

Bangladesh HR Professionals' Competencies: Impact on Firm Performance and Moderating Effects of Organization Life Cycle

1.INTRODUCTION

In light of the continuing debate as to whether Western human resource management (HRM) models will converge, diverge, or develop toward a hybrid form in Asian developing economies, given their unique socio-cultural, institutional, political-legal and business contexts, a detailed comparison of HR roles and their impact on firm performance in Asian environments assumes significant importance (Björkman, Smale, Sumelius, Suutari, and Lu, 2008; Rowley, Bae, Horak and Bacouel-Jentjens, 2017; Zhu, Rowley and Warner, 2007). There is a manifestation of HRM role convergence into defined competencies associated with these Western HRM models; constructs that can capture the complexity and dynamics of the HRM function, and enable HRM to be continuously effective in driving firm performance and creating sustainable competitive advantages (Ramlall, 2006; Ulrich and Dulebohn, 2015). HR competencies are the outcomes of the values, roles, knowledge, and abilities of HR professionals, and offer a mechanism for linking HR strategy and organisational performance (Liu, Fu, Wang and Fang, 2014; Ngo, Jiang and Loi, 2014). Many researchers have observed a positive relationship between certain HRM competencies and firm performance (Boselie and Paauwe, 2004; Huselid, Jackson and Schuler, 1997; Long and Ismail, 2011; Ramlall, 2006; Subramony, 2009; Wright, Dunford and Snell, 2001).

Due to a combination of economic and geo-political factors, explorations of the transference of Western HRM models, expressed in terms of the competencies of HR professionals and their link with firm performance, have been limited to selected developed and developing economies in south and south-east Asia, including Japan, South Korea, China, Hong Kong, Taiwan, Singapore, Malaysia, Thailand, Vietnam and India (Budhwar, Varma and Patel, 2016). While some studies have investigated HR

competencies in general (Bhatnagar and Sharma 2005; Bowen, Galang and Pillai, 2002; Cunningham and Debrah 1995; Jacoby, Nason and Saguchi 2005; Mamman and Somantri, 2014; Sumelius, Smale and Bjorkman, 2009; Zhu, Cooper, de Cieri and Dowling 2005), and their relationship with firm performance (Björkman and Xiucheng, 2002; De Wang and Niu, 2010; Galang and Osman, 2016; Long and Ismail, 2011; Osman, Ho and Galang, 2011; Singh, 2004), there is a deficit of studies which have tested this relationship with the presence of the moderating effects of the stages of organisational life cycle stages in the Asian developing country context.

Focusing on this paucity of research concerning the transference of western HRM models in developing economies and their resultant impact on firm performance, this study set out to explore whether the most cited western Human Resource Competency Study Model (HRCS) (RBL, 2015) is useful in understanding HR competencies in Bangladesh. Given the manifestation of diverse HRM roles in terms of competencies, this study explored the roles of Bangladesh HR professionals in private and public firms against the nine competencies of the HRCS model, and the impact of the identified HR competencies on firm performance. Further, it analysed the moderating effect of different stages of organisation life cycle on the relationship between identified HR competencies and firm performance in the context of Bangladesh. The study offers four important contributions. First, the results of the study reveal whether the competencies of HR professionals in Bangladesh are converging with or diverging from a popular western HRM model. Second, the study highlights the similarities and differences, in terms of the identified competencies of HR professionals in Bangladesh, on the basis of the type of organisation (private versus public). Third, it investigates the relationship between the identified HR competencies and firm performance; and lastly, it tests whether this relationship is moderated by any stages of the organisations' life cycle (i.e. birth, growth, maturity and decline).

The next part of the paper reviews the literature concerning western HR competency models and in

particular the *Human Resource Competency Study (HRCS)* model developed by RBL group. To assess the applicability of the HRCS model in the context of Bangladesh, and to further identify the competencies of Bangladesh HR professionals, the institutional theory and cross-cultural theoretical frameworks are also explored, followed by the literature that establishes linkages between HRM strategies and *Organisation Life Cycle(OLC)*.

The third section focuses on the research questions and the formulation of hypotheses, and the fourth section explains the research methodology used for this study as well as various measures used for this research. The fifth section presents the findings of the study followed by discussion, conclusion and implications of this study. The last section covers the limitations of the study as well as suggesting directions for future research.

