AN ANALYSIS OF HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES IN BANGLADESH READY-MADE GARMENTS SECTOR

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Abstract - Bangladesh Ready-Made Garments (RMG) had grown significantly over the last decades in every term but unfortunately quality of locally produced goods is still an issue. According to BGMEA report (2014) RMG consists around 40% manufacturing as well as 50% of total workforce and 78% of total export earnings generate from this sector. Most of employees in RMG are women around 90% where 4.2 million people are working in this sector. However, the potential growth and prospect in Bangladesh RMG sector is huge. And for using this opportunities it should focused on proper implementation of HR policies to emphasis quality performance. In recent knowledge based economic condition human resource is the most crucial resource as organizational effectiveness and efficiency is largely depends on the utilization capacity of this resource especially in case of Ready-made Garments industry in Bangladesh. Yet, the realities for RMG organizations are that their people remain undervalued, under trained and underutilized. Due to improper HR practices labor unrest rate in RMG is high and employee productivity rate is lower than its competitors. As RMG is the rising sector for further investment, now a day a much concern is needed to improve and sustain garments companies growth. Human Resource Management requires much more concern in Bangladesh RMG sector. In this aspect, literatures proved that, HR practices didn’t get much attention which need to be measured and analysis in the aspect of Bangladesh RMG sectors quality performance improvement as in RMG sector human resources is the main advantage for industrial growth and sustainable competitive advantage in business. So this study is required to lift up this expectation to fulfill this research gap.

Keywords - Human Resource Management, Quality performance, Employee productivity, RMG.

I. INTRODUCTION

In case of ready-made garments manufacturer, Bangladesh position second in the world where china is number one. Bangladesh contributed around 60% export contract with European buyers and rest of the 40% with American buyers. In terms of investors, local investors control most of the production and manufacturing garments companies whereas foreign investors only control 5 %. However, this sector is the main source of income in case of national economy in a condition where, according to the World Bank, “you either export or die” (Custers, 1997). Bangladesh Garments manufacturing industry is expanding at a rate of 20% per year (Johir, Saha and Hassan, 2014). In the industrial sector, Bangladesh set the example of cheapest and low cost use of human resources. At the same time, Bangladesh garments industry fully labor intensive rather than technology oriented as Bangladesh is the cheapest labor country, the average labor cost per hour is only $0.3 (Israfil, Siddique, &Basak, 2014). Here, noteworthy to mention that since 1985, the growth rate of Bangladesh RMG sector is remarkable because of few privileges and opportunities, such as MFA, Quota and GSP etc.(Rahman, 2011; Ferdousi and Shabnam, 2013).

At the same time, Bangladesh garments industry fully labor intensive rather than technology oriented as Bangladesh is the cheapest labor country, the average labor cost per hour is only $0.3 (Israfil, Siddique and Basak, 2014). Actually the future of this sector is fully depends on the effective utilization of its workforce. Though most of the workers in RMG sector are female and young where their average age limit is below 30 years (Mehedi, 2014). Bangladesh RMG sector should focus on proper implementation of HR policies to emphasis quality performance (Absar and Mahmood, 2014). As each organizations success and quality goal accomplishment is largely depends upon the capabilities of human resources (Budhwar and Debrah, 2011). In this regard according to Rahman (2012) against technological scenery, a thorough analysis of human resource management practices on manufacturing industries especially on Bangladesh RMG sector is very much needed. HRM practices are immensely necessary for the achievement and ensuring quality performance in the organization. Therefore, effective utilization of human researches is the prime challenge and pre-condition of organizational business success (Rahman, 2011). Issues raised in HRM practices in Bangladesh RMG sector are an attempt to improve competitiveness is still a debate both theoretically as well as empirical studies (SharminAkhter, 2014). So this study is required to lift up this expectation to fulfill this research gap.

