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Necessitating Human Resource Management Model in South Asia: A Rationale Perspective

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ABSTRACT

This retrospective study glimpses in the literature to understand the development of indigenous HRM models based on cultural and geographical differences, and ends up with identifying the need of a 'South Asian HRM model'. Such model is needed due to increasing share of this part of world and future potentials. Development of such model will not only pave the way towards indigenization of practices focusing local demands and cultural values, but will also pay to the investing firm. Such model may also be a guideline for firms investing huge funds in this part of the world.

Key Words: HRM, Indigenous Model, South Asia, South Asian HRM Model

Introduction & Problem Background

Asia, besides west, emerged as a separate business entity after WWII. First it was Japan, with concepts like JIT, TQM, kaizan, ringi and other universally appraised practices (Nonaka & Takeuchi, 1995); followed by Malaysia, Singapore, South Korea and Taiwan. While looking at these tiger economies it was apparently visible that investment in human development was the prime reason of their development (Mok, 2008). In recent past, China has emerged with a leading economic role in the world. The Economist termed it as Bamboo Capitalism (2011), while Yergin and Stanislaw called it 'Chinese capitalism' (2002). Recently the 'Indian way' has emerged as a way to handle large Indian business tycoons by focusing on both social and human development mission (Moore, 2011). With the shifting of manufacturing facilities to Asian continent, there is a dire need to study the ways organizations are managed in this part of the world (Kristie, 2010; Power, 2011). More recent of all is the extending silk route project of China Pakistan Economic Corridor (CPEC), which is based on road, rail, sea related communication and auxiliary projects. Moreover, extended peace in the country

for last few years has also opened new horizons for investment and it is expected that the GDP growth will surpass 6% (Rana, 2015; Shannon, 2016).

The increased interest in India and Pakistan has brought many fold benefits to this part of the world. The foremost is the focus from host country national perspectives, that how such firms are actually successfully implementing their management practices that make them grow to other parts of the world (Khilji, 2012). Second, these findings provide an evidence to follow for all organizations moving to this part of the world (Gulati, 2010), thus upbringing the perspective of 'east meets west' of Chen and Miller (2010, 2011). Thus increasing the horizons of the subject of international business. Third it takes the world attention to South Asia, a neglected and least developed part of the world with oldest cultures and largest population (Khilji, 2012).

Economic Significance of South Asian Countries

Along with high (real or potential) growth in South Asian economies, there are some unique demographical features offering distinctive position to this part of the world in global economy. The foremost is the size and growth of population in this part of the world. This part of the world covers 24% (approximately) of the world population (World Bank, 2011a); while India, Pakistan and Bangladesh stand at 2nd, 6th and 7th ranks in world's most populous countries. While looking at the growth, it is estimated that world population will reach to 9 billion by 2045, while the share of these three countries to world population would be 30% (Population Reference Bureau, 2011).

Moreover the share of young population in this part of the world is most valuable. According to 2011 figures, 31.5% of South Asian population is below 14 years of age (Central Intelligence Agency, 2011), while these figures are directly in contrast to other parts of the world (both European: Germany, France, Netherlands and Asians: Korea, Japan etc.)where aging has become the major point of concern. It is therefore believed that by 2045 most of these countries will be workers deficit, but countries like Bangladesh, India and Pakistan will be in abundance of workable force. If population of this part of the world is qualified and skilled than they can have job in other parts of the world through labor mobility. Even a look at the shorter span of time tells that baby boomers are at the verge of retirement in USA and Europe, but have not ancestors to follow. Contrarily the working conditions in South Asia are opposite. This global generational gap has led to increase worth for this part of the world.

Economic outlook of these countries is also encouraging. For instance, it is expected that India is going to play a pivotal role in world fiscal, monetary and economic policies in coming decade or so. Similarly, Goldman Sachs (2011a) reported that the Indian role is going to take over USA, in terms of GDP, by 2050 following China. Other South Asian economies are also expected to have increased share in world economic structure, like Goldman Sach's list of next-

eleven (N-11) covers both Bangladesh and Pakistan. These countries are believed to stand tall with BRIC economies (Goldman Sachs, 2011b). Furthermore, the same report places both these countries among world top 20 economies with respect to par capita income.