2. LITERATURE REVIEW

2.1 Human Resource Competency Study (HRCS)

The development of western HR competency models continues to be an area of interest to professionals, researchers, academics, employers, and consultants (Cohen 2015; Hoskings 2015; Lo, RBL 2015; Schutte, Barkhuizen and Sluis, 2015). All of these models are based on the identification and definition of the specific competencies which can assist HR professionals to support their organisations in achieving success and sustainability (Sikora and Ferris 2014; Ulrich et al., 2008). Over the last decade, a few prominent HR competency models have evolved; namely, the RBL's Human Resource Competency Studies (HRCS) Model, the US Society for Human Resource Management's (SHRM) HR Competency Model, the UK Chartered Institute of Personnel and Development's (CIPD) HR profession map, the Australian Human Resource Institute's (AHRI) Model of Excellence (MOE), the Cornell ILR-HR Competency Model and the Boston Consulting Group's HR Competency Model

amongst others.

Since 1987, Ulrich and Brockbank have chronicled what it means to be an effective HR professional through seven waves of global surveys of their human resource competency studies. In 2015, they completed the seventh round of the global Human Resource Competency Study (HRCS), together with the RBL Group and Ross School of Business (University of Michigan), and with the assistance of twenty-three regional partners from around the world (RBL, 2015). The 2015 HRCS study identified nine fundamental competency domains through which HR professionals deliver business value. Three of these competencies: *strategic positioner* (knowledge of business context and strategy), *credible activist* (trust and influence with key people) and *paradox navigator* (ability to ‘navigate’ the many embedded tensions in business operations) were termed as core competencies; whereas the other six competencies were considered as HR ‘enablers’ - that is, competencies that enable the translation of business strategy into individual actions (RBL, 2016). While three of these enablers: *culture and change champion* (the ability to weave change initiatives into culture change), *human capital curator* (the ability to retain talented people) and *total reward steward* (the ability to manage employee well-being through rewards) focus on building a strategic organisation, the other three enablers: *technology and media integrator* (the ability to use technology for high-performing organisations) , *analytics designer and interpreter* (the ability to use analytics for decision-making) and *compliance manager* (the ability to meet regulatory guidelines) focus on tactical delivery (RBL, 2016).

2.2 Issues in the applicability of HRCS model in the Bangladesh context

Previous research has observed that institutional theory and cross-cultural theoretical frameworks have been instrumental in explaining the variation of HRM roles, competencies and practices across different societies (Brookes, Croucher, O’Creevy and Gooderhamp, 2011; Bruton and Lau, 2008; Budhwar and Debrah, 2009; Katou, Budhwar, Woldy and Al-Hamadi, 2010; Mellahi and Budhwar,

2010; Wei, Liu, Zhang and Chiu, 2008). In the case of Bangladesh, a developing Asian economy, the use of these two frameworks may help in exploring how HR competencies might vary across public and private sector firms, and their association with firm performance. Based on the two main assumptions of institutional theory – namely, that organisations succumb to peer pressure and statutory rules leading to specific behaviours (DiMaggio and Powell, 1983), and their ability and willingness to form industrial or trade associations (Campbell, 2007); this paper explores and analyses the applicability of the HRCS model in Bangladesh. This study also takes into account the cultural characteristics of a developing economy such as Bangladesh, as it has been acknowledged in previous international HRM studies that culture also influences the role of HR professionals as they need to work within the institutional context of a particular country (Hofstede, 1997; Jackson and Schuler, 1995).

2.2.1 The institutional context of HRM in Bangladesh

Bangladesh has recently achieved commendable economic growth, largely due to its shift from socialism to a free-market economy in the early 1990s, and it now has an industry contribution to gross domestic product (GDP) of approximately 28.5 per cent (ILO, 2013; PwC, 2015). Human resource management in Bangladesh operates within the framework of the constitution and a plethora of statutory and non-statutory rules and regulations under the Ministry of Establishment (MoE) and the Bangladesh Public Service Commission (BPSC). Modern HR practices in public sector organisations, as in many similar Asian countries, are sometimes characterised by inconsistencies, nepotism, favouritism and political influence (Haque, 2011). On the other hand, private sector organisations often hire employees without systematic tests or interviews (Chowdhury and Mahmood, 2012; Uddin and Choudhury, 2008), and pay only minimal attention to the training of their employees (Belal and Owen, 2007; Mahmood and Akhter, 2011). Moreover, some private organisations have inconsistent pay structures, performance review systems and training and development activities, causing considerable

dissatisfaction among employees (Absar, Nimalathan and Mahmood, 2012; Chowdhury and Mahmood, 2012).