Currently, Bangladesh RMG’s are under tremendous pressure due to the free market economy, rapid technological development and continuous changes in customer demands (Barroso and Wilson, 1999; Siddiqi, 2007; ParulAkhter, 2015). These demands emphasize the need for high levels of overall system reliability that include the reliability of human resources, machines, equipment, material handling systems, other value adding processes, and
management functions throughout the manufacturing system (Ariful, 2008; Rahman, 2011; Yunus and Yamagata, 2012). Each organizations success and quality goal accomplishment is largely depends upon the capabilities of human resources (Budhwar&Debrah, 2011). Bangladesh RMG sector should focus on proper implementation of HR policies to emphasis quality performance (Absar and Mahmood, 2014). Unfortunately, RMG industry is labor intensive despite technological developments harnessing the need for appropriate HRM practices to ensure quality of output over the right duration at the right cost (BGMEA, 2015). These have over the years had adverse effect on productivity, sustainable competitive advantage and commitment further affecting organizational performance, time and cost. These prompt the need for this research which aims at providing a tool, a procedural framework, to enhance HRM in various companies operating in Bangladesh via the development of appropriate policies which will ensure high organizational performance and sustainable competitive advantage (Joarder et al., 2010).

Therefore, the results of this research outcome will be beneficial for both theoretically and practically. The current study offers significant values for practitioners since it has considerable managerial significance. At the same time, this research will be significant in Bangladesh garments sector by offering new insights into the various TQM as well as HRM functions. As well as the findings of this study will be useful to government and other organizations in Bangladesh that are currently implementing HRM practices, as well as those seeking to establish HRM practices within their systems with the aim of improving performance as well as gaining sustainable competitive advantage of their businesses (Chowdhury, Ahmed and Yasmin, 2014).

II. LITERATURE REVIEW

Human Resource Management

According to Huselid (1995), “HRM practices can contribute to superior productivity by improving the quality of employees work life”. At this point, according to Absar (2014) lack of appropriate HRM practices always enhance turnover rate, decrease the productivity rate and huge job dissatisfaction among employees though effective implementation of HRM practices is help to increase overall organizational performance and growth. Therefore, according to Holtom et al. (2005) high turnover rate is a negative sign among the workforce which affect employee work performance and productivity. High turnover always create the gap of production as new skilled needed to be developed as the skilled performer left, new skill development to fulfill the gap is always costly (Hughes and Bozionelos, 2007). Absar (2014) denoted that, “due to lack of proper HR policies and procedures, labour-intensive manufacturing firms are facing shortage of workers, and high job turnover in developing countries such as Bangladesh”.

Therefore incompetency of HRM practices always affects the organizational competitiveness as workforce is the main factor of quality performance (Ahmed, 2013). Inappropriate manpower planning is considered the main significant considerable factors of human resource as well as workforce shortage as well as surplus which reflect the reality about the inconsistency of HRM practices with companies’ goals (Ichniowski et al., 1997; Rahman 2011). According to Absar (2014), “although human resource management practices are indispensable in enhancing organizational performance and competitive advantage but unfortunately an inadequate number of studies have been conducted in this area so far in the context of Bangladesh RMG sector”. So, in this study the research is conducted for the motive of fulfilling this research gap.

In this regard according to Hossan, Rahman and Rumana (2012) the growth rate of this sector is remarkable in Bangladesh, yet, realities of RMG sector is that their people remain undervalued, under trained and underutilized. So the potential growth and prospect in Bangladesh RMG sector is huge. And for using this opportunities it should focused on proper implementation of HR policies to emphasis quality performance (Weeratunga, 2003; Absar&Mahmood, 2014). Pfeffer (1994) introduced 16 HR practices which denote best practice. In context of Bangladesh ready-made garments industry, in this research we consider the following four HRM practices: recruitment and selection, job analysis, manpower planning, equal employment opportunity act (EEOA). The main focus of recruitment and selection process is the choosing the right person for the right position. According to Mládková (2005), “workers must be able and willing to cooperate and communicate and accept the way of sharing their knowledge (skills, abilities and experience) based on reciprocity, reputation and altruism”. Schuler (1987) give emphasised in his study on more general, implicit and less formalised selection criteria are proposed by some authors. In Bangladesh ready-made garments, they don’t follow any defined recruitment and selection policies which largely affect employees’ turnover and competitiveness (Ahamed, 2013).

