Human Resource Management Practice of a Ready Made Garment Industry in Bangladesh

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Abstract

The main objective of the study is to identify the human resource management practice of the Univogue garment company limited (UGCL) in terms of job analysis, recruitment & selection process, training, motivation, performance appraisal and social responsibility. In order to complete the above objectives, primary and secondary information were used. Primary information came from observations of the factory operations and discussions with the officers of the human resource department and workers of the factory. Secondary sources came from various official documents of the company. Study shows that human resource department of the UGCL is conscious in order to maintain the HRM practice properly. It is assumed from the study that the human resource management practice of readymade garment industry in Bangladesh is quiet well and it is particularly great for those readymade garment industries which are being operated and owned by the foreigners.

Key words: HRM practice, readymade garment industry, case study, Bangladesh.

1. Introduction

The age of garments industries in Bangladesh is about thirty years but it accounts 82% of export earnings of the country (Refayet 2014, Arifa 2008). The sad part of it is, that the welfare of the garments factory workers is still unattended. Among many benefits, garments factories are helping much to solve the unemployment problem of Bangladesh (Arifa 2008). At the same time it is creating new problems like environmental pollution, degraded lifestyle of workers, settlement problem, health problems etc. majority of the garments workers are women. Workers are less secure as monetary remunerations are never beyond just enough, sometimes even less. Poor
industrial relations have plagued the readymade garment industry since 1990. For example, minimum wage of garments workers fails to keep pace with price hikes as it is claimed by economists (Anonymous 2008). Garments industries are still lacking any unified trade union. Moreover, the country had to be warned by the importers about the safety concerns for the garment workers of Bangladesh (Anonymous 2014; Arifa 2008). It is thus proven that the RMG sector in Bangladesh is lacking human resource management practice properly.

The World Bank stresses continuous efforts to reform garment sector (Anonymous 2014). The government of Bangladesh has also made progress in improving the rights and safety of workers (ibid). The advantages of low wage and abundance of labour is still the most important factor in sourcing from Bangladesh. The EU and USA remain the primary destinations for Bangladeshi garments as they accounted for 62.2% and 21% share of the total garments exports from Bangladesh respectively (Refayet 2015). Freedom of association, job protection of workers and trade unions from intimidation or discrimination, ensuring minimum wage and ensuring all workers have the same rights are critical for strengthening partnership between the owners and workers as this is now greatly emphasized either nationally and internationally (Anonymous 2014). It means the necessity for the development of the HRM in the RMG sector in Bangladesh. Recently many measures such as favourable factory inspection have been achieved and it boosted the confidence of the retailers (Refayet 2015). Therefore the present study will be useful for the policy makers in order to identify the actual situation of the HRM practices in the RMG sector in Bangladesh and other countries as well.

2. Literature review

Several studies have been done about the HRM practices of RMG sector of Bangladesh.

Ferdous (2015) conducted study to examine the factors which are responsible for the promoting of work satisfaction of RMG workers in Bangladesh. The study was an empirical study. Results of the study suggested that satisfactory salary, timely payment, admissible benefits, supervisors’behaviours, acceptable working environment, hygiene canteen and medical
facility can keep the labour satisfied into their work.

Sabbir (2015) demonstrated in his study whether the RMG sectors in Bangladesh follow the HRM rules and regulations. It also looked for either HRM is valued by RMG sectors in Bangladesh or not. It concludes that there is enough space to maintain the HRM practice in this sector for a better future of RMG sector in Bangladesh.

Sarker and Rumana (2014) examined the financial and non-financial HRM practice in order to keep job satisfaction of RMG workers of Bangladesh. This study found that financial and non-financial factors can keep workers satisfied with their job and assist workers to avoid labour unrest. The study venues were Dhaka, Narayanganj and Gazipur district of Bangladesh. The study adopted regress method.

Tania and Sultana (2014) conducted the study about the health hazards of garments in Bangladesh. Results suggest that labours are unaware of labour rights and thus, they have lack of consciousness about occupational safety and health issues. The study is based on a case study.

