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Discussion Paper No.138

The Effect of HRM Practices on Managerial Beliefs
and Firm Performance in South Asia: A Pragmatic
Study between South Asian based Japanese
Subsidiaries/Joint Ventures and Indigenous
Companies

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February 2006

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The current paper is an outcome of the research work entitled, "*The Effect of HRM Practices on Managerial Beliefs and Firm Performance in South Asia: A Pragmatic Study between South Asian based Japanese Subsidiaries and Joint Ventures and Indigenous Companies,*" (Host Researcher: Yuto Kitamura Ph.D. and Research Fellow: Md. Khasro MIAH) conducted at the Graduate School of International Development (GSID), Nagoya University, under the Japan Society for the Promotion of Science (JSPS) postdoctoral fellowship program for foreign researchers.

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Abstract:

This paper is to explore differences and similarities of managerial beliefs, HRM practices and firm performance among managers between two manufacturing entities; 100 South Asian based Japanese subsidiaries and joint ventures (JVCs) (i.e., India= 50; Pakistan = 30 and Bangladesh = 20 companies) and 100 South Asian domestic companies (SACOs) (i.e., India= 50; Pakistan = 30; Bangladesh = 20 companies). In each company five top level managers, five middle level managers and five lower level managers were randomly selected as respondents, providing the total number of usable sample N = 326 for the present research (response rate = 10.86%). The findings suggest that managers in Japanese subsidiaries and joint ventures in South Asia are the higher levels of firm performance than South Asian domestic companies. Work commitment oriented managerial beliefs lead to effective HRM practices and higher firm performance than work avoidance oriented managerial beliefs. In addition, results indicate a positive relationship between HRM practices (i.e., merit based promotion, extensive training and development, decision decentralization, performance based compensation and) and higher-level firm performance.

Keywords: HRM Practices, Managerial Beliefs, Firm Performance, Japanese Subsidiaries/joint ventures (JVCs) and South Asian Indigenous Companies (SACOs).

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Introduction

The current research, cross-national comparisons of HRM practices are attempted with respect to: (1) managers' beliefs in the nature of human resources, and (2) ways companies treat employees (HRM practices), by taking into consideration the cultural differences between two different types of firms that include Japanese subsidiaries/joint ventures (JVCs) and south Asian domestic companies (SACOs). The existing study is especially designed to explore differences in the managerial beliefs and firm performance between the above two groups of firms based on responses from managers working for manufacturing companies in each group in South Asia especially India, Pakistan and Bangladesh. It is anticipated that the nature of managerial beliefs in each company can be explained in terms of differences in organizational contextual factors (HRM practices, national and corporate cultures, and firm performance) etc. The HRM practices in South Asia are very poor and traditionally have autocratic and poor firm performance. In contrast, Japanese HRM practices are standardized based on advanced industrial and managerial expertise with a global applicability. For this argument, the existing research endeavors to explore how it is possible for a developing country like India, Pakistan and Bangladesh to develop positive beliefs and to improve effective firm performance. In South Asia, there remains a need to develop a sort of national plan in order to establish an efficient management practices of local human resources. The result of the present research is expected to make contributions by providing valuable information that will explain the ineptness in the use of human resources in South Asian domestic companies as compared to Japanese firms operating in South Asia.

Vowing firm effectiveness in this way presupposes the existence of a system of human resource management and employees' belief that is conducive to high levels of firm performance. Furthermore, this study assumes that, such HRM practice and employees' beliefs and attitudes within an organization in large part result from managerial employees' values, behavior, attitudes regarding the subordinates and organizations. In other words, every organization has an internal work culture of its own (corporate culture) that influences the attitude or thinking of both the managerial and non-managerial employees. The organizational culture represents a form of organizational reality that shapes both the internal (system within the organization human

resources) and external (pattern of organizational structure, technologies employed and strategic activities) HRM systems and firm performance.

An investigation of the above stated debate with regard to the South Asian based Japanese subsidiaries and joint ventures and South Asian domestic companies will be made in the present study, using the field questionnaire methods in order to explore the management effectiveness for each company. In addition, factors related to these issues will be examined by analyzing individual background of the managers, the organizational environment (national and corporate culture), the managerial employee's beliefs, and the firm performance between the two groups of manufacturing firms.

Given the competitive and future environment surrounding both domestic and foreign multinational subsidiary companies, which are highly dependent upon the abundant and low cost human resources, establishing effective human resource management (HRM) constitutes a major challenge for gaining potential viable improvement in South Asian human resources. Despite growing concern over this issue, however, little empirical research has been conducted to investigate the way in which manufacturing companies, both foreign and South Asian local companies, can manage Indian, Pakistani and Bangladeshi human resources and build up new theories of HRM aspect as proposed in this study “ *managerial beliefs.*” The main objectives of this study are to explore the major ideas, which have emerged so far regarding the managerial beliefs and organizational development, and find out what needs to be done in order to develop both South Asian domestic and foreign MNCs subsidiaries and joint ventures corporations in South Asia. In addition, the second objective of this study is to assess the cultural influence on the choice of managerial beliefs.

Another objective of the current study is to find out, explore, and build a comparative analysis for some significant theoretical and practical implications. First, this study will explain HRM research by examining managerial beliefs, HRM practices and firm performance in the context of what is occurring in South Asia. Second, the research will provide guidelines for HR practitioners to make a competitive gain between various HRM practices that can meet their viable priorities in South Asian business environment.

Literature Review and Hypotheses

Managerial beliefs

It is quite likely that if all managers in one company have negative (or positive) beliefs about their employees, the basic feature of a company's HRM practices will also be autocratic (or

participative) in its fundamental characteristics. According to McGregor (cf.1967), the negative managerial belief is typically represented by work avoidance and the positive belief by work commitment. Employees in work commitment are expected to be associated with a perception of the participative HRM system, while negatively with work avoidance. Clearly, managerial beliefs in high work commitment and low work avoidance are desired for establishing an effective HRM system and development of human resources for the company. A series of previous empirical study has outlined several important aspects of fundamental managerial beliefs that can promote the practices of effective HRM in an organization study in South Asia and Japan (Miah M.K., 1992, 1999; Miah, et al. 1999, 2001, 2003, 2004, 2005; Miah, A.R., 2000). South Asia is a traditional cultural and non-participative oriented country where boss subordinates are always distrustful, suspicious and there is misunderstanding at the working place. The present study includes the beliefs that: (1) managers should be aware of the importance of embracing positive beliefs in the nature of their subordinates and colleagues, (2) managers need to make the organization humanistic, and (3) managers must take the task of developing subordinates' potential as one of their job responsibilities (Miah et al, 2003; 2001, Boliko, 1997; Chen & Wakabayashi, 1996; England, 1978; McGregor, 1960). This kind of managerial belief is considered most democratic oriented, and expected to lead to the establishment of a work participation in the company. In this present research, this positive aspect of managerial beliefs is defined as "work-commitment" held by managers.

In contrast, managers' belief in the negative aspect about their employees, defined, as "work avoidance" in the present study, less productive in the development of company's human resources. Under this managerial belief, managers have very little personal pride and self-discipline. A company with the traditional HRM system tends to force its employees to be passive, dependent, and only to make use of their lowest-level abilities. In reaction, frustrated employees' may become apathetic or show high rates of work avoidance. This kind of managerial belief, which is very common in South Asia, will easily lead to a creation of the autocratic HRM system and poor performance of company.

