies of SHRM to get competitive advantage. Moreover the variance around the mean is 46% and the reliability coefficient, alpha=.85 which is greater than 0.6 and so we can say the data’s collected is reliable.

In our research the only dependent variable we have used is “competitive advantage” which is infect the most important thing for all WMNCs and indigenous companies in Bangladesh. The other independent variables are used to gain competitive advantage and after running our test we saw that all the questions add reliable information in our research. Moreover the variance is 37% showing that the data’s are 37% scattered around the mean. The reliability coefficient, alpha=.79 which is higher than 0.6 and so we can conclude that the data’s are reliable and consistent.

**Residual items** are those questions that have component value less than 0.4 and in our research we have two questions that are adding unreliable information in our research. The first question says that collaboration is important for more profit and the value is 0.39 which is lower than 0.4. So, we can say that the answer given by our respondents is contradicting with reality. May be WMNCs do prefer collaborative strategy but our respondents answered differently. There is another question which we left out because the component value is lower than 0.4 and the question was regarding PMS that is WMNCs have proper PMS to reward employees. The answers given by our respondents might be adding reliable information in our research but in reality WMNCs do use proper PMS and that is these companies are getting more competitive advantage in compare to Bangladeshi indigenous companies.

### V. Factor Analysis Table

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VI. Scree Plot

Plot 1
Scree Plot

Plot 2
Scree Plot

Plot 3
Scree Plot
In our research our first independent variable is investment perspective of SHRM and here the cutoff point is at factor 4 where the eigenvalue is 0.8. The eigenvalues for factor 1, 2, 3 is higher than 1 and so we can use these factors to describe our variables. But, in our test we have taken only one component value and have used to explain our variable and that component 1 has an eigenvalue of 4 which is high.

In our research the second variable is collaborative strategy and we have used it to see how WMNCs in Bangladesh use collaboration to gain competitive advantage. In our scree test the cutoff point is at factor 3 and its eigenvalue is 1. So we can use factor/ component 1, 2, 3 to explain our variables as the eigenvalue is highest at 3.5. In our research we have used only one component that is component 1 which has an eigenvalue of 3.5 and so can be used to explain our variable.

To see whether WMNCs in Bangladesh are gaining competitive advantage we have used another variable
compensation strategy of SHRM and after running scree plot we have seen that only factor 1, 2, 3 can be used to explain our variable as they have greater eigenvalues up to 1. That the cutoff point is at component 3 and we have used one component and so the component 1 should be only considered to explain our variable which has an eigenvalue of 3.

**Plot 4**
Resource based view of SHRM is another variable we have used in our research to see how WMNCs in Bangladesh view their HRM to gain competitive advantage. After running scree test we have seen that only component 1, 2, 3 can be used to explain our variable as they have eigenvalues 0.7, 2, 4. In our factor analysis we have only used one component to explain our variable and that component 1 has an eigenvalue 4 which is high can be used to explain our variable. Whereas our cutoff point is at component 3 and so if we want we can use these three components to explain our variable.

**Plot 5**
Promotion strategy of SHRM is our fifth variable used to see how WMNCs use this variable to gain competitive advantage in Bangladesh which is not used by our indigenous companies in Bangladesh. After running scree test we have seen the cutoff point to be at component 2 which has an eigenvalue 1.3. In our research we have used only component 1 to explain our variable and here the eigenvalue of component 1 is 4.7 which is high.

**Plot 6**
In our research the only dependent variable is competitive advantage which we think the most important thing for any sort of company operating in this business world. Moreover we also wanted to see how WMNCs operating in Bangladesh have overcome the cultural difference and gained competitive advantage over our indigenous companies. To explain this variable we can use component 1, 2 as it has more eigenvalues 3.7 and 1.5. So the cutoff point is at component 2 but actually for simplicity we have used only one component that is 1 to explain our dependent variable which has an eigenvalue 3.7.

**VII. Research Results**

Table 1 provides explanatory information of all variables used for the present investigation based on all employee samples (n=239). First, hypothesis 1 presented earlier states that investment perspective of HRM has significant impact on a firm’s competitive advantage. In table 1 we have seen the correlation coefficient regarding the investment perspective of SHRM and Sustainable competitive advantage of a WMNC firm is strong and significant (r = .758, p<.01). That means a higher sustainable competitive is attained by investing more in terms of SHRM. The hypothesis 2 presented earlier suggested that collaborative strategy undertaken by a WMNC will significantly impact it sustainable competitive advantage, and from table 1 we have seen that this is indeed true according to our respondents.