Ahmed (2013) investigated about the possibility of international labour standard in the RMG factories in Bangladesh. It proposes an effective monitoring and surveillance system can establish social compliance and remove labour unrest from the RMG sector.

Jahid (2013) examined the possibility of RMG industries in Bangladesh to face the competitive challenge after the Multi Fibre Arrangement (MFA). Among many outcomes, it suggests to improve human resource which can assist to survive the RMG sector to face the competitive challenge.

Rubel and Daisy (2013) identified the relationship between perceived supports and performance of workers. The study suggests that perceived organization supports are necessary for the sustainability of performance of workers in the RMG industry in Bangladesh.

It is difficult to pinpoint the differences of the previous studies due to the objectives, methodology, location etc. are not similar to each others. The present study location is the Chittagong Export Processing Zone (CEPZ) in the port city, Chittagong of Bangladesh.
The RMG industry of the present study is owned and operated by the foreign citizen (www.univoguegroup.com). Study locations of previous studies were located either in the Dhaka city or suburb of the Dhaka city and owned by the Bangladeshi citizens. Moreover, previous studies based on primary data followed by pre structured questionnaires only. A complete overview of HRM practice of the investigated factories were absent of the discussion of the previous studies. It is thus assumed that past studies were done through partial case study. The present study is also a case study but it includes the existing HRM practices of the investigated garment industry and later, findings were derived by discussing with the HRM employees and workers. The current study garment company is owned by the non Bangladeshi citizen which was not considered in the previous studies. Therefore, it is expected to get actual situation of the HRM practice of the RMG sector in the country from this study. Hence the present study can differentiate itself with others.

3. Objective and Methodology of the study

The objective of the study is to examine the job analysis, recruitment and selection procedure, training, safety & security, motivation, performance appraisal, compensation and social responsibility of the Univogue Garments Company Limited (UGCL).

In order to complete the above objectives, primary and secondary information were used. Primary information came from observations of the factory operations and discussions with the officers and workers of the factory. Secondary sources were various official documents, newspapers and research papers. The study is a descriptive type case study. This study is carried down in the month of November, 2014. The advantages and disadvantages of this type of study can be found in many studies (Abu Zafar 2015; Ayesha 2011).

4. Overview of UGCL

UGCL has started its journey on 09 April 1984 in Bangladesh (www.univoguegroup.com) and has become one of the leading and pioneer garments manufacturing company in the Chittagong Export Processing Zone (CEPZ) specialized
in outer wear and bottom manufacturing which catering to some of the world’s leading brand owners. UGCL started its operation in Bangladesh with one production unit and later it has expanded four production units inside the CEPZ. It also contributes to the economy of Bangladesh by providing employment for more than 4000 employees in its four units.

4.1 HRM practices in UGCL

UGCL has individual HR and administration department to handle the employees to run organization smoothly. HRM practices that are followed by the UGCL, can be discussed as follows:

**Recruitment & Selection process**

The various types of recruitment procedures are as follows: internal source, advertisements, employee referrals, sourcing from gate of factory and circular by banner. Evidence says that UGCL mostly follows internal source, employee referrals, sourcing from various locations inside the CEPZ and circular by banner to recruit workers people. But, in case of mid level officers it uses advertisements by local dailies only and in case of top level officers, it uses head hunting procedure. For recruiting employees through advertising, the company follows the daily newspapers, internet and others. The company also collects the applications from applicants by post or courier service and others.

After recruitment, the company maintains selection procedure. It makes a short list of applicants from among all before selection test. This type of short list is prepared as qualifications and experience. There are various types of selection test for employee selection. These are as follows: IQ and series of viva. UGCL usually follows the viva for employee selection but this selection procedure can vary from person to person.

After selecting employees, the employees have to submit the following information such as photo 6 copies, birth certificate/national ID card, union council chairman/municipality chairman/commissioner certificate and blood group report etc.

After selecting all employees it arranges an orientation program regarding company facilities, rules and regulations, safety and security, other benefits etc. It provides to
employees letter of employment, service book and also hand book.