Defining firm performance is certainly not an easy endeavor, neither is it easy to choose the measurements in evaluating it. Many concepts have been used: the firm's ability or flexibility, productivity, decision decentralization, motivation of employees and profitability being among the most frequently used ones (Schmitt & Klimoski, 1991). Using hard variables of firm performance in order to evaluate the impact of HRM practices does not seem to be best choice for the current study. For example, the ratio of profit to sales or other such indicators are under the influence of such a large scope of variables (such as, marketing strategy, market share increase, technology of

production, sales volume, return on investment, return on asset). Rather, in the present study the employees' attitudes and beliefs were included as variables to measure the company performance.

For this ground, the present study between sample managers asked about managerial beliefs regarding their subordinates. The present research framework proposes that managerial beliefs are one among many factors that, by influencing employees' attitudes and behaviors, have an impact on company HRM practices and firm performance. Positive beliefs increase work commitment and negative beliefs increase work avoidance ratios. Further, HRM practices can have an impact on degree of decision decentralization and on behaviors such as work commitment and work avoidance ratios. These affect the employees' performance and, as a consequence, general company's firm performance. Enhancing the employees' participation and effectiveness of a performance based HRM system of South Asian domestic companies is the central issue especially many Indian, Pakistani and Bangladeshi organizations are facing at present. A number of previous studies of South Asian human resources reported that manager's beliefs about effective HRM practices and their positive attitudes toward their subordinates were closely related to the high work commitment and less work-avoidance among South Asian managers (Miah et al., 2001; Miah and Kitamura, 2004, 2005). Coch and French (1949) are considered to be the pioneers in studying employee participation in the workplace. They developed company efficiency rationale, assuming that there is a direct link between the sense of employees' participation in decision decentralization and productivity, which in turn increases the positive beliefs and high firm performance, and decreases the employees' work avoidance behavior.

The way to increase of positive beliefs would be to create an employment system with sufficiently effective management and good working conditions. The emergence of effective firm performance that turns into efficient labor market has been accompanied by greater labor mobility. South Asian companies have traditionally sheltered a large number of surplus labor forces. In the course of large-scale downsizing of South Asian companies, some employees have resigned and moved to foreign invested firms. The relatively lower wages and negative beliefs in the South Asian companies have influenced employees' willingness to seek for job opportunities in foreign companies. Given this, we are led to the following hypotheses:

Hypothesis 1(H₁): Companies with positive managerial beliefs (work commitment) will demonstrate better HRM practices and higher levels of firm performance in South Asia.

Hypothesis 2(H₂): Companies with negative managerial beliefs (work avoidance) will demonstrate poor HRM practices and lower levels of firm performance in South Asia.

HRM practices and firm Performance based on National and Corporate Culture

Preceding research results show that there are significant differences in HRM practices and system in local and foreign companies operating in developing countries. Foreign subsidiaries and joint ventures utilized effective HRM system and practices of the parent companies and introduced more modernization in their management system (Shetty and Prasad, 1971; Miah M.K., 1995, Miah et al., 2003, 2005). They found that foreign subsidiaries operating in developing countries utilized more modern management philosophies and practices, employed more participative structure of organization, and operated better employee development systems than comparable local firms operate. A number of studies, (e.g., Miah et. al., 2005; 2003 and Kanungo 1990; Khilji, 2001) foreign subsidiaries and joint ventures delegated more participation, and managerial employees gave more power and responsibility to the lower level employees than in local ones. Furthermore, the extent of management participation was greater in foreign companies. In order to clarify how ownership constructs and formulates HRM system by practicing their own management idea and practices into the host countries (third countries management), there is a need to detail the discussion in each country's type of HRM practices in order to develop a research hypothesis for this present study.

South Asian based Japanese Subsidiaries and Joint Ventures

The group decision making system under which, among other things, the authority to decide is delegated from the upper to the bottom level in accordance with the degree of importance of a problem. Unlike labor unions in the Western systems, those in Japan seem to have no strong influence on their industrial society at large due to their implementation occurring mostly on an enterprise or plant scale (Takahashi, 1990). This joint effort under such unionism at the enterprise level has made it possible to remove the traditional status system and to develop egalitarian employee management relations in terms of providing job security, reforming the management organization, setting up a participative system, reorganizing unions initiatives, conducting labor agreements democratizing management, expanding employees rights and developing trust in each other.

In addition, the permanent search for consensus (De Mente, 1990), the delegation of decision making power to lower level groups, labor-management cooperation for productivity, and initiatives exercised by the lower level staff members and employees, over industry plans and proposals about important problems requiring a budget are sufficient proof of trust, confidence and positive relations between boss and subordinates.

All the above characteristics are favorable for the application of participative HRM systems in their industrial culture. The consequence of these observations for the present study is that, under the Japanese HRM system, Japanese subsidiaries in South Asia are expected to apply democratic, efficient human resource management practices.

South Asian Indigenous Companies

Historically, South Asia is an agricultural country with a very small industrial sector employing about 40 percent of the active labor force. Smallness of industrial sector may seem to be congenial to the development of a healthy industrial relationship but this could not be realized even within a period of fifty-eight years of the country's independence. While some of the reasons of this failure are historical and traditional cultural background, many are in fact attributable to the poor management system and legal system concerning industrial relations in the country. Usually trade unions are organized mostly on the basis of political, regional and even personal loyalties which was encouraged by the capitalists who often had resorted to the policy of buying a fraction of the union or putting up one of their own to divide the union movement by extending some "under the table favors" to a group of union leaders.

In addition, the system of HRM in South Asia is largely due to its own business heritage and traditional historical realities. In fact, historic forces shape HRM practices in that society, and largely influence the efficient HRM system of a society along with other things. Thus to make a correct assessment about human resource management system and practices in South Asia, it is necessary to make a through investigation into the development of Muslim and Hindu employer and employees and entrepreneurship in various phases of history and culture.

The above situation as it stands suggests that, as a class of each group does not belong to a highly motivated and committed entrepreneurial class. The easiest explanation rationalizing this situation is, as often quoted, British colonial rule of two centuries in the past are responsible for this. Apparently, the explanation seems to be sensible and logical. However, this needs further explanation and demands clarification and comprehension. It is understandable that the colonial powers (British rule) did not in their own interest encourage the growth of a significant industrial and efficient HRM practices base in this part of the subcontinent (India, Pakistan and Bangladesh) and the deadlocks were created by them towards the development of effective HRM system in the area. The overall supply of competent management personnel, their profiles, and culture to which they belong and under which they work, also has significant impacts on the features and practices of HRM system in South Asia national culture.

In general, to learn the expertise of building an effective HRM practices is very important for the attainment of an industrial efficiency, but most South Asian managers are traditionalistic.

They tend to resist changes and develop participation within boss and subordinates. South Asia managers do not believe in the development of human resources, and they believe that machines are more important than humans.

Several empirical studies (Read, 1962; Negahndi and Reiman, 1973) conclude that increased participation leads to improvement in several of organizational effectiveness. However, it should be noted that the closeness of relationship between participation and overall organizational effectiveness depends on the quality of its human resources. As suggested above, when a large complex organization is more participative minded and more decentralized most of the decisions are made at unit level. In this kind of organization, managerial employees need more technical management skill and knowledge. Top management in large organizations has neither the time nor expertise to make such decisions for unit level (Price, 1968). Properly trained managers and employees of participative organizations can overcome communication problems, make effective decisions at the point of action, and thus contribute to the achievement of more firm effectiveness.