2.2.2 *The cultural context*

It is important to understand that the ‘state-of-the-art’ HRCS competencies developed in the context of western cultural values are potentially challenging in terms of the social and cultural traditions in Bangladesh, and possibly conflict with the cultural dimensions unique to Bangladesh. That is why it is important to examine the link between the prevailing culture and HR practices in Bangladesh in order to assess the applicability of the chosen HRCS model. Extant literature indicates that although the HR policies of developing countries are often designed with a western framework in mind, the practices remain culture-specific (Al-Hamadi et al., 2007; Mellahi, 2003). Islamic knowledge and influence is a core principle in all Bangladesh organisations under sharia law, and the application of Islamic principles is common to all HR functions (Rahman and Iqbal, 2013). Bangladesh managers’ beliefs are based on high power distance (Hofstede, 1997), and are inseparably associated with worker insubordination and militancy, due to excessive management control of employee initiatives by the traditional bureaucratic style in Bangladeshi companies (Miah, Wakabayashi and Takeuchi, 2003). Non-participative HRM styles are predominant, showing similarities with the Bangladeshi family structure, in which authority and responsibility is characterised by paternalism and centralised control by the family head, which can lead to an attitude of dependence (*parnirvarshilata*) and nepotism (*shawjonprity*) (Miah et al., 2003).

2. 3 Organisation life cycle (OLC)

An organisation’s life cycle (OLC) is one of the most common and useful tools while formulating and implementing business strategies. Several OLC models have been proposed which analyse the evolution of firms but the number of stages adopted for these models varies, and recent work has focused on 4 or 5 stage models (Baird and Meshoulam, 1988; Bonn and Pettigrew, 2009; Cardon, 2003;

Hoy, 2006; Lester and Parnell, 2008; Lewis and Churchill, 1983; Rutherford et al., 2003). The most popular model comprises four stages, namely, birth, growth, maturity, and decline (Baird and Meshoulam, 1988; Hoy 2006; Miller and Friesen, 1984). Porter (1985) suggests that organisations tend to employ the most appropriate business strategy depending upon the particular stage of their life cycle, in order to gain or to sustain advantage over their competitors. In the 1980s, prominent researchers linked HRM strategies to an organisation's life cycles (Fombrun and Tichy, 1983; Kochan and Barocci, 1985; Rutherford, Buller and McMullen, 2003; Schuler and Jackson, 1989), and suggested that a good fit between HRM practices and OLC results in enhanced organisational effectiveness and competitiveness.

3. RESEARCH QUESTIONS AND HYPOTHESES

The literature review indicates that there is a dearth of literature on HR professionals' competencies within developing Asian countries (Cunningham and Debrah, 1995; Bhatnagar and Sharma 2005; Bowen, Galang and Pillai, 2002; Jacoby, Nason and Saguchi, 2005; Mamman and Somantri, 2014; Sumelius, Smale and Bjorkman, 2009; Zhu, Cooper, de Cieri and Dowling, 2005). Extending on the notion of divergence-convergence discussed earlier, the analysis of the competencies of Bangladesh HR professionals against the backdrop of the nine competencies of HRCS model may help to analyse whether HRM practices in this developing economy are becoming more like HRM practices in the western countries (convergent); or given its unique socio-cultural, institutional, political-legal and business context, if it is following a divergent approach; or finally, whether the HR competencies identified in the HRCS model demonstrate evidence of the existence of a hybrid approach. Thus, the first research question guiding this study is as follows:

Research question 1. Which HR competencies are evident among HR professionals in Bangladesh, according to the HRCS model?

Further, it has been argued in extant literature that due to variations in institutional frameworks, there are significant differences in the way public and private sectors are managed in developing economies (Boyne, 2002). Previous research, typically in the contexts of Oman (developing country) and China (Asian economy), has observed several similarities and differences in understanding the roles of HR professionals, as compared with western HR models in the private and public sectors (Mamman and Kulaiby, 2014; Wang, Bruning and Peng, 2007). Given prominent variations impacting the private and public sectors in Bangladesh (a developing and an Asian economy), it is expected that the roles played by HR practitioners will also be different. This leads us to the first hypothesis.

***Hypothesis 1:** There is a perceived difference in the identified competencies of HR professionals in Bangladeshi organisations based on the nature of firms (private/public).*

Trends in socio-economic developments such as globalisation include increasing speed in the service sector, changes in workforce demographics, a focus on customer loyalty and an emphasis on effective financial performance and have challenged the HR professional's competencies in these developing economies (Long and Ismail, 2011). Keeping in mind the link between HRM strategies and practices and firm performance, a large number of researchers has examined HR professionals' competencies, and observed a positive relationship between certain HR competencies and firm performance (Boselie and Paauwe, 2004; Huselid, Jackson and Schuler, 1997; Long and Ismail, 2011; Ramlall, 2006; Wright, Dunford and Snell, 2001;). This leads us to our second research question and accompanying hypothesis:

Research question 2. Are the identified HR competencies related to firm performance?