The collaboration strategy is significantly and strongly related with the sustainable competitive advantage of the WMNCs operating in our country (r
Hypothesis 4 stated earlier suggested that resource based view of managers has a significant impact on the sustainable competitive advantage of WMNCs in Bangladesh. And if we see Table 1 for clarification we will see that our hypothesis was weakly correct as the relation between the compensation plan and sustainable competitive advantage has been moderate and significant according to the correlation table 1 (r = .457, p<.01). Hypothesis 5 also stated earlier that the promotional strategy taken by the managers will definitely have a significant impact on the sustainable competitive advantage of the WMNCs. According to table 1 we have seen that hypothesis 5 is highly supported as the correlation between promotion strategy and sustainable competitive advantage is strong and significant (r = .733, p<.01). From Table 2 we can see in case of local companies we have generated similar correlation results just like that in Table 1. But the fact of the matter is the results can’t be taken as correct as per most of the results in table 2 is due to contamination error.

In Table 3, the hypothesis 1 that we proposed that a higher level of investment will be positively associated with the sustainable competitive advantage and in the correlation table this hypothesis was complete supported. For every 1 unit increase in standard deviation of the investment perspective of HRM in WMNCs in Bangladesh leads to a .710 (t = 11.861, p<0.00) increase in the standard deviation of their SCA, with other variables in the model held constant. This shows that the WMNCs operating in Bangladesh does have significant implications of investment perspective of SHRM that in turn affects the sustainable competitive advantage compared to the local companies.

In the hypothesis 3 we proposed that collaborative strategy will be positively associated with the sustainable competitive advantage and in the correlation table this hypothesis was complete supported. Similarly for every 1 unit increase in the standard deviation of the collaborative strategy in WMNCs in Bangladesh leads to a 0.623 (t = 14.383, p<0.000) increase in the standard deviation of their SCA, with other variables in the model held constant. This shows that the WMNCs operating in Bangladesh does have significant implications of collaborative strategy that in turn affects the sustainable competitive advantage compared to the local companies.

In the hypothesis 4 we proposed that resource based view will be positively associated with the sustainable competitive advantage and in the correlation table this hypothesis was complete supported. Again for every 1 unit increase in the standard deviation of the resource based view in the WMNCs in Bangladesh leads to a .255 (t =5.481, p<.000) increase in the standard deviation of their SCA, with other variables in the model held constant. This shows that the WMNCs operating in Bangladesh does have significant implications of resource based view that in turn affects the sustainable competitive advantage compared to the local companies.

In hypothesis 5 we proposed that promotion strategy will be positively
associated with sustainable competitive advantage and in the correlation it was completely supported. But, in the coefficient table for every 1 unit increase in standard deviation of promotion strategy the SCA standard deviation of the WMNC decreased by \(-0.589\) (\(t = -7.004, p<.000\)). This show employee in the WMNC tends to switch companies as soon as they acquire transferrable KSAO (knowledge, skills, ability and others) and move to rival firms. In the local company promotion usually leads to retention.

In table 3 we have also seen that the overall model summary indicated an \(R=91.1\%\) which shows that the correlation between the predicted and observed value of the dependent variable, which means whatever impact on the sustainable competitive advantage of the WMNC we predicted is that percentage in reality. \(R\) square is 83\% which shows this percentage of variation in the sustainable competitive advantage of WMNC operation in Bangladesh is due to the variation in the independent variables of our research. \(R\) square adjusted value is 82\% that shows the overall fitness of the overall model. This indicates in simple words that our analysis supports the fact that sustainable competitive advantage of the WMNCs operating in Bangladesh is greatly impacted by our mentioned independent variables, compared to that of the local companies.

In the Table 4 we can see the mean value of group 1 that is the WMNC is 4.1313 in case of the sustainable competitive advantage, whereas in case of local companies which is group 2 in this case it has a mean value of 3.7250 and the difference between the mean values of group 1 and 2 is 0.4063 (\(t=4.603, p<.001\)). This clearly shows that WMNC operating in Bangladesh has higher attainment of sustainable competitive advantage compared to local companies. In case of investment perspective of SHRM, once again WMNC has a higher value of mean, 3.8808 compared to that of local companies, 3.4621. The difference in mean between the two groups is .4187 (\(t = 4.007, p<.001\)) which clearly shows that investment perspective of SHRM is present significantly in WMNCs operating in Bangladesh compared to the local firms. Table 4 also shows the mean value of WMNC in case of collaborative strategy is 4.1384 compared to the mean value of the local companies, 3.8414. The difference in the means is .297 (\(t = 3.585, p<.001\)) which shows that the collaborative strategy is more significantly practiced by managers of WMNCs operating in our country compared to our local companies.

As far as the resource based view is concerned the mean value of WMNCs operating is 4.2010 compared to that of local companies, whose mean value lies at 3.9507. The difference between the means is again positive, .2503 (\(t = 2.860, p<.001\)) which shows that the resource based view of the managers of WMNCs operating in Bangladesh significantly in practice compared to the practice of the local companies. Finally comes the promotion strategy, in case of WMNC the mean value is 4.0725 compared to the mean value of 3.7297 of the local companies. The difference in the means is .3428 (\(t = 4.157, p<.001\)) which indicates that the promotion strategy of the management in WMNC does
significantly motivates employees to achieve a sustainable competitive advantage for these firms, in case of local companies we can see less implications of promotion strategy for the workforce.