On the other hand, Geisler (2006) stated that, “manpower planning is the process – including forecasting, developing and controlling by which a firm ensures that it has the right number of people, the right kind of people, at the right places, at the right time, doing work for which they are economically most useful”. Manpower planning is associated with organizational optimum size of workforce, appropriate training design, compensation
system as well as the future vision of the workforce management which are highly recommended in case of TQM practices in Bangladesh RMG sector (Ahamed, 2013). According to Bansari (2010), “most garments factories in Bangladesh pay little attention to labour standards and labour rights, disallow trade union activities, unsafe working environment, and ineffective laws and discard fair labour practices, and compliance enforcement is limited and limited role of stakeholders”. According to Ahamed, F. (2011), “there is a rising fear in Bangladesh that the ready-made garments sector may face a decline in demand and social compliance in the RMG industry is a key requirement for most of the world’s garments buyers which ensures labour rights, labour standards, fair labour practices and a Code of Conduct”. So for ensuring quality practices and gaining sustainability in RMG sector of Bangladesh much attention should be given to EEO approach to avoid labor unrest and lack of quality performance. Job analysis is required huge impact for starting to implement any HR practices in organization (Sharmin, 2014). According to Cascio (1991) for evaluating the organizational performance effectively job analysis also associated with performance management and compensation, recognition and reward. Therefore, according to Dobbins et al. (1991), individual skills and competencies are focused in job analysis which is needed for empowering employees which is essentially significant in case of TQM implementation. Lastly, According to Shafrin and Basak (2014) measuring job fitness is also a part of job analysis process which includes change management, job classification, creativity, and job design and job rotation. In this research, job analysis requires more significant attention in context of Bangladesh ready-made garments industry to gain sustainable competitive advantage for implementing TQM. Therefore, according to Absar (2014) HRM practices were not given proper acknowledgements and preferences in aspect of Bangladesh RMG sector. So based on literature it is easily understandable that HR practices didn’t get much attention which need to be measured and analysis in the aspect of Bangladesh RMG sectors quality performance improvement as in RMG sector human resources is the main advantage for industrial growth and sustainability in business. So this study is required to lift up this expectation to fulfill this research gap. This study will also help the policy makers and government to formulate and implement the manpower policies as Bangladesh RMG sector is largely depends on workforce efficiency and proper utilization of expensive manpower.

**BANGLADESH RGM SECTOR’S HRM CONDITION**

Ready-made Garments Industry contributed a lot for the development of Bangladesh economy.

Bangladesh Garments manufacturing industry is expanding at a rate of 20% per year (Siddiq, 2005; Johir, Saha and Hassan, 2014) and around 76% of the export earnings are came from RMG sector (BEPB, 2015). Currently 4.2 million workers are working in this sector where 4490 manufacturing units are in operation (BGMEA, 2015).

<table>
<thead>
<tr>
<th>Years</th>
<th>No. of garment factories</th>
<th>Employment in million workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-95</td>
<td>684</td>
<td>0.12</td>
</tr>
<tr>
<td>1996-97</td>
<td>691</td>
<td>0.26</td>
</tr>
<tr>
<td>1998-99</td>
<td>629</td>
<td>0.28</td>
</tr>
<tr>
<td>2000-01</td>
<td>625</td>
<td>0.31</td>
</tr>
<tr>
<td>2002-03</td>
<td>722</td>
<td>0.32</td>
</tr>
<tr>
<td>2004-05</td>
<td>705</td>
<td>0.34</td>
</tr>
<tr>
<td>2006-07</td>
<td>654</td>
<td>0.40</td>
</tr>
<tr>
<td>2009-10</td>
<td>1,000</td>
<td>0.70</td>
</tr>
<tr>
<td>2010-11</td>
<td>2,000</td>
<td>1.30</td>
</tr>
<tr>
<td>2012-13</td>
<td>3,000</td>
<td>2.00</td>
</tr>
<tr>
<td>2013-14</td>
<td>4,000</td>
<td>2.80</td>
</tr>
<tr>
<td>2014-15</td>
<td>5,000</td>
<td>3.60</td>
</tr>
<tr>
<td>2015-16</td>
<td>6,000</td>
<td>4.40</td>
</tr>
<tr>
<td>2016-17</td>
<td>7,000</td>
<td>5.20</td>
</tr>
</tbody>
</table>