***Hypothesis 2.** The identified competencies of HR professionals in Bangladesh are positively*

associated with firm performance.

The third research question and associated hypothesis were developed on the basis of extending the notion of the impact of HR competencies on firm performance somewhat further. Previous research has explored various issues associated with HRM strategies, including the specific challenges faced by firms, informal versus formal HRM, simple versus complex HR systems, and different recruitment and selection approaches with organisational life cycle stages (Human Resource Management in 2003; Human Resource Management Review in 2006; Buller and Napier, 1993; Cardon, 2003; Ciavarella, 2003; Harkins and Erhardt, 2012; Jack et al, 2006; Rutherford et al., 2003; Schein, 2010). Nonetheless, while investigating the impact of HR competencies on firm performance, most earlier studies (Björkman and Xiucheng, 2002; De Wang and Niu, 2010; Galang and Osman, 2016; Long and Ismail, 2011; ; Osman, Ho and Galang, 2011; Singh, 2004), examined mostly the impact of HR competencies on firm performance, but without any reference to the moderating effects of organisation life cycle. To address this gap, this study further investigates the moderating effect of organisational life cycle on the relationship between identified HR competencies and firm performance. Thus, this study goes a step further, and the third research question is based on the notion of exploring the moderating effect of organisation life cycle on the relationship between HR competencies and firm performance.

Research question 3. Is the relationship between identified HR competencies and firm performance moderated by organisation life cycle (OLC)?

Considering the theoretical argument postulated by Baird and Meshoulam (1988) that HRM practices are related to the firm's stage of development, it can be assumed that the impact of HR competencies on firm performance may differ depending on the stages of a firm's life cycle, that is whether the firm is in a birth, growth, maturity or decline stage. As the firm experiences growth and maturity stages, the onus will be more on a formal structure of HRM practices together with various HR practices such as

performance review, labour relations, and EEO/affirmative action issues which become more important for a firm, and management performs a broader role. Thus, the positive impact of these specific HR practices may be more on a firm's performance in its growth and maturity stages, as compared to the birth stage, where HR activities are looser and less formal and most likely performed by the owner or founder (Baird and Meshoulam ,1988), or in the decline stage which is characterised by less emphasis on HR practices. Based on this proposition, the study propagates another hypothesis associated with the third research question:

***Hypothesis 3:** The maturity and growth stages of an organisation's life cycle moderate the relationship between HR competencies, compared to the birth and decline stages.*

4. RESEARCH METHODOLOGY

4.1 Research design

This study examines the competencies of HR professionals in public and private firms operating in Bangladesh using the Human Resource Competency Study Model (RBL, 2015) as its analytical framework. It further explores the impact of identified HR competencies on firm performance and analyses whether this relationship is moderated by different organisation life cycle stages. The research framework is depicted in Fig. 2

Insert Figure 1 about here

4.2 Research sample

The sample for this study consisted of 202 HR professionals (Managers/Directors) screened out of 256 completed surveys from both public and private organisations in Bangladesh. The survey questionnaire

was administered by thirty-six trained research assistants who were undertaking a Bachelor of Business Administration (BBA) degree at the Faculty of Business, University of Dhaka, Bangladesh. The list of HR managers was accessed from the annual membership directories published by the two prominent HR professional bodies in Bangladesh - Bangladesh Institutes of Human Resource Management and Personnel Management, and the websites of the Bangladesh government, in particular the Ministries of Commerce and Public Administration. Sixty-eight per cent of the respondents had formal HR-related qualifications and thirty-two per cent had other qualifications. As for the nature of firm ownership, thirteen per cent of the HR professionals worked in government-owned firms, seventy per cent worked in private firms, and fifteen per cent were employed by multi-national firms. With respect to firm size, nine firms (4 per cent) had less than 20 employees, fifty-one (25 per cent) had between 20 to 199 employees, fifteen firms (7 per cent) employed 200 to 499 employees, and one hundred and twenty-seven firms (62 per cent) had more than 500 employees.

4.3 Measures

4.3.1 HR competencies

Although there is evidence that the application of earlier Ulrich models has helped numerous organisation's HR function to be more efficient and commercially focused (Boroughs, 2015), its validity is yet to be tested in different institutional and cultural settings, especially those that are characterised by national differences and fluctuations in labour markets -for example, many vacancies and a shortage of skills, variabilities in the levels of unemployment and particular types of organisations, as well as changing trends over time - and considerable work is required for the assessment of its construct equivalence (He and Van de Vijver, 2012; Mamman and Kulaiby, 2014; Schutte et al., 2015). Further applicability of this model to ascertain HR competencies demonstrated by practitioners in a particular country may result in a proliferation of hybrid local HR competency models, leading to a confusion as to precisely what the key competencies are, how they are measured,

and what precise impact they have on organisational performance (Brockbank and Ulrich, 2003; Le Deist and Winterton, 2005; Huselid, Jackson and Schuler, 1997; Paauwe and Boselie, 2005). Despite these observed anomalies, this paper uses the latest version of the HRCS model to explore HR competencies in Bangladesh, as its earlier versions have been used, cited, well-recognised and frequently replicated for understanding HR practitioners' roles in non-western developing countries (Long and Isamail, 2011; Mamman and Kulaiby, 2014; Mamman and Somantri, 2014). Moreover, it precisely identifies the elements that constitute each competency.