As participation takes place, managerial problems emerge, at least at middle and lower levels in an organization. This is due to the greater autonomy and responsibility of participative organization facilities that is brought on by the decentralization of authority, which demands development of more skillful managers and employees. In other words, as the degree of decentralization increases, the need for management training and development becomes greater. As explained by Cordiner (1956), completely trained and developed people who know what is expected of them are critical factors in successful participation. The forgoing discussion leaves illustrates the notion that size, technology, and ownership (exogenous variables of this study) all affect the degree of participation in an organization, which has a great influence on the demand of management development to achieve expected organizational performance.

In brief, it can be said that when an organization becomes decentralized, there is a great development in managerial work force at all levels, because most of the decisions in these organizations are taken at the unit level. Moreover, the above discussion has suggested that ownership and origin of a company influences what types of HRM systems and practices are adopted, and to what extent the corporate management functions development. Thus, researchers and experts are increasingly attending to the way jobs are designed as an important factor in determining the motivation, decision decentralization, and performance of employees at work (Hackman and Lawler III, 1971). Organizational theory and cross-cultural theory constitute the following crucial contributions to the study of enhancing employees' participation in South Asian organizations. First, an employees' participation can be improved through training, positive beliefs

with subordinates, decision decentralization, and perfect promotion and payment. Thus, the above discussion leads to the following hypothesis: the following hypothesis can be constructed:

Hypothesis 3(H₃): South Asian based Japanese subsidiaries and joint ventures will be associated with better HRM practices and higher levels of firm performance.

Hypothesis 4(H₄): South Asian indigenous companies will be associated with poor HRM practices and lower levels of firm performance.

Promotion:

Different rationales for promotion and payment might result in different selection, hiring criteria, and decision process (Bird, 1991) on the one hand, and different managers' work commitment practices on the other. Rosenbaum (1984) explained that managers might be promoted as a reward for service and performance, which is interrelated with reward. In addition to reward through payment, granting a higher job status might also be made as compensation. If the criteria for organizational promotion and payment are established very clearly, the managers can also see in which direction they should make greater efforts and they may become more participative oriented. Thus, the following hypotheses can be constructed:

Hypothesis 5(H₅): Higher levels of merit-based promotion will be associated with higher levels of firm performance.

Hypothesis 6(H₆): Higher levels of seniority-based promotion will be associated with lower levels of firm performance.

Decision decentralization

Several studies have identified extensive use of teamwork and decentralization of decision making as important high performance HRM practices (Arthur, 1994; McDuffie, 1995; Pfeffer, 1995). Both practices refer to a non-hierarchical mode of firm operations that among other things may enhance employee commitment to the organization. This is consistent with research, which suggests that employee participation can have a statistically significant, albeit relatively small, positive effect on satisfaction and performance at work (Wagner, 1994). This argument leads to the following hypothesis:

Hypothesis 7(H₇): Higher levels of decision decentralization will be associated with higher levels of firm performance.

Performance based compensation

A number of studies have included performance based compensation as one of the high-performance HRM practices (e.g., Arthur, 1994; Delery and Doty, 1996; Huselid, 1995; MacDuffe, 1995), and Delery and Doty (1996) even identified performance based compensation as the single strongest predictor of firm performance. Many empirical studies on the relationship between performance based pay and firm performance have generally found a positive relationships. Employee motivation is arguably a crucial intermediate variable between a performance based compensation system and firm performance. Based on expectancy theory (Vroom 1964), it can be expected that, if the company provides rewards desired by the employee in question, this employee is more likely to perform in a way that will bring him/her the recompense. Thus, the following hypothesis can be constructed:

Hypothesis 8(H₈): Higher levels of performance-based compensation will be associated with higher levels of firm performance.

Extensive training and development:

Regarding the effects of training experiences, various previous studies indicated that managers engaging in more self-study and training programmes give more support to the participative management system and high performance relative to other colleagues (Miah et al., 2001, 2003). On the other hand, high rates of unemployment place employers in a position of power, deteriorating trade unions and lowering the importance employers attach to training their employees. It is easier, in fact, to get a better worker from outside than to spend extra money to train an internal worker or spend extra time in collective bargaining. Spending on training is perceived much more as a current burden rather than as an investment in the quality of people for future gain. Given such logic Pieper (1990, p.5) excludes third world countries from his international comparisons of HRM systems, because developing countries face very specific problems that cannot be compared to those of the industrialized nations. Their main problem is not gaining a competitive edge in international management competition through the sophisticated application of HRM concepts. Thus, comparisons between the Western and Japanese HRM practices of planning for long-term HR development in Bangladesh management development remains grossly neglected (Miah, M.K.1992).

The advanced countries have established through research and studies that human is the most crucial factor in any organization and the personnel is trained and developed to play a pivotal role for effective development and utilization of manpower. In fact, the basic function of a

personnel department is to attract, develop and retain the right kind of people for the right kind of job. However, in South Asia, the personnel man spends most of his time dealing fire fighting with the union. Under the present situation in India, Pakistan and Bangladesh, the human resource managers normally spend most of his time on matters like a. taking with union leaders; b. charge – sheeting or investigating into the cases of misconduct; c. organizing welfare activities; d. looking after transport, security.

In the process, the vital task of selection and recruitment as well as training and development of manpower in the industries in South Asia is grossly neglected and naturally the productivity in India, Pakistan, and Bangladeshi industries is very poor, for which they are blaming the trade unions, the political instability, the government policy, the unskilled workers and so on etc. Employers, entrepreneurs, and many CEO still think that purchase of machines is more important than recruitment of a man. In South Asia, traditional culture they still feel that the personnel guy is there to tackle the union, so that production process continues unhampered and if necessary, regular overtime work can be done on weekly holidays and workdays as well.

One of the basic problems in South Asia today is the skill managerial vacuum, which has been further aggravated by the absence of opportunities for training and development of managers and employees. There are institutes for management development but the quality of training that is impacted in those institutions is possibly not up to the required standard. The trainers in the institutions do not have any experience of working in any industry and naturally, they have difficulty to relate theories to the realities of life.

In South Asia today, there are almost 1260 million people but there is no adequate human resources policy. People can be converted into resource when they are imparted necessary knowledge and skills. However, training is an area, which is neglected in South Asia. For developing managerial skills of human resources, only a few institutions are involved in the whole training program. For that reason, HRM systems still continue with the system of low productivity, high cost, and poor quality of product and constant labor unrest that is called traditional HRM practices. Thus, the following hypothesis can be developed:

Hypothesis 9(H₉): Higher levels of extensive training and development program will be associated with higher levels of firm performance.

Employee turnover

In addition, a vast literature exists on the determinants of employee turnover, long considered an important outcome for both individuals and organizations. Most of such research has focused on individual-level variables, such as employees' satisfaction with their jobs and their organizational commitment (e.g., Cotton & Tuttle, 1986). There have also been tests of proposition that the organization level of human resource characteristics is also significantly related to the employee turnover in organizations, expecting higher employee turnover in organizations with autocratic systems than in those with participative systems. Under the autocratic HRM systems organizations with minimum amount of training and experience can perform such tasks, wages, and costs, hiring, promotion and training the employee can also be reduced and minimized. The above discussion leads to the following hypothesis:

Hypothesis 10 (H₁₀): Higher levels of employee turnover will be associated with lower levels of firm performance.