While looking at the business performance of South Asia countries, further, it is interesting to share that the World Bank report of 2009 comparing business regulations of 181 countries found this region as the most dynamic part of the world. This region is found to make significant structural changes to improve investment environment, reducing time for property registration and simplifying start-ups steps. Sri Lanka has been leading in regulations and obtaining credits (World Bank, 2011b). The most transformative change, according to World Bank report, was seen in Pakistan where huge investments have been made in education and research infrastructure improvement in Pakistan, improving research labs, developing research support and offering lucrative salaries for academic and research faculty. The digital library of Pakistan was ranked best in the region and UNESCO considered Pakistan higher education program as the best example for developing countries (Michale Rode the UNESCO Chairman reported in Rhodes, 2008). This made inclusion of South Asian countries (Bangladesh, India, Sri Lanka and Pakistan) in the list of Global Competitiveness Index (GCI), since 2002 (Halward-Driemeier, 2007). Bhutan has been considered country with high gross national happiness, where people are happy with the way they are governed, relationship with state and environment, satisfaction with pace of development, and sense of belongingness with the state and environment (Costanza et al., 2009).

The development could be viewed that companies from this part of the world (i.e. Indian) have also acquired global recognition, as ranked in Fortune Global 500. Companies from this part of the world have shown their global presence by acquiring firms. For instance, Tata Steel acquired Anglo Dutch Corus Group in 2006 to create world's 5th largest company. Similarly, Essel Packaging took over Swiss Propac and Tata motors acquired British Land Rover and Jaguar. Engro from Pakistan showed its global presence by taking over US based firm Al Safa in 2011 (The express Tribune, 2011). Similarly, Pakistani companies led the world by broking world records (as defined by All World Network, 2011 – cofounded by renowned professor of strategy Michael Porter of Harvard Business School), for highest business growth (i.e. 81% between 2007-09) recorded for Africa, Middle East and South Asia. Both Pakistan and Sri Lanka, along with India, proved to be among top 20 destinations for business. Pakistan was ranked number one for "value for money for developers" and ranked number two (just after US, ranked no. 1) for customer satisfaction. Moreover, it is found that many Fortune 500 companies are being headed and led by Indian business leaders. But the other countries have also continuous improvement in global presence, for instance, Forbes Asia reported that out of top 500 Asian firms in 2017, five Pakistani

companies earned the place ("Five Pakistani companies make it to Forbes 'best under a billion", 2017).

Global presence of South Asian countries with increased leadership role in global business has generated need to investigate the business issues (here specifically, human resource management). Such need is deemed important as it is expected that the role of South Asians is going to increase further in future. But how such firms are managed, how culture of such firms would be unique and how there would be a new horizon in ways of managing human resources by such firms. This research endeavor is aimed to find answer for such questions of 'South Asian exclusivity' from other management strategies.

Cultural Exclusivity of South Asia

World cultures are mainly divided in five distinctive terms, namely: African, Eastern, Latin, Middle Eastern and Western cultures. Africa is believed to be the continent with ancient existence of mankind and migration to other parts of the world. It's based on the most ancient cultural norms (e.g. tribes, ethnic & social groups), and distinctive art, cuisine, dress, musical instruments and other rituals. This part of the world is also place of world leading religions (e.g. Christianity & Islam). Eastern cultures include diversified races (e.g. Yellow race, Arabs, Brown race). This part of the world is largely influenced by the religion (Buddhism, Hinduism, Islam) and terrain (mainland Asia, Plateaus and desserts). Latin culture covers mixed societies (focusing on both religion and secularism) and cover mix of Central America, Mexico and South America. Though Christianity is the dominating religion there, yet this part of the world has distinctive language and societal norms than Europe and Asia. Middle East is dominated by Arab culture, where Arabic is the main language and is distinctive on the basis of religion, living, language, ethics and rituals. Western culture is observed in Europe, US, UK and is based on Greco-Roman era and rise of Christianity in 14th century. It's one of the most dominating cultures as its effects can be witnessed in all parts of the world (Dissanayake, et al., n.d.).