The respondents were required to choose the level of each competency on the basis of a five-point scale ranging from not relevant to very high level of each competency, for example - 'HR department has the ability to accurately set the agenda for action within the organisation by helping people point in the right direction' – that served the purpose of identifying the level of the 'strategic positioner' competency of HR professionals. Due to constraints in terms of analysing the impact of identified HR competencies on firm performance and subsequently investigating the moderating effects of organisation life cycle, this study did not consider the sub-domains categorised under each of nine competences in the HRCS 2016 model.

4.3.2 Firm performance

As suggested by previous research (e.g. Budhwar, Varma and Patel, 2016; Delaney and Huselid, 1996;), perceptual measures of firm performance yield a relatively valid representation of the firm's objectives performance, so this study measured firm performance on the basis of the perceptions of HR professionals in Bangladesh. Previously validated scale items developed by Ketkar and Sett (2009), and Delaney and Huselid (1996) were used to capture firm performance at three levels: employee performance, operating performance, and financial and market performance.

Employee performance was measured using ten scale items comprising customer orientation, quality consciousness, cost/efficiency consciousness, team orientation, organisational commitment, willingness to change, willingness to learn, problem-solving skill, ability to handle multiple types of tasks, and output per employee. Operational performance was measured using ten scale items – namely, customer satisfaction level, product/service quality, efficiency of operations, employee productivity, ability to meet customer needs in terms of quality, cost and delivery schedule, rate of new product/service development, successful launch of new product/service, time to develop a new product/service, ability to retain existing customers, and ability to attract new customers. The scale items of financial and market performance were assessed using five items comprising growth of sales revenue, profitability (profit/sales), operating cost efficiency (total cost/sales), the growth of market share and overall firm performance.

4.3.3 Organisation life cycle model

This study used Hoy's (2006) four stage model of the organisational life cycle (OLC) (i.e. birth, growth, maturity, and decline) to further investigate the moderating effects of OLC on the link between identified HR competencies and firm performance. The rationale for choosing a four-stage model was based on literature that empirically demonstrated that the four-stage model shows better support for the OLC hypothesis than the five-phase model (Drazin and Kazanjian, 1990).

4.3.4 Data analysis technique

Table 1 below presents means, standard deviations, alpha values, composite reliability (CR), the square root of average variance extracted (AVE) and correlations of variables used in this study. All of the AVEs were larger than .70 which suggested that the variables used in our model represent acceptable convergent validity. Consistent with the criteria recommended by Fornell and Larcker (1981), the square roots of the AVEs were all larger than the largest correlation between variables in our model

(i.e., HRCS and Firm Performance) again demonstrating the discriminant validity of the variables used in this study. Convergent validity of the scales was also supported with the value of CR for each of the constructs greater than .80.

Insert Table 1 about here

Following Hayes's (2015) approach, PROCESS macro was employed to perform all the hypothesised paths and moderation analyses in this study. PROCESS macro generates model coefficients estimations using ordinary least squares (OLS) regression for continuous variables or maximum likelihood logistic regression for dichotomous variables (Hayes and Matthes, 2009). PROCESS is a computational macro that can provide interactive effects using both the simple slopes techniques and Johnson-Neyman technique (Hayes and Matthes, 2009; Bortolon and Raffard, 2015).

4.3.5 Control variables

Several studies (i.e. Demsetz, and Villalonga, 2001, Huselid, Jackson and Schuler, 1997) have found that firm ownership and firm size have a significant impact on firm performance, therefore, we have controlled the effects of these variables in this study.

5. FINDINGS

5.1 HR competencies evident among HR professionals in Bangladesh

Based on the first research question and associated hypotheses, this study discovered that even in a developing country such as Bangladesh all the nine competencies of Ulrich's 2016 HRCS model (RBL,

2015) are demonstrated by HR professionals. Table 1 demonstrates the ranking of the level of the nine competencies displayed by HR professionals in Bangladesh. The ‘Credible Activist’ level of competency achieved the top ranking whereas the ‘Compliance Manager’ competency received the lowest ranking. Further, minor variations in terms of levels of competencies were observed while ranking the different competencies in the contexts of private and public firms.