Research Sample

In order to carry out the current research effectively a database was built through the questionnaire investigation conducted in South Asia (India, Pakistan and Bangladesh). In this research I applied statistical methods SPSS (Statistical package for social science program) was used to test the hypotheses stated in the earlier, comparing similarities and dissimilarities between South Asian based Japanese subsidiaries/joint ventures (JVCs) and South Asian domestic companies (SACOs). The present research design entails collecting information from multiple sources. Questionnaires were distributed at the three levels of those employed, namely the top, middle and lower level managerial employees.

For the present study, 100 South Asian domestic companies (SACOs) (i.e., India= 50, Pakistan = 30, and Bangladesh = 20) and 100 South Asian based Japanese subsidiaries and joint ventures (i.e., 50 = India, Pakistan = 30 and Bangladesh = 20 companies) manufacturing companies of different sizes were selected. Questionnaires were distributed and data collected in South Asia during the period of end of July to the end of December 2004 across three different levels of managers. The top managers consisted of general managers, chief executive officers (CEO), vice-presidents, and department heads, namely managers concerned with administration, human resources, factory, quality, and marketing. The middle managers consisted of deputy managers, sub-heads of the departments of administration, human resources, factory, quality, and marketing. The lower level assistant managers consisted of sub section head, team leaders of said departments.

The attributes include the age of company and size of company. A total of 200 companies were surveyed with 2 groups of 100. At each company, five questionnaires were distributed to the top-level managers, five questionnaires to the middle level managers and five questionnaires for lower level managers, so that a total of 3000 questionnaires were randomly distributed.

The sample size drawn for this study comes from two manufacturing regions concerned, including Japanese (JVCs), subsidiaries and joint ventures, and among South Asian domestic companies (SACOs). The total number of questionnaires returned from the respondents with a response was 177 from the JVCs, 149 from the SACOs. The overall representation the total returns was 326 questionnaires, 11.8% from the JVCs, and 9.93% from the SACOs with the average questionnaires return rate of 10.86%.

Dependent variable

Managerial Beliefs

The present research adopted measures of managerial beliefs based on my serious of previous study (Miah et al., 2001, 2003, 2004 and 2005) which involved fifteen questions (revised McGregor Theory Y and X scale) using a five point scales, ranging from (1) = strongly disagree, (2) = disagree, (3) = uncertain, (4) = agree and (5) = strongly agree. The current study for asking the sample managers used a factor analysis, for the purpose of identifying basic dimensions of managerial beliefs with cross-cultural samples derived from JVCs, SACOs (Principal Component factor solutions with Varimax rotation) and was done with subjective measurements about the beliefs of the managers and subordinates. The beliefs scale included two major subscales, formulated by Principal Component factor analysis: (1) Work-commitment (WCOMIT) and (2) Work avoidance (WAVOI) (the opposite of fist scale). The first sub-scale involves positive beliefs about subordinates consisting of six questionnaire items while the latter sub-scale includes eight items concerning negative beliefs about subordinates. The factor analysis based on all sample managers showed that the beliefs measure consists of two factors, namely: Work commitment (eight items) and Work-avoidance (five items) with a significantly high alpha coefficient; $\alpha = .85$ and $\alpha = .78$ respectively.

Firm performance

The current study incorporated measures of organizational performance as a measure of firm's performance in South Asian business environments. Among the sample, company's managers were involved with company profit, employees working efficiency, growth in sales, market share

increase etc. Firm performance in South Asia was measured using a 5-point scale in which: Items regarding firm performance indicators ranging from Low performance (=1), rather low (=2), average (= 3), rather high (=4) and high (=5). The factor analysis based on all sample managers showed that the firm performance consist of one factor, namely firm performance (seven items) with a sufficiently high alpha coefficient $\alpha = .86$.

Independent Variable

HRM practices

The present study of HRM practices covered six major HRM functional areas of merit based and seniority based promotion, performance based compensation, decision decentralization, extensive training and development, and employee turn over. In addition, summaries of HRM practices according to the major HRM functions used in the present study were demonstrated, theoretically and empirically, to affect firm performance positively in a numerous previous research. The demonstration include two practices under the heads of promotion, one practice under the performance based compensation, one practice under the decision decentralization and one practice under the extensive training and development, and finally one practice under the employee turnover.

The HR practices were measured using a five point Likert scale ranged from 1 = 'not at all', 2 = 'to a small extent,' 3 = 'to a moderate extent,' 4 = 'to a considerable extent' and 5 = 'to a great extent'.

The promotion scale included two items, which sorted by Principal Component factor analysis:

- (1) Merit based promotion
- (2) Seniority based promotion

Compensation scale was constructed by one item:

- (1) Performance based compensation

One item comprised the training and development scale:

- (1) Extensive training and development

One item comprised the decision decentralization scale:

- (1) Decision decentralization and

Measures of employee turnover:

It was measured by percentage of employees who left the company voluntarily out of the total number of employees, ranging from none to 1%-5% (= 1), 5% to 10% (= 2), and 11% to 15% (=3), 16% to 20% (= 4) and 21% to 25% (= 5).

The factor analysis based on all sample managers showed that the promotion measure consists of two factors, namely, merit based promotion (seven items) and seniority based promotion (four items), performance based compensation, (three items) decision decentralization (six items) extensive training and development program (eight items) with a sufficiently high alpha coefficient; $\alpha = .84, .67, .65, .82, .85$ respectively.

Research Results

Table 1 provides explanatory information of all variables used for the present investigation based on all managerial samples ($n=326$). First, Hypothesis 1 presented earlier states that regarding the managerial beliefs and firm performance in Table 1, displays correlation coefficients of all variables used for the current analysis found on all sample managers. Hypothesis 1 and 2 presented in this research states that two managerial belief variables (work commitment and work avoidance) would have significant influences on the higher levels of firm performance of the company perceived by managers. In Table 1, the following findings need to be explained. (1) The higher levels of firm performance is found to be positively and significantly correlated with work commitment (WCOM) for all sample managers ($r = .51, p < .001$). In addition, it correlated significantly and negatively with work avoidance (WAVOI) ($r = -.42, p < .001$). These results are quite consistent with predictions stated in Hypothesis 1 and 2; however, in Table 2 for the South Asian (SACOs) sample, the higher levels firm performance showed a significantly and positively correlation with work commitment ($r = .50, p < .001$), but was non-significant in work avoidance ($r = -.11, (n.s)$). This weak correlation found between the firm performance and work avoidance indicates that managers tend to see this critical psychometric characteristic of South Asian domestic companies (SACOs) beliefs and practices to be rather separate phenomena. The beliefs and practices could be influenced by the traditional culture that makes for the relatively weak correlation.