Source: BGMEA (2015)

Each organizations success and quality goal accomplishment is largely depends upon the capabilities of human resources (Budhwar & Debrah, 2011). Bangladesh RMG companies don’t provide proper training to the employees as they focus on cost reduction most but training and skill development is essential for quality performance (Ahamed, 2013). That’s why employee productivity rate comparatively low rather than competitors (Absar & Mahmood, 2014). Therefore, Ernst and Young (2007) stated that Bangladesh has the 7th largest work force i.e. 69 million of the world. Potential growth and prospect in Bangladesh RMG sector is huge. And for using this opportunities it should be focused on proper implementation of HR policies to emphasize quality performance (Weeratunga, 2003; Absar & Mahmood, 2014). In this regard, Mamun and Islam (2001) stated where they conducted research on RMG sector that the ready-made garments enterprises workers’ productivity need to be improved through proper HRM practices. According to Johir, Saha, and Hassan (2014), “to face challenges of globalization and the reasons for the low productivity of laborers are unsystematic recruitment and selection of workers, unavailability of training facilities, inadequate financial facilities, and low motivation level of workers”.

The situation of Bangladesh RMG sector is critical as there are lack in practice of HRM practices which causes lots of problems (Ahamed, 2011). Control of lower level employees is usually done by line supervisors who are not an expert of employee
management as the supervisors do not have proper training, nor knowledgeable about compliance acts neither familiar about HR rules and procedures. So most of the time due to their inefficiency, employees are demotivated as well as dissatisfied which reflect their quality performance (Rock, 2010). According to ParulAkhter (2015) most of the garments factories have no well-defined HR department. Actually, HR departments are fully concern about formulation and implementation of HR rules, regulation and practices as well as make sure employees will be motivated through these activities which are essential for the success in Bangladesh RMG sector. According to Rahman (2012, “working conditions in the RMG sector are poor and the factories often do not have HRM units and workers’ rights are minimal”. In this regard, Ahamed (2013) stated that the absence of an HR function in the RMG sector creates difficulties with workers. In Bangladesh, most of the RMG factories have automatic machinery. But unfortunately coupled with workers lack of education, skills and technical knowledge, this can lead to accidents causing death or injury (BGMEA, 2015). Without appropriate HR policies in Bangladesh RMG sector as well as lack of HR unit in the organization, most of the garments employees are not aware and familiar about IR (Industrial Relations) rules and acts (Ahamed, 2011). In this study selection of RMG sector as research area is worthy for further research as there is a huge research gap.

The working environment in the RMG sector is deficient in various ways focused health and safety and the work environment (Akhter, 2015). As a result, workers often suffer disease and are injured or even killed. The HRM department ensures that employees’ rights are not violated, and that the organization provides better working condition (Rahman, 2012). Mondy and Noe stated that safety is the act of protecting employees from injuries caused by work-related accidents and health as well as keeping employees free from physical or emotional illness”. According to Ahamed, F. (2011) the absence of any HR functions in the RMG sector can be a factor in serious labor unrest. In this aspect, Bangladesh RMG sector accidents is quite common and without the practice of EEOA, employee didn’t get proper care which creates employees demotivation as well as labor unrest which largely affect quality performance (BGMEA, 2014).