Insert Table 2 about here

To further investigate whether the differences were significant, an independent t test was performed (see Table 3). Table 3 demonstrates that there was no significant difference observed in the identified competencies of HR professionals based on the nature of firm’s ownership (i.e. private/public).

Insert Table 3 about here

5.2 HR competencies, firm performance and organisational life cycle

The results of OLS-based regression analyses reveal a significant positive association between the HR competencies (HRCS) and firm performance ($\beta=.35$, $t=4.53$, $p<.01$) thus supporting our hypothesis 2

(See Table 4). We performed moderation analysis using the PROCESS macro to test the moderating effects of each stage of a firm's life cycle (birth, maturity, growth and decline) on the relationship between HRCS and firm performance. To prevent multicollinearity issues, following Cohen et al., (2013), we used continued scale items for all our variables in the research model. Table 4 further displays that the value of product term of Growth= [HRCS X Growth] (F=21.91, p<.01) and Maturity= [HRCS X Maturity] (F=18.00, p<.01) are significant. However, the value of product term of Birth= [HRCS X Birth] (F=47.81, p=.49) and Decline=(HRCS X Decline) (F=1.25, p=.26). These results indicate that only the stages of 'Growth' and 'Maturity' of the organisation's life cycle moderate the relationship between HRCS and firm performance, thereby hypothesis 3 received support.

Insert Table 4 about here

6. DISCUSSION

6.1 Competencies of Bangladesh HR professionals

Table 1 presents the descriptive data which reveal that all the nine competencies of HRCS model are demonstrated by HR professionals in both private and public firms. In terms of the ranking of the level of competencies, both credible activist and compliance manager competencies recorded the top two rankings respectively, similar to the results of the HRCS 2016 study. However, there was a significant difference observed in the ranking for the remainder of their competencies for Bangladesh HR professionals, as compared to results demonstrated by HRCS 2016 study for all Asian countries.

It has been observed in earlier research that developing Islamic countries have experienced profound economic, technological, and political changes and have espoused capitalistic systems to varying degrees (Ali and Al-Owaidan, 2010); but at the same time they still exhibit collective orientations, and their values change much more slowly than their business ideologies (Ralston et al., 2012). This inconsistency between business ideology and cultural values (Ali and Al-Owaidan, 2010; Guo and Zhang, 2015) may be the reason why the credible activist and compliance competencies recorded the top most ranking in the context of Bangladesh, which is a developing country and at the same time has a Muslim majority. The lower ranking of other competencies can be attributed to the fact that while HR policies of developing countries are designed with a western framework in mind, the practices remain culture-specific (Al-Hamadi, Budhwar and Shipton, 2007; Mellahi and Frynas, 2003).

Moreover, HR professionals conformed to the essence of the credible activist competency, which can be linked to the degree of Islamic influence. It has been reported in earlier research that, the higher the degree of Islamic influence, the more obligatory it is for the faithful to behave ethically and observe Islamic instructions in business dealings and management (Ali and Al-Owaidan, 2010). Thus, falling in line with above mentioned results, it can be assumed that HR professionals with a high degree of Islamic influence have the natural tendency to earn the truth and respect of others in the organisation to be viewed as valued partners, thus conforming to the essence of the credible activist competency. Further, the onus of Muslim managers to avoid the often-perceived bias and unprofessional acts of favouritism, or nepotism and to avoid any form of discrimination in the workplace according to the principles of the Koran (Quran) (Ali, Gibbs and Camp, 2000), may contribute to the high ranking of the level of the compliance manager competency amongst Bangladesh HR professionals.

Further, while examining perceived differences in the identified competencies of HR professionals, the

study's findings (Table 3) suggested that there was no significant difference observed in the identified competencies of HR professionals based on the nature of firm's ownership, thus our first hypothesis did not receive support. Although the minor differences reported in Table 2 (variations in the ranking of the level of competencies in public and private sectors) can be attributed to institutional factors (Brookes et al., 2011; Budhwar and Mellahi, 2007; Gooderham and Nordhaug, 2010; Paauwe and Boselie, 2003), however the institutional forces might have played a very limited role in Bangladesh HR professionals' demonstration of the identified HR competencies. These results were significantly different from the recent studies of Mamman and Kulaiby (2014) and Mamman and Somantri (2014) which strongly argued that institutional forces may play a major role in developing countries. Thus, the rationale that HR professionals in the private sector in developing countries may have relatively more freedom to adopt innovative approaches (strategic role) as compared to the public sector (Mamman and Somantri, 2014), must be treated with caution.