On the other hand, as for South Asian managers in Japanese subsidiaries and joint ventures (JVC), Table 2 shows that the higher levels of firm performance is associated significantly and positively with work commitment ($r = .25, p < .001$) and negatively with Work avoidance ($r = -.17,$

Table 1: Correlation results among all variables used for the present research all sample managers N= 326

<i>variables</i>	1	2	3	4	5	6	7	8	9	10	11
1. Firm performance	-										
2. Work commitment	.51***	-									
3. Work avoidance	-.42***	-.28**	-								
4. Merit based promotion	.35***	.22**	-.12*	-							
5. Seniority based promotion	-.30***	-.22**	.65***	-.04	-						
6. Performance based compensation	.39***	.78***	-.25**	.11*	-.25**	-					
7. Decision decentralization	.51***	.98***	-.26**	.23**	-.23**	.77***	-				
8. Training and development	.93***	.47***	-.31***	.35***	-.18**	.33***	.45***	-			
9. Employee turnover	-.28***	-.22**	-.21**	-.18**	-.12*	-.09	-.08	-.04	-		
10. company age	-.09	-.09	.18**	.07	.07	-.08	-.08	-.13*	-.08	-	
11. company size	.36***	.22***	-.19***	.12*	.11*	-.06	-.07	-.05	-.09	.06	-

Table 2: Correlation results among all variables used for the present study JVC managers (Lower triangle N = 177) and SACO managers (Upper triangle N = 149)

<i>variables</i>	1	2	3	4	5	6	7	8	9	10	11
1. Firm performance	-	.50***	-.11	.39***	.05	.40***	.48***	.97***	-.05	-.02	-.25**
2. Work commitment	.25***	-	.02	.27**	.08	.84***	.99***	.47***	-.04	-.03	-.21**
3. Work avoidance	-.17*	-.16*	-	.10	-.06	.09	.04	-.12	.08	-.06	.08
4. Merit based promotion	.35***	-.07	.03	-	.06	.18*	.27**	.41***	-.11	.10	-.05
5. Seniority based promotion	-.10*	-.11	.36***	-.14	-	.04	.06	.07	-.06	.13	.02
6. Performance based compensation	.13*	.65***	-.18*	-.15*	-.19*	-	.82***	.37***	-.04	.02	-.08
7. Decision decentralization	.29***	.95***	-.18*	-.05	-.12	.63***	-	.44***	-.03	-.04	-.03
8. Training and development	.69***	.26**	-.21**	-.07	-.02	.09	.26**	-	-.08	.01	-.06
9. Employee turnover	-.14*	-.11*	-.10	-.07	-.04	-.02	-.06	-.09	-	-.03	-.04
10. company age	.11	.04	-.13*	.17*	-.19*	.03	.04	-.02	-.06	-	.08
11. company size	.22**	.22**	-.19*	-.05	.02	-.08	-.03	-.06	-.04	.08	-

Note : *p<.05, **p<.01, and ***p<.001 (two-tailed)

$p < .05$) as Hypothesis 1 and 2 states. In summary, the above results indicate that the higher-level firm performance is positively associated with the managers' beliefs in work commitment (WCOM), consistently between groups of firms. It seems both subsidiaries/joint ventures and South Asian domestic company managers have no difficulty in understanding the meaning of negative human nature in the management context, regardless of cultural similarities and differences. However, with respect to a work avoidance belief, SACO managers showed a (non-significant) weak correlation with the effective firm performance, indicating non-supportive results to hypothesis 2. For JVC managers, this correlation is positive, significant, and thus supporting Hypothesis 1.

Two, as hypothesis 5 predicted merit based promotion (MBPRO) will have a significant influence on the higher levels of firm performance as perceived by managers. As for the Table 2, the following findings need to be explained. (1) higher level firm performance is found to be positively correlated with merit based promotion ($r = .35, p < .001$) for all sample managers. These results strongly support hypothesis 5. On the other hand, higher levels of firm performance is found to be negatively correlated with seniority based promotion ($r = -.30, p < .001$) for all sample managers. These results strongly support hypothesis 6.

Hypothesis 7, 8, 9 and 10 presented earlier in this study predicted that, perceived by managers, decision decentralization, performance based compensation and extensive training and development and would show a positive influence on the higher levels of firm performance adopted by the company. As for the Table 1, the following findings need to be addressed: (1) higher-level firm performance is found to be significantly and positively correlated with extensive training and development for all sample managers ($r = .93, p < .001$). In addition, it correlates significantly and positively with decision decentralization ($r = .51, p < .001$) and performance based compensation ($r = .39, p < .001$) and on the other hand, employee turnover negatively correlated with firm performance ($r = -.28, p < .001$). These results strongly support with hypothesis 7, 8.9 and 10.

Second, it can be seen in Table 3 (model 3 and 6) that, as predicted in Hypothesis 1 and 2, the managerial beliefs consistently affects the firm performance positively and negatively across the managers' group: $\beta = .22 (p < .001)$, $\beta = .50 (p < .001)$, for JVC and SACO for work commitment beliefs and on the other hand, $\beta = -.13 (p < .05)$, and $\beta = -.12 (p < .05)$ for JVC, and SACO for work avoidance managers respectively. These findings clearly indicate that the managerial belief is positively associated with higher-level performance and negatively associated with lower level performance in all sample firms.

Hypothesis 1 and 2 states that the managers' beliefs about employees will influence the level of a firm performance of the company perceived by the managers. Especially, Work avoidance

belief (WAVOI) about employees' shows a negative and work commitment belief (WCOMIT) about employees' show a positive influence on the level of a firm performance. The regression results in Table 3 (model 3 and 6) indicate that, in supporting hypothesis 1 and 2 the work commitment (WCOMT) consistently affects the level of performance positively across managers' groups for JVC, and SACO managers respectively. This result clearly indicates that the positive belief about employees work commitment (WCOMIT) makes managers perceive their company's high performance to be more participatory and have better management system. These findings indicate that Japanese subsidiaries and joint ventures (JVC) have the higher-level firm performance, and South Asian Company showed lower level firm performance as predicted earlier in hypothesis 3 and 4.

These findings showed a consistency with the well-known earlier evidence by Haire, Ghiselli & Porter (1966) that reported Japanese companies were even more participative than Western counterparts. In addition, Cole (1989) found that Japanese cultural norms favour participation and reliance on group decision-making. Kriger and Solomon (1992) found that, consistent with these cultural norms, the JVC tends to choose a decentralized decision making style, which reflects a much greater degree both both of autonomy and delegation of authority. This result also demonstrates a consistency with a sequence of investigation in South Asia (Miah et al., 2001, 2003, 2004, and 2005).

In addition, the increment made by WAVOI and WCOMIT in terms of an R square reached the level of significance, (see Table 3, model 3 and 6) $\Delta R^2_{(1-2)} = .40$ ($p < .001$), $\Delta R^2_{(1-2)} = .69$ ($p < .001$), for firm performance. This indicates that the use of belief variables (WAVOI and WCOMIT) had an independent and significant effect upon firm performance beyond the effect of belief variables combined in the regression. This result provides strong support for hypothesis 1 and 2, which predicted a direct positive effect of WCOM and negative effect of WAVOI beliefs on a higher level of performance. In addition, the overall contribution of belief variables combined reached $\Delta R^2_2 = .34$ ($p < .001$) for effective firm performance (see Table 3 and model 9). Moreover, this result suggests that the effect of a belief variable on the higher-level firm performance would be very significant when it is evaluated in the context of cross-national comparisons.