VIII. Conclusions and Implications

The findings of the present study can be summarized and explained by the conceptual framework shown in Figure 1.

![Figure 1: conceptual framework](image)

In this research work we tried to find out how the independent variables significantly impact the sustainable competitive advantage of the western multinational companies operating in Bangladesh. With a comparison with the local companies and the importance of their sustainable competitive advantage that they are capable of attaining we have described the difference between the two groups.

Table 1 provides explanatory information of all variables used for the present investigation based on all employee samples (n=239). First, hypothesis 1 presented earlier states that investment perspective of HRM has significant impact on a firm’s competitive advantage. In table 1 we have seen the correlation coefficient regarding the investment perspective of SHRM and Sustainable competitive advantage of a WMNC firm is strong and significant (r = .758, p<.01). That means a higher sustainable competitive is attained by investing more in terms of SHRM. More specifically the western MNCs believe that employees are their human asset and money spent on them would be an investment to get future competitive advantage in the market (Barney, 1991).

The hypothesis 2 presented earlier suggested that collaborative strategy undertaken by a WMNC will significantly impact it sustainable competitive advantage, and from table 1 we have seen that this is indeed true according to our respondents. The collaboration strategy is significantly and strongly related with the sustainable competitive advantage of the WMNCs operating in our country (r = .836, p<.01). More specifically in the western MNCs the management believes in delegating proper information to their subordinates which is really crucial for the accomplishment of a task and gain corporate efficiency (Bjorkman, 2002). On the other hand the local companies fail to achieve this level of efficiency due to lack of this collaborative strategy. Hypothesis 4 stated earlier suggested that resource based view of managers has a significant impact on the sustainable competitive advantage of WMNCs in Bangladesh.
If we see Table 1 for clarification we will see that our hypothesis was weakly correct as the relation between the compensation plan and sustainable competitive advantage has been moderate and significant according to the correlation table 1 (r = .457, p<.01). To be more specific it means the compensation plan that the WMNCs structured for their employees is not a very crucial factor to gain competitive advantage in the market, though one can always argue with the fact that this is one of the key reason behind qualified employees requisition at the first place during a KSAO shortage in the labor market (Shen, 2004).

According to table 1 we have seen that hypothesis 5 is highly supported as the correlation between promotion strategy and sustainable competitive advantage is strong and significant (r = .733, p<.01). More specifically the promotional aspects of the WMNCs operating in Bangladesh is very important to keep the employees motivated and reconfirm the fact that they are recognized via their performance and contribution to overall organization. Comparatively the local companies have promotional strategy that is not incongruence with their overall organizational objectives. Right people, with right competencies, at the right place are vital for organizational strategic success (Yang, 1998).

In the Table 4 we can see the mean value of group 1 that is the WMNC is 4.1313 in case of the sustainable competitive advantage, whereas in case of local companies which is group 2 in this case it has a mean value of 3.7250 and the difference between the mean values of group 1 and 2 is .4063 (t=4.603, p<.001). This clearly shows that WMNC operating in Bangladesh has higher attainment of sustainable competitive advantage compared to local companies. The core objective of many western MNCs operating in Asia is boosting its human resource in the operating region to ensure that they can gain competitive advantage in the highly diversified global market (Yang, 1998).

In hypothesis 5 we proposed that promotion strategy will be positively associated with sustainable competitive advantage and in the correlation it was completely supported. But in the coefficient table for every 1 unit increase in standard deviation of promotion strategy the SCA standard deviation of the WMNC decreased by -.589 (t = -7.004, p<.000). This show employee in the WMNC tends to switch companies as soon as they acquire transferrable KSAO (knowledge, skills, ability and others) and move to rival firms. This is an enlarging factor in most of the multinational companies operating globally, due to hyper competition MNCs battle it out with each other to pursue the more experienced and expert workforce from the rival firms to reduce the cost of search for competencies required for attaining a competitive advantage in the highly saturated market in most cases (Shipton, 2005).

What are the implications for future theory development pertaining to enhance sustainable competitive advantage of WMNC operating in Bangladesh? The following implications seem very important for mentioning. First, future theoretical efforts should examine the possibilities and implications of investment perspective
of SHRM and compensation strategy in the cross-cultural system that the WMNC encounter in our country. Second, it has also shown that promotional strategy has negative consequences in terms of SHRM implementation in the work environment in Bangladesh by the WMNCs, the traditional national culture acting as a catalyst in such employee attitude in the corporations. Future efforts in theory development should explore the factors influencing the change in the autocratic system of management in Bangladesh. Third, the significant variables influencing the HRM practices and firm’s sustainable competitive advantage are varied between WMNC and BDCOM, suggesting that structure of HRM and firm’s sustainable competitive advantage between the two groups. Future, efforts should also be directed towards the differences in the HRM structures between WMNC and BDCOM and nature of the firms’ performance in terms of investment perspective, compensation planning, collaborative strategies, resource based view and promotion strategies.

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