6.2 The association between HR competencies and firm performance

The results of the study indicate that the nine HR competencies, as a 'set' (or 'system') are related to firm performance for both public and private sectors in Bangladesh. The results were similar to the results of Bjorkman and Xiucheng's study (2002) based on sixty-two manufacturing Chinese–Western joint ventures firms in the People's Republic of China, which offered support for the hypothesised positive effects of HRM practices on organisational performance. Our results are also similar to Singh's study (2004) based on Indian firms, and Wang and Niu's study (2010) for Taiwanese firms using the earlier version of Ulrich's model (1997), together with numerous other studies (i.e., Chang and Chen, 2011; Colakoglu, Hong, and Lepak, 2010; Combs, Liu, Hall and Ketchen, 2006; Jiang, Lepak, Hu and Baer, 2012; Subramony, 2009).

6.3 Moderating role of the stages OLC between HR competencies and firm performance

The results utilising PROCESS macro reveal that only 'Growth' and 'Maturity' stages of the OLC moderate the relationship between identified HR competencies and firm performance, compared to the stages of birth and decline. The moderating impact of the growth stage on the proposed relationship can be ascribed to the fact that as firms grow they become more established and successful, and they tend to develop an institutionalised set of capabilities and routines (Hannan and Freeman, 1984), by adding a more formal structure and functional specialists, including HRM managers (Rutherford et al., 2003). Whereas the imperative for a broader HR role in meeting business needs by top management (Rutherford et al., 2003) can be the justification for a high moderating impact of the maturity stage on the relationship between HR competencies and firm performance.

The rationale of a low moderating impact at the birth stage can be attributed to the evolving and rapidly changing nature of the firms. Previous research has indicated that at the start up stage, most firms have informal HR practices and rely on the founders for the management of HR practices (Baird and Meshoulam, 1988; Harkins and Erhardt, 2012), and that the sophistication of HR practices is lowest in this stage (Civarella, 2003). The differences in HR practices due to the reduction of internal resources – both financial and managerial - (Cameron, Sutton and Whetten, 1988), as a firm moves into the decline stage may have resulted in the low impact of HR practices in this stage (Jackson and Schuler, 1995; Lengnick-Hall and Lengnick-Hall, 1988).

7. CONCLUSION AND THEORETICAL IMPLICATIONS

This study demonstrates that all the nine role competencies of the HRCS model are exercised by the HR professionals in Bangladesh. Thus, the results of our study reveal that the competencies of Bangladesh HR professionals tend to the line of convergence with popular western HRM models (HRCS in this case). Extending on this notion further, the findings of our study further hint at possible developments of convergence towards western models in Asia as well as in other developing

economies sharing similar social and economic characteristics, thus significantly contributing to the ongoing debate on the theme of divergence-convergence (Brewster, Mayrhofer, and Cooke, 2015; Budhwar, Varma and Patel, 2016; Dowling, Festing and Engles, 2013; Kaufman, 2016). The study further indicates a positive association between HR competencies and firm performance in Bangladesh (both for public and private firms), in line with the existing literature (Bloom, Sadun, and Van Reenen, 2012; Cooke, Saini and Wang, 2014; Jackson, Schuler, and Jiang, 2014), thus adding confirmatory evidence to previous studies that have claimed convergence. Finally, by demonstrating the moderating effects of the growth and maturity stages of a firm life cycle on the relationship between HR competencies and firm performance, this study offers a new insight into studies presented by Baird and Meshoulam (1988) and Rutherford et al (2003).

The major implication of this study points towards more culture-specific perspectives (Al-Hamadi et al., 2007; Mellahi and Frynas, 2003) while assessing the applicability of western HR models in developing Asian economies. There is a palpable need for a more cautious approach to link the cultural and institutional differences (Mamman and Kulaiby, 2014; Mamman and Somantri, 2014) with the HR practices of public and private sectors in developing Asian economies such as Bangladesh.

8. LIMITATIONS AND FUTURE RESEARCH

This study involved 202 firms (public and private) located in and around Dhaka (capital city) in Bangladesh. Therefore, the findings cannot be generalised to reflect all HR professionals in Bangladesh. The number of respondents may not fully represent the numerous HR managers employed in all firms in Bangladesh. Secondly, this study used the configurational perspective of HR practices and explored the impact of HRCS as a ‘set’ on selected firms’ performance. Future research investigating the individual impact of all nine competencies of HRCS model and their subsequent domains could provide more concrete results in exploring the effects of each competency on firm

performance. Moreover, it will be apt to explore the themes of this research in the context of specific industries. Finally, this study is unable to establish any causal relationships between the study variables due to the use of cross-sectional of data. Therefore, our study merely documents an association between the study variables. Moreover, to present a true trend of convergence, it is envisaged that future studies may endeavor to examine our research model using a longitudinal research design or at least repeating cross-sectional data over time.