Third, as observed in Table 3, to properly investigate hypotheses 5, 6, 7, 8 9 and 10 : HRM practices and its effect on firm performance, between the managerial groups in South Asia, the

Table 3: Hierarchical Regression Results on HRM Practices, Managerial Beliefs and Firm Performance

Variables	JVC = 177									SACO = 149						OVERALL = 326													
	Managerial beliefs			Firm performance			Managerial beliefs			Firm performance			Managerial beliefs			Firm performance													
	Model 1			Model 2			Model 3			Model 4			Model 5			Model 6			Model 7			Model 8			Model 9				
	WCOM			WAVOI			FPMNC			WCOM			WAVOI			FPMNC			WCOM			WAVOI			FPMNC				
β	(SE)	t	β	(SE)	t	β	(SE)	t	β	(SE)	t	β	(SE)	t	β	(SE)	t	β	(SE)	t	β	(SE)	t	β	(SE)	t			
Step 1																													
SACO	-			-			-			-			-			.007	(.02)		.65	(.05)									
COAGE	.01	(.03)		-.03	(.09)		-.03	(.05)		-.00	(.02)		.03	(.06)		.02	(.04)		.002	(.02)		-.01	.05		.002	(.03)			
COSIZE	.02	(.02)		.04	(.07)		-.00	(.03)		-.00	(.02)		-.07	(.05)		-.01	(.03)		.009	(.02)		.01	.05		-.003	(.03)			
TOVER	-.02	(.02)		.21	(.05)		-.14	(.03)	**	-.01	(.01)		.02	(.03)		-.09	(.02)	*	-.01	(.01)		.09	(.03)	*	-.16	(.02)	**		
TDMENT	.02	(.03)		-.18	(.09)	*	.66	(.05)	***	.05	(.01)	***	-.23	(.04)	*	.96	(.02)	***	.04	(.01)	**	-.09	.04	*	.83	(.02)	***		
DDCTON	.88	(.03)	***	-.01	(.09)	**	.13	(.04)	**	.89	(.02)	***	-.08	(.06)		.07	(.03)	*	.90	(.02)	***	.01	.05		.07	(.03)	*		
PBCOM	.08	(.03)	*	-.04	(.07)		.14	(.04)	**	.09	(.02)	**	-.22	(.07)	***	.09	(.04)	*	.08	(.02)	***	.01	.05		.10	(.03)	**		
MBPRO	-.02	(.02)		-.05	(.07)		.22	(.03)	***	-.01	(.01)		-.19	(.03)	***	.20	(.02)	***	-.01	(.01)		.05	.03		.24	(.02)	***		
SBPRO	.02	(.02)		.32	(.05)	***	-.20	(.03)	***	.01	(.03)		.04	(.08)		-.18	(.05)	***	.02	(.02)		.18	.04	***	-.17	(.02)	**		
R ² ₁		.90	***		.23	***		.50	***		.98	***		.07	*		.95	***		.96	***		.72	***		.90	***		
Adj R ² ₁		.89			.20			.47			.98			.02			.94			.96			.71			.89			
Step 2																													
<i>Beliefs</i>																													
WCOM							.22	.04	***							.50	.07	***							.30	.05	***		
WAVOI							-.13	.05	*							-.12	.19	*								.34	***		
R ² ₂								.08	**								.26	***								.34	***		
Adj R ² ₂								.07	**								.25	***											
Adj R ² (1-2)								.40									.69												

Note: 1 ΔR^2_1 , ΔR^2_2 , and ΔR^2_3 denote the adjusted R² generated by the first and second step regression respectively.

2. * p<.05, **<.01, and ***p<.001 standardized coefficients (β) are presented.

3. SACO (South Asian domestic companies=1 and others=0)

4. JVC=Japanese subsidiaries and joint ventures, SACO=South Asian domestic companies, COAGE=Company age, COSIZE=Company size,

TOVER=Employee turnover, TDMENT= Extensive training and development, DDCTON = Decision decentralization, PBCOM = Performance based compensation,

PBPRO = Merit based promotion , SBPRO = Seniority based promotion, WCOM = Work commitment, WAVOI = Work avoidance and FPMCE = Firm performance

present study used six HRM practices. Among the HRM practices, Table 3 (model 3 and 6) show that, merit based promotion $\beta = .22$ ($p < .001$) and $\beta = .20$, ($p < .001$); performance based compensation, $\beta = .14$ ($p < .01$) and $\beta = .09$, ($p < .05$); decision decentralization $\beta = .13$ ($p < .01$) and $\beta = .07$, ($p < .05$); extensive training and development, $\beta = .66$ ($p < .001$) and $\beta = .96$, ($p < .001$); consistently affects the firm performance positively between groups of managers: for JVC and SACO managers respectively. This result positively indicates that the merit based promotion, performance based compensation, decision decentralization and extensive training and development tend to higher level of firm performance. On the other hand, seniority based promotion (SBP) and employee turnover ($\beta = -.20$, ($p < .001$) and $\beta = -.18$, ($p < .001$); ($\beta = -.14$, ($p < .01$) ($\beta = -.09$, ($p < .05$)) consistently affects the firm performance significantly and negatively between managerial groups. This result suggests that the effect of certain HRM practices (merit based promotion, performance based compensation, decision decentralization and extensive training and development) was significant and positive upon higher level of firm performance.

On the other hand, seniority based promotion and employee turnover significantly and negatively affected upon higher level of firm performance. In addition, the overall contribution of HRM practices combined reached $R^2_I = .50$ ($p < .001$) and $R^2_I = .95$ ($p < .001$) for (FPMNC) for JVCs and SACOs (see Table 3; model 3 and 6). This result suggests that the effect of HRM practices on higher level of firm performance could be very significant when it was evaluated independently in the context of cross-cultural comparisons.

However, in terms of extensive training and development of JVC in South Asia, the present study results also consistent with the findings of (Fisher, Schoenfeldt, & Shaw, 1993; Yuen & Kee, 1993; Brown & and Read, 1984; Miah et al., 2003, 2004, and 2005) that in terms of effective training program, Japanese joint ventures and subsidiaries tend to generalized learning and utilize a “systems” or macro perspective. The Japanese learning and training program can be contrasted to the Western style, which tends to favor specialized learning and training with a micro perspective. As Japanese management treats human resource as fixed assets, and employees often consider their employment as lifetime organizational careers, consequently, long-term training and development is a critical aspect of the Japanese HR system, which positively affects better firm performance than that of South Asian local companies. Thus, evidence suggested that the subsidiaries and joint ventures change in their firm performance in response to the local national cultural environment, and competition might be a strong

determinant for the modifications in the overseas HRM practices, and in local domestic companies.

Finally, Table 3 should hold true across all managers in South Asia national culture sampled for this study, because national and corporate culture differences were controlled in the regression analysis by country dummy in variable. This country dummy showed a significant negative effect indicating that South Asian companies are most supportive with Hypothesis 4. In addition, this finding clearly indicates that SACOs significantly and negatively affect effective firm performance, which in turn leads to a firm's poor firm performance and this result indicate that South Asian domestic companies are most supportive with Hypothesis 4.

Hypothesis 3 and 4 states that the level of firm performance perceived by managers differs nationally and culturally. In order to test this hypothesis, cross-cultural comparisons of managerial beliefs, HRM practices, and firm performance variables were conducted between two managerial groups. The result of a conducted t-test based on JVC and SACO managerial groups are illustrated in Table 4.

Table 4 shows that mean values for the firm performance is highest among JVC managers, followed by SACO managers ($t = 9.02, p < .001$). Results of the difference t- tests method turned out to be all significant, indicating there exist systematic group differences between JVC, and SACO managers concerning their perceptions of the effective firm performance. Similarly, comparisons of two managerial belief variables showed that JVC managers are the highest mean values for beliefs in work commitment of employees followed by SACO managers ($t = 5.77, p < .001$). On the other hand, SACO managers are the highest in beliefs in work avoidance (WAVOI) followed by JVC managers ($t = -.26.22, p < .001$). In addition, results of the t- test as presented in Table 4 showed that JVC managers HRM practices extensive training program, performance based promotion, and performance based compensation are the highest followed by SACO managers and on the other hand, in terms of seniority based promotion criteria SACO managers are the highest compared to JVC managers.