However, usually no HR unit is found in most of the small companies in Bangladesh RMG sector where the number of members of the organization is less than 100 (Sharmin, 2014). In Bangladesh RMG sector, establishment of HR departments has the potential to facilitate productivity and sustainability (Bansari, N., 2010; Ahamed, F., 2011). Due to improper HRM practices, Bangladesh ready-made garments industry sustainability as well as competitiveness largely hampered (Bansari, N., 2010; Ahamed, F., 2011). So there is a research gap to implement HR practices in Bangladesh RMG sector.

Several researchers conducted studies on working condition in Bangladesh RMG which are essential for developing the EEO and compliance. In this regard, according to Ahamed F. (2011), “in fact working conditions in the RMG sector are below standard and do not meet the ILO standards”. Ahamed F. (2011) also stated that, “labour standards and rights are commonly ignored in the RMG factories in Bangladesh; poor practices include the absence of trade unions, informal recruitment, and irregular payment, sudden termination, wage discrimination, excessive work, and abusing child labour”. So lots of accidents happened previously as for example “Rana Plaza” incident. At the same time employee health and facilities are serious issues in garments sector because of absence in implementation of labor laws and appropriate HR practices.

On the other hand, in RMG sector employee recruitment is informal they don’t provide any appoint letter as formal legal documents and for this reason employee could not able to claim compensation against any misfortune happened with them. In this regard according to Bansari (2010), “in case of Bangladesh RMG companies, employees are vulnerable to losing their jobs at any time and have fear of losing their jobs and lack of alternative job opportunities compel workers to continue in unsatisfactory employment”. Kumar (2006) stated that, “garments workers are concerned with long working hours or double consecutive shifts, personally unsafe work environment, poor working conditions, wage and gender discrimination and employers treat the RMG workers as slaves, exploiting workers to increase their profit margins and keep their industry competitive in the face of increasing international competition”.

However, Alam (2004) pointed out that lots of problems are remain in Bangladesh RMG sector such as suppressed work schedule, no break time, inappropriate over time procedure, physical harassment etc. though management are not aware about the appropriate policy and implementation of HR rules and practices. According to Majumder P (1998), “work areas are often overcrowded with limited workspaces, causing occupational hazards such as musculoskeletal disorders and contagious diseases”. Bangladesh RMG owners are under pressure to oblige all the code of conduct for sustaining their business operation. That’s why they are more concerned about this research study which will help them to build-up a proper quality culture with the help of effective HRM practices.

In this regard, according to Ahamed (2011), “workers often try to complement their low wages by overtime,
An interesting finding is that due to excessive use of women workers, the wage rate is ultimately low (Ahamed, 2011). Another considerable factor is there is a lack of labor availability which results in a lower wage rate. The offered the cheapest wages in the world. Muhammad (2012) stated that in reality garments worker are not entitled to any fringe benefits, including accommodation allowances, health care, emergency funds, or transportation. This is a problem that remains in Bangladesh RMG sector. At the same time differentiated wage rate among male and female employees are huge. The following table shows the gender discriminated wages rate.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male wages USD/Year (per month)</th>
<th>Female wages USD/Year (per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator</td>
<td>28.65</td>
<td>19.53</td>
</tr>
<tr>
<td>Weaving</td>
<td>20.52</td>
<td>15.00</td>
</tr>
<tr>
<td>General Labour</td>
<td>24.08</td>
<td>14.00</td>
</tr>
<tr>
<td>Sweing helper</td>
<td>12.25</td>
<td>9.89</td>
</tr>
<tr>
<td>Cutting helper</td>
<td>14.24</td>
<td>10.64</td>
</tr>
<tr>
<td>Finishing helper</td>
<td>15.37</td>
<td>13.00</td>
</tr>
<tr>
<td>Textile</td>
<td>19.42</td>
<td>14.71</td>
</tr>
</tbody>
</table>

Source: Abrar (2010)

Table 3 - Gender differentials in wages in Bangladesh RMG sector

In this regard, Garments worker often change their jobs because of wage arrears, lay-offs, irregular payment, excessive working hours, forced labor, ill health or harassment from bosses and their security guards (DWP, 2014). Bangladesh RMG sectors HRM implementation and practices play vital role for achieving employees’ job satisfaction, better productivity, employee efficiency and skill development. It is another area where Bangladesh severely lags behind most of its competitors (Richthofen, 2012). Therefore, on the basis of the above literature, this research is much needed as there is a huge research gap.