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Figure 1: Research framework for this study

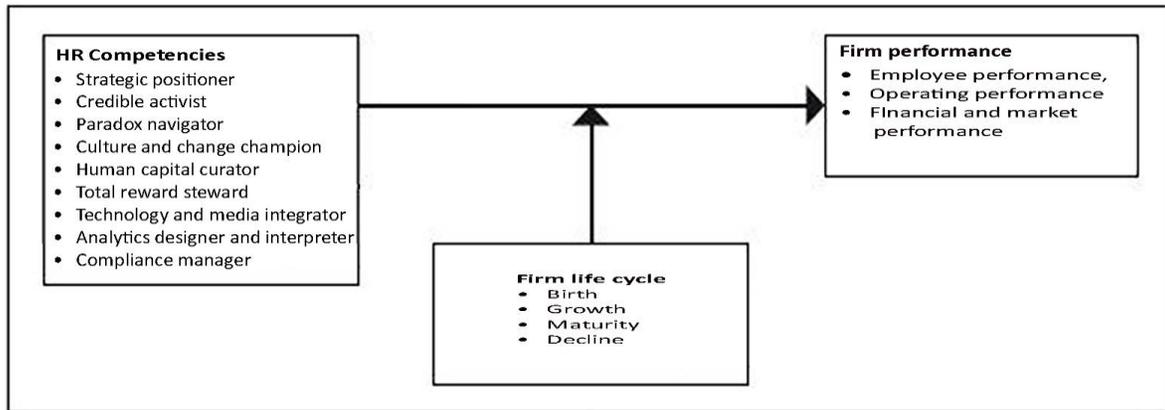


Table 1: Means, standard deviations, composite reliability (CR) square root of AVE^a and correlations

Construct	Mean (SD)	Alpha (α)	CR	1	2
1. HRCS	4.08 (.54)	.69	.80	.75	
2. FIRMP	3.87 (.59)	.76	.85	.41**	.76

* $p < .05$, ** $p < .01$, *** $p < .001$, ^{ns} = non-significant. ^a = Square root of AVE in bold on diagonal, [HRCS= HR competencies, FIRMP=Firm Performance]

Table 2: Ranking of level of nine competencies portrayed by HR professionals in private and public firms in Bangladesh

HR role competencies	Mean	Rank	Private	Rank	Public	Rank
1. Credible activist	4.47	1	4.44	1	4.70	1
2. Compliance manager	4.31	2	4.31	2	4.19	2
3. Total reward steward	4.13	3	4.10	3	4.15	4
4. Strategic positioner	4.06	4	4.03	4	4.19	3
5. Human capital curator	3.99	5	4.01	5	3.85	6
6. Culture and change champion	3.86	6	3.85	6	4.04	5
7. Technology and media integrator	3.55	7	3.58	7	3.30	7
8. Analytics designer and interpreter	3.07	8	3.12	8	2.26	8
9. Paradox navigator	2.59	9	2.62	9	2.22	9

Table 3: HR role competencies in Government and Private owned firms

	Levene's Test for Equality of Variances	t-test for Equality of Means

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
HRCS	Equal variances assumed	.635	.427	-.678	168	.499	-.14389	.21215	-.56272	.27494
	Equal variances not assumed			-.676	36.424	.503	-.14389	.21270	-.57509	.28731

[HRCS=HR competencies]

Table 4: Process macro results

Regression Analysis	B	SE	t	p	R²
<i>Dependent variable = FIRMP</i> Independent variable: HRCS Firm ownership Firm size	.35 -.05 .30	.07 .27 .34	4.53 -.19 .87	.000 .848 .387	.22***
Moderating effects of OLC stages (i.e. Birth, Growth, Maturity and Decline):	R-square increase due to interaction(s):				
	R2-change	F	df1(df2)	P	
Product terms key of Birth: int_1 HRCS X Birth	.0018	.4781	1(196)	.49	
Product terms key of Growth: int_1 HRCS X Growth	.0746	21.91	1(196)	.000	
Product terms key of Maturity: int_1 HRCS X Maturity	.062	18.00	1(196)	.000	
Product terms key of Decline: int_1 HRCS X Decline	.004	1.25	1(196)	.264	

*** p < .001, Control variables: Firm ownership, Firm size,

[HRCS= HR Competencies, FIRMP= Firm Performance, Organisation life cycle stages: Birth, Growth, Maturity and Decline]