On the other hand, t-test shown in Table 4 indicated that SACO and JVC in South Asia significantly differ in terms of HRM practices and firm performance. This may mean that JVC managers in South Asia emphasize more “exportive” (parent company’s culture) and “closed hybrid” HRM practices when operating subsidiaries and joint ventures in South Asia. This finding is quite consistent with all of Hypotheses of the present study.

Table 4: Results of t- test for HRM Practices, Managerial Beliefs and Firm Performance for all Sample Managers

<i>Variables</i>	Managers groups		t	Sig.
	JVC N = 177	SACO N = 149		
Firm Performance	M	4.27	9.02	***
	SD	.41		
Work commitment	M	3.85	5.77	***
	SD	.64		
Work avoidance	M	2.51	-26.22	***
	SD	.67		
Merit based promotion	M	4.01	5.30	***
	SD	.71		
Seniority based promotion	M	3.14	-15.58	***
	SD	.91		
Decision decentralization	M	3.86	6.06	***
	SD	.68		
Performance based compensation	M	4.10	4.90	***
	SD	.82		
Extensive training and development	M	3.98	5.47	***
	SD	.52		
Employee turnover	M	3.11	-14.45	***
	SD	.97		

Conclusions and Implications

The main aim of this research is to provide quantitative analyses to compare the differences and the similarities between the two groups of firms' operating in South Asia. First, the study findings strongly support the previous research results (Peters and Waterman, 1982; Pfeffer,

1994; Miah et al., 2003, 2005) that human resource is the preeminent firm resource and the key to achieving effective performance. Until recent years, this evidence was nothing but a statement of faith. The present research results add to the growing empirical evidence, suggesting that such assertions are credible (cf. Arthur, 1994; Huselid, 1995; Huselid & Becker, 1994; Ichinowaki et al 1994; MacDuffie, 1995). Overall, and in support of the existing proposed Hypothesis 3 and 4 in the present study, the findings of the present study advocated that the Japanese Subsidiaries and joint ventures in South Asia would demonstrate higher levels of firm performance than South Asian domestic companies. One prospective ground to explain these results is that JVC management may have more confidence in the effective HRM practices compared to South Asian Company managers. Present research findings provide support to this view. Namely, Pascal and Athos (1981) concluded that Japan was the second highest following America with regard to the effective HRM practices and the support of high capacities of average individuals.

Some cross-cultural research on HRM (Bird et al., 1999; Beechler & Bird, 1994; Taylor et al., 1996, Takeuchi, 2001, 2003, Miah et al., 2003, 2004 and 2005) explained the adjustment processes of HRM practices in Japanese MNCs' subsidiaries, and identified some determining factors that may affect the local adjustment of the parent company's HRM system and practices. One key reliable finding in the literature is that the employees' belief shared by the managers in subsidiaries in JVCs strongly affects the parent firms (closed hybrid) and on the other hand, SACOs strongly affects the poor HRM practices in the local traditional setting.

The study findings show also that in subsidiaries and joint ventures in South Asia, the belief is shared by the company managers that the parent company's HRM practices are context generalizable and competent, and the original management template transferred from its Japanese parent firm can be sustained and reinforced (Bird et al, 1999; Takeuchi, 2003). On the other hand, if the subsidiaries managers believe that the parent company's HRM practices are context specific and incompetent then the HRM template is subject to some or significant modifications in the local environment or applied parent company policy.

According to the institutional theory, institutionalized rules take the forms of norms and values as to which organizational members identify and what influences their perceptions and values. Scott (1990) mentioned that institutional approaches emphasize the importance of technology and other contingent factors in understanding the influence of management systems and firm structures. It can be seen from the result of South Asian sample (SACOs) in Table 2 that the firm size and old age of company negatively affects the firm performance and work

commitment belief ($r = -.25, p < .01$) and ($r = -.21, p < .01$). Large Bangladeshi companies and Old Age Company tend to suffer the high rate of industrial conflicts and too much militancy from trade unions (Miah et al., 2001). Thus, managers are likely to believe in work avoidance of employees in large SACO organizations (lower firm performance as predicted of Hypothesis 4). On the other hand, in Japanese companies (JVCs), firm size is more likely to be associated with managers' positive beliefs about employees ($r = .22, p < .01$) for with work commitment and ($r = -.19, p < .05$) for with work avoidance) and the effective firm performance ($r = .22, p < .01$) as shown in Table 2. These findings support the prediction made by Hypothesis 1, 2, 3 and 4 that among the companies operating in South Asia, foreign subsidiaries and joint ventures, have different levels of participation and managerial beliefs. The tendency should be that foreign firms in South Asia received higher level of firm performance and work commitment beliefs by their employees and managers than South Asian local companies. One reason of this finding may be that South Asian management system is more bureaucratic, structural and less technology based than firms from foreign countries, particularly from Japan. In other words, the directions of the effects of firm size, age and performance are quite opposite between SACOs and JVCs suggesting that the size and age effects may be contingent on cultural differences.

Overall, it is found that in South Asia HRM practices in large firms are very poorly done. A number of preceding studies originate that in large South Asian firm's performance are poorer than those of smaller ones (Miah, M.K., 1995, 2001, 2003, 2005; Hoque, Q.K., 1992; Miah, A.R., 2000; Habibullah 1974; Khilji, S.E., 2001) due to the strong bureaucratic control, heavy over-staffing (excessive employees and managers), political interference by the management establishments, and so forth.

Supporting Hypothesis 1, 2, 3 and 4 that states that cultural difference will have an influence on managerial beliefs and the HRM practices between managers groups, the results of the present study indicated that the South Asian company's HRM practices is most autocratic in all three categorizations. Many studies (Habibullah, 1974; Ahmed, E. 1974; Sohban, R. and Ahmad, M. 1986; Razzaque, M.A., 1991; Miah et, al., 2004, 2005) showed that South Asian managers in general prefer an authoritarian HRM system and practices and tend to equate authoritarianism with professional management. Subordinate participation in the managerial decision making process is seldom in practice. Traditionally, managers prefer a "closed door" policy, thus it is a common practice in South Asian firms that managers put an unnecessarily greater emphasis on rules and protocols to set up the power of one's office.

It was found that South Asian managers reported a lower degree of the HRM practices prevailing in their companies. Under the autocratic management in South Asia, high power distances exist among bosses, managers, and subordinates. This power distance is likely: (1) to suppress workers participation, (2) to discourage delegation of authority by managers, (3) to strengthen centralization in the decision making system, (4) to hoard information by managers, (5) to nurture hostile behaviours among employees, and (6) to grow anti-union attitudes by management (Miah et al., 2003, 2004, 2005). The autocratic control trends to breed exclusive collectivism in management that encourages dysfunctional HRM practices: lineage based hiring criteria, in-group recruitment, a lack of evaluation of managers, promotion practices based on seniority and favouritism, and a view of the organization as a self-servicing means.

There might be causes similar to the above regarding why SACO firms showed stronger beliefs in work avoidance about their employees. Tight control and a threat of punishment over employees with “carrot and stick” strategy are the only realistic means for South Asian managers to bring about employees’ efforts toward achieving firm objectives. In return, employee’s behavior in South Asian companies is commonly characterized by avoidance of responsibilities and a lack of ambition. As such, employees prefer to be directed, have relatively weak motivations to work, and above all want job security (Miah, A.R., 2000 and Miah et al., 2003 and 2004).