It is interesting to share that Asia is the most distinctive continent with most dominating cultures (both Eastern and Middle Eastern) and covers varying followership of religion, which is not common in other continents. It is largest continent (in terms of population) divided in 48 countries. The continent, on the basis of geography and culture, is divided in various sub-regions namely: Central Asia, East Asia, Gulf, Middle East, North Asia, South Asia, Southeast Asia and West Asia. Asian art, cuisines, literature and music make all these parts of the continent distinctive and unique. These cultural characteristics are largely influenced by the religious beliefs of dominating religions (i.e. Buddhism, Confucianism, Hinduism, Islam, Judaism, and Taoism(Dissanayake, et al., n.d.).

Out of these sub-regions South Asia has been a part with greater history and promising future. It covers most populous countries like Bangladesh, India and

Pakistan. Moreover, it covers countries with increasing share to world GDP (i.e. India), but the thing that makes this part of the world unique is the cultural distinctiveness. The distinctiveness could be witnessed in the following section.

Distinctive Cultural Dimensions of South Asia

While talking about national cultures and their studies, the contribution of Geert Hofstede (a Dutch anthropologist, psychologist, expert in organization studies, and culture & economic management) is considered most treasured. While conducting research on more than 116,000 employees of working in 40 countries and found that employee and managers differ on following values determining their cultures: power distance, individualism vs collectivism, masculinity vs feminity, uncertainty avoidance, long term vs short term orientation and indulgence vs restraint. He identified that political and economic situations (ecological factors) are determinant of national cultures (Hofstede, 1991). This study differentiates world cultures and elaborates the ways national cultures work.

This study also helps in differentiating various countries and regions and how they differ from others. For instance, at power distance western dominating cultures (e.g. Netherlands, Canada, USA, UK, Norway, Switzerland, Australia) scored very closely i.e. (31-40); while these majority of these countries scored>80 at individualism. For dimension of masculinity/feminity most of these states scores 60-70, thus again highlighting the closeness of cultures. But these results were not generalizable as many other countries from other regions of the world also scored equal and fell in these categories. While bringing these results to Asian societies, the findings further differentiated these countries from other regions (e.g. Europe, Latin, Africa). Asian countries were noticed to be dominated by their regional cultures. Rowley, Benson & Warner(2004) also identified that global cultures are in fact divided in geographical and culture closeness based clusters, and these clusters differentiate practices followed by each region. It is thus considered significant to consider the regional culture of South Asia, and how it differentiates it from other regions and parts of the world.

Figure-1 highlights the culture of six South Asian countries (members of local union named: South Asian Association of Regional Cooperation, SAARC). The cultural traits are based on Hofstede online available sources, the greater the score the more prone a culture is to that specific trait. For instance, the results of the study of Hofstede show that all of the South Asian countries scored >50 for power distance, thus highlighting that in these societies power is not equally divided and such division is accepted (Hofstede, 1991). All these societies are collectivist as a whole, as all member countries scored <50, except Bhutan, thus highlighting that the society has 'we' orientation rather than 'I' orientation. According to Hofstede (1991) masculinity/femininity dimension deals with "what motivates people, wanting to be the best (masculine) or liking what you do (feminine), the greater the

score the more masculine society is. A look at figure-1 tells that most of these neighboring countries are neither masculine nor feminine, as Hofstede attributed that the score close to 50 makes difficult to determine the inclination of the society. It is thus to attribute that South Asia is feminine (Bhutan, Nepal & Sri Lanka) while large countries or neutral at it.

Uncertainty avoidance (UA) apices the ways a society deals with the uncertain future. Societies with scores <50 are called low at UA, and such societies forego principles and norms and value practice over them. Members of such societies believe that the rules should be abolished and mitigated. Thus the rules are flexible and unscheduled, punctuality and precision is not the natural traits of such nations. The South Asian region members show either low or moderate score at UA, as all the member countries are either below 50 or close to 50 at UA. It is thus to conclude that the South Asian region is moderate/low at UA dimension of cultural traits. Similarly, a profound look at the dimension of long term orientation tells that South Asian countries are normative societies (scored <50, for few countries while other do not have information available). This dimension tells that how much society values their traditions, have more focus on quick results, and have saves for future. The low the scores the normative and traditional and short term oriented the society is. Indulgence, on the other hand, deals with the control over impulses and desires a society and its members have. Weak control is called indulgence while strong control is called restraint and the greater the score the more indulgent society is. The scores are available for only two countries and that fall in restraint societies; thus highlighting that societies in this part of the world are pessimistic and do not value leisure and can forego their desires.