DISCUSSION

Based on above discussion, for ensuring the performance development and sustainability of Bangladesh RMG sector effective implementation of HRM practices should be assured. Khan (2010) stated that, “HRM is the essential factor for sustainable competitive advantage and success of any organization”. According to Schuler (1990), “the practice of HRM enables firm to achieve resource optimization and continuous improvement in production”. At the same time lack of appropriate HR always create high turnover rate, increase absenteeism as well as reduce profit (Johir, Saha, & Hassan, 2014). In this regard, Marchington and Wilkinson (2008) stated that, “HRM is a distinctive approach of employee management to achieve competitive advantage through job satisfaction and commitment”. Several criteria works behind the relationship between HRM practices and sustainable competitive advantage which need to be further tested (Batt, 2002; Ahamed, 2013).

According to Batt (2002), “if the firm invests on human capital it may increase the worker’s productivity”. Appelbaum et al. (2000) stated that, “job enlargement and increasing autonomy of workers will decrease the amount of wastage and the inefficiency rate in production, as the firm takes the advantage of unused skills from non-managerial workers”. So through job satisfaction HRM practices can ensure employee motivation which will directly relate with quality performance of individual as well as organization. In this regard, Ichniowski et al. (1997) denoted that, “good HRM practices increase the motivation of workers due to increased job satisfaction”. Job satisfaction also will increase quality performance. MacDuffie (1995) mentioned, “good HRM policies reduce the rate of job turnover that consequently trim downs the cost of recruitment and selection, and increases the benefits of investments in human capital”. At the same time, Ichniowski et al. (1997) stated, “higher employee motivation will raise the tendency among the workers to do better job, and it will also increase their commitment towards the organization”. On the basis of the above discussion, this research got the potentiality to vary the statement of whether human resources practices have positive relationship with Bangladesh RMG sector to gain sustainable competitive advantage or not as there is a research gap for it.

CONCLUSION AND FURTHER RESEARCH

Though the growth rate of Bangladesh RMG sector is immensely high but unfortunately from the starting of the implementation practices of HRM did not received its due and proper attention. This research will be very much beneficial for both owners as well
as policy and decision makers. On the basis of this research, some recommendations are: first, always maintain and follow proper rules and documentation for the employment of employees. Second, establish justified wages and compensation policy not the discriminated payment. Third, every employee should provide appropriate training opportunities. Fourth, follow and maintain all HRM practices according to Bangladesh Labor Law 2006. Fifth, working hour and overtime policy should be maintained and justified legally and ethically. Sixth, trade union and collective bargaining option should be opened for the employees. Seventh, fairly and ethically practice “owner-labor-government agreement of 22 & 23rd may, 2006”. Eighth, wages and compensation should be adjusted with incremental payment as well as inflation and work life balance. Ninth, maintained appropriate and proper “safety and security law” of workplace safety. Tenth, do not recruit child labor or minor which is a regular practice in Bangladesh RMG sector. Twelfth, maintained, follow and updated “BGMEA & Government rules and regulation”. The current study offers significant values for practitioners since it has considerable managerial significance. At the same time, this research will be significant in Bangladesh garments sector by offering new insights into the various HRM functions. These initiatives will cover the latest research gap on the implementation HRM practices in the literature. Additionally, it is believed that this study can be replicated in other context such as other product and service industries in Bangladesh. Therefore, this study will assist and explore for future research prosperities and opportunities in HRM area of research. Overall, this research can help to build up remarkable understanding of practicing HRM in Bangladesh RMG sector as well as contribute significantly in building the scientific knowledge in the subject of the research area.

REFERENCES