In South Asian family, the authority responsibility system is characterized by the paternalism and centralized control by the family head. This leads to an attitude of dependence (*parnirvarshilata*) and nepotism (*shawjonprity*). This may help understand why in South Asian companies the non-participative HRM system is so salient, showing similarities with South Asian traditional family structure. The chief executives in public and private enterprises do not like to make any changes in the existing system for fear of diluting their authority. The employees also dislike disruption or change in relationships with their superiors, who hold all types of power (Miah et al., 2001, 2003, and 2005)

It is clear from regression analysis that firm performance is consistently perceived by managers in JVCs and SACOs. However, for JVC managers, a belief in work commitment gives strong support to the effective firm performance. This work commitment belief seems to be deeply rooted in Japan’s industrial tradition that is in itself a part of Japanese corporate culture. However, for SACO managers, work commitment was found to affect the firm performance positively but not significantly. This result, which is quite consistent with Hypotheses 2, may

mean that less commitment belief prevails in South Asian firms. In other words, when managers have weak beliefs in the work-commitment of their employees, they must face the very autocratic HRM management system in South Asian companies. In SACOs, whichever belief managers may have about their employees (work commitment or work avoidance), it only helps support the autocratic HRM system that reflect on poor performance of the company.

A number of current cross-cultural HRM scholars (Negangdi and Reimann, 1973; Peters and Waterman, 1982; Pfeffer, 1994; Cf. Arthur, 1994; Huselid, 1995; Huselid & Becker, 1994; Ichniowski et al., 1994; MacDuffie, 1995; Miah et al., 2004, 2005) reported a positive relationship between managerial behavior and firm performance. The relationship between effective HRM practices and firm performance is found to be larger than that reported in many other studies. In the case of South Asia, this is even more severe of a problem in comparison with other developing countries due to the particular history of the nation before and after being opened to foreign investment. It is almost certainly due to this problem of unqualified managers that the level of firm performance has such an apparent significance in the sampled organizations, with the extent of an effective HRM practices being strongly related to both behavioral and firm performance.

However, the direct and positive relationships of foreign subsidiaries and joint ventures with managerial beliefs, HRM practices, and the firm performance carry the core Hypothesis of 1, 2, 3 and 4. In fact, the JVCs found in this research were more work commitment beliefs oriented and had higher performance when compared to SACO firms. The present study findings suggest that a Japanese parent company's culture tends to have a much stronger influence (as an adoptive home country national and corporate culture) than the South Asian national culture in shaping the managerial beliefs, HRM practices and firm performance. In contrast, a South Asian company's culture tends to have South Asian traditional culture in shaping the managerial beliefs, HRM practices and firm performance. Research findings indicated that South Asian firms are in the preliminary stages of learning about managerial positive beliefs and HRM practices from foreign operating companies, the majority of South Asian companies still have a tendency to uphold their national culture and traditional ways in the management systems of their firms. (Bird et al., 1999; Taylor et al., 1996, Shinha, 1995; Kanungo, 1983; Miah, et al., 2003, 2005; Miah and Kitamura 2005; Takeuchi, 2003).

The influence of traditions and customs is quite significant in the development of dictating HRM practices in South Asian national culture. There are certain traditions, that are

incompatible with industrial employment, and they have a negative effect on participation in management as a system of authority. In South Asia, employees continue to have the traditional pattern of behavior, thinking, and decision-making in business enterprises, more or less in the same way as in their private lives. In South Asian societies, especially those predominantly rural, kinship is a substitute for modern social security schemes. Blind or excessive loyalty for one's kinship or friends may lead to basing recruitment and promotions on blood-ties without regard to achievement, which endangers efficiency. Recently a number of study, observed that in South Asian favoritism, nepotism and such other factors play more important roles than competence in the appointment, promotion, and selection for higher training both in the private and public sectors (Faroque, 1982 and Miah, A.R., 2000; Miah et al., 2001, 20004, 2005: Kanungo 1980). Sometimes, ethnic and religious groupings also influence the development and proper utilization of human resources. Non-homogeneity of the population and religious tensions among the people of various religions, cast and class greatly affect competent human resource management program and participation.

Although, this study provides some support for the use of managerial beliefs as a mediating variable between HRM practices and firm performance. Thus, this study suggests that a model, which depicts a direct relationship between HRM practices and firm performance, is too simplistic and does not show the causalities involved. This addresses the call of Becker and Gerhart (1996) and Guest (1997) to test models with mediating variable mainly for managers. Future research is clearly warranted on this topic.

Second, the future theoretical efforts should be directed to explore the contents of cross-cultural managerial development to extend the effective firm performance of overseas subsidiaries /joint ventures and South Asian domestic companies. As Derr and Laurent have suggested (1989), the concept of culture can serve to link these two perspectives of careers by mediating between the organizational and individual realms and by serving to create a "fabric of meaning" through common assumptions, values, and artifacts in socially constructed reality (Van Mannen and Barley, 1985:35; Geertz, 1973). Another important significant step in this research is that cross cultural and comparative management reveals serious attempts to bridge the gap between British and Japanese oriented views of career relevant organizational behavior and views, which may apply more broadly (Boyacigiller and Adler, 1991; Smircich, 1983).

What are the implications for future theory development pertaining to enhance positive managerial beliefs, especially in India, Pakistan and Bangladesh? The following implications

seem worthy of mentioning. First, future theoretical efforts should examine the possibilities and implications of the management development including the cross-cultural HRM systems. Second, in this study, the negative influence of the work avoidance and employees' turnover and seniority based promotion to develop effective HRM practices and firm performance was taken as evidence of changing traditional national cultural environment in South Asia, especially in India, Pakistan and Bangladesh companies. Future efforts in theory development should explore the factors influencing the changing traditional autocratic system in South Asia. Third, the significant variables influencing the HRM practices and firm performance are varied between JVCs and SACOs, suggesting that the structure of HRM and firm performance between two corporations. Future, efforts should be made to explore the major differences in the structure of HRM system, practices and the nature of firm performance between organizations.

Another broad avenue of future research is to examine more of the various "exogenous" and "endogenous" factors and corporate concerns that can influence strategic HRM in an international context (e.g., for more complete treatments, see DeCieri & Dowing and Schuler, (1999). We considered only competitiveness, HR practices and country comparative in developing countries. Certainly, other relevant variables could include industry characteristics, organizational life cycles, MNCs versus exclusively home country companies and, for MNCs, factors such as their structure, cross-cultural, and national and corporate level.

Enhancing managerial positive beliefs can affect higher levels of performance for both individual managers and organizations. The implications for individual managers are limited to the issue of training and development. Perhaps the best suggestion to enhance participative management is to enhance the positive beliefs and good industrial relations to improve firm performance though self-development efforts within the corporations.

Despite the growing interest in the field, comparative studies of the impact of HRM practices on company performance related variables such as employees' beliefs and attitudes are scarce. Studies have focused more on the influence of HRM system and practices. Thus, the present study emphasizes how in Japanese subsidiaries and joint ventures operating in South Asia, employees utilize their beliefs and HRM practices in the traditional environment. There is little research comparing the managerial beliefs and HRM practices of subsidiaries of different nationalities and joint ventures in their overseas operations located in South Asia (India, Pakistan and Bangladesh). More research into the managerial beliefs, HRM practices and employee

ownership in South Asia and South Asian based Japanese subsidiaries and joint ventures MNCs is clearly necessary.

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