These findings highlight the cultural similarities and differences among South Asian countries, where the countries are power distant, largely collectivist with normative culture towards masculinity and uncertainty avoidance. Similarly the orientation is short and the dominating value system is restraint.

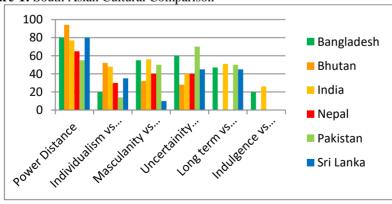


Figure-1: South Asian Cultural Comparison

Source: https://geert-hofstede.com (accessed on September 05, 2017)

Culture and Human Resource Practices

Culture is said to be a dominating force that determines how organizations operate and how its culture is formulated. This has generated the need of studying Human Resource Management (HRM) from cross cultural perspectives, as it may help in highlighting the points of similarities and differences (Adler et al., 1986). Hofstede (1983) valued such studies as findings of such studies show the practices in practices which help in identifying the unique or common theories and models in organizational settings. Moreover the international presence of companies (Multi-National Corporations, MNCs) at emerging and least developed economies has also led increase in value of study of local cultures while adapting and implementing HRM practices. Such studies are also cherished as emerging economies are found to have poor managerial systems, which create challenges for the operating organizations (Miah & Bird, 2007). Such challenges are also observed and shared by organizations working in South Asia (Habibullah, 1974), as most of the organizations working here are noticed to have autocratic style of management and such styles are noticed to contradict most of the MNCs operating here (Miah, 2000; Miah et al., 2001). Moreover cultural gaps exist and are faced by these organizations due to conflict between parent company and host country competing cultures (Miah & Bird, 2007). But the selection is often made on the 'suitability principle', rather than focusing on merely local or parent company culture; this has led to formulation and adaption of hybrid cultures (Bird, 1999).But how local firms (that are not led by any international chain) could develop their HRM styles and practices is an area that has not been investigated, but the cultural exclusivity of the South Asia and its increasing role in world economic system demands such model. This study attempts to unveil the need of such model and end up with a 'snapshot' of South Asian perspective of HRM.

Need for a South Asian HRM model

Currently the prevailing literature is evident of the fact that there is no distinctive model of South Asian HRM practices. Currently South Asian economies are getting high level of Foreign Direct Investments (FDIs) from number of countries, both Western and Asian culture led, while the HRM practices of such firms are either parent organization based or hybrid. These models may not understand the needs of these replenished societies, as major population of these societies are below the poverty line and exerting to meet their physiological needs. It is thus imperative to have a distinctive and unique model of HRM that may fit well and could offer and get best out of the stakeholders (organization and employees).

Development of such a collective HRM model is not new, as 'convergent theorists' at early 1950s demanded such changes in HRM practices (Kerr et al., 1960). Recent past has seen even increasing demand for such 'one best way model' (Rowley, Benson & Warner, 2004). It is therefore, the models like Asian

HRM model, Western HRM model and other related models emerged, based on cultural and geographical closeness (Rowley & Benson, 2002). The same could be assumed true for South Asian countries. Development of such model may be useful for three main reasons; first, the model may be useful for firms entering in South Asian countries; second, the model may be useful for theorists as it may give an evidence from South Asian market; third, it may be useful for government and policy makers and could become basis for economic reforms.

Conclusion

This study aims to highlight the need of idiosyncratic and distinctive HRM model of South Asia. It highlights that this region is now out of the most rapidly developing regions of the world and its major players are considered the most influential states of the world for future. The basic strengths (e.g. increasing GDP, excessive labor force, increased trend towards adoption of technology, reduced terrorism and potential markets) makes these countries a heaven for investors. This has also increased a need for indigenous models of management, especially human resource management. So far the models applied there are either Western or Eastern, as most of the MNCs investing at this part of the world are owned by these country nationals. Similarly, the HRM practices adopted and used by these organizations are either parent company led or hybrid practices. But none of these models consider the local practices and demands, thus leaving a gap unfilled. This study highlights the gap and arise a need to development of "South-Asian" homegrown or aboriginal model of HRM.

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