**Training and Development**

Adequate investment in training to maintain and improve its human capital is key strategic objective of the UGCL. UGCL workers and officials are sent to different specialized training centers within the country. It has introduced of fresh and meritorious workforce to meet the needs of manpower. After completion of 3-6 months probation periods, if any employee performs low, he/she is selected for further training. Following types of training are followed by the UGCL: on the job training, job instruction training, group work training, guidance of skilled during training time.

**Performance evaluation**

In UGCL, it evaluates their workers performance by using different types of operation of the machine based on the production target. There are lot of operations target of machine such as normal operation and critical operation. If a worker under critical operation to fulfill the production target within given time, he/she must be eligible for promotion or increment according to the salary. Performance evaluation for normal operation is also same as of critical operation.

In UGCL, there is no formal method to evaluate the performance of the staffs. For staffs, their performance is evaluated by the reporting boss based on the efficiency of the work.

**Compensation & Benefits**

Employee compensation in Univogue Garments Co. Ltd. refers to all form of pay or rewards going to employee and arising from their employment and it has two main components, namely direct financial payment and others is non financial payment to increments of time and performance. Time based payment is still more popular. Line level workers and staff get monthly basis payment and to calculate the daily wage rate they introduced first parch card system for top level and lower level management. UGCL also increases employee compensation on the basis of annual performance of job. At the same time if any employee works 22 days without any break then he/she enjoy 01 day leave from the company and for that one day salary is added to his/her salary.
If an employee works more than 8 hours in a day except holiday, it is treated as overtime and for this overtime he/she will be paid as overtime allowance twice of the basic salary. The overtime allowance will be paid with the respective monthly salary.

**Provident fund & Gratuity**

Every permanent employee should be entitled for the member of the provident fund which is 8.33% of the salary will be cut off and saved in this fund every month and UGCL also contributes the same amount in this fund. There is a trustee board to operate this fund and the amount save in this fund is repayable to the employees.

Gratuity also provides by UGCL to their staffs and workers. If a staff/worker continuously done the work at least 04 years, he/she will get one month salary and if a staff/worker continuously done the work more than 08 years he/she will get two months’ salary.

Univogue provides employees two festival bonuses which are 75% of their gross salary and pay to workers 75% of their basic salary in every year.

**Leave enjoyable**

Festival leave, casual leave, medical leave, annual leave and maternity leave. If any employee will not enjoy annual leave he/she will be allowed to encash these leave days into cash which will be paid yearly basis.

**Health, safety and welfare**

All measures are adopted in the factory to provide maximum health and safety arrangements to the employees. Qualified doctors and trained nurses are employed for full time along with health center for health services and emergency treatment of employees. Further UGCL is an active member of Bangladesh Export Processing Zone Authority (BEPZA) medical center which provides emergency medical service to all employees of its members free of charges. Appropriate lighting facilities, pure drinking water, proper ventilation, adequate exits doors, free access to all firefighting equipment, adequate and unblocked walk ways throughout the factory, all kind of safety equipment for workers are also ensured by the company.

Others benefits that are providing by UGCL to their staffs and workers which are as follows:

Morning time, it provides Tiffin by 9:30-10:30 am for all employees.
Transportation services providing by UGCL to employees without charging any cost.
Canteen services also provided.
First aid room services etc.

**Social responsibility of UGCL**

Every organization has some responsibilities to the society and also country as because of social responsibility. Univogue also contributes the followings as voluntarily to the society:

Bringing to the public job opportunities in the factory.

Educational program for uneducated child labour through Bangladesh Garments Manufacturers and Exporters Association (BGMEA).

Keeping restriction in recruitment policy of HRD as regards child labour employment.

Donation to Prime Minister’s relief fund and donation to the associations engaged for helping distress people, as well sending team from the company.

Employment of the foreign expert to train up the workforce.

**5. Findings**

Followings findings are derived from the above discussion:

There is no formal HR planning in UGCL.

For staffs both internal and external sources of recruitment are used.

For workers external source is used.

The turnover of workers is very high especially at the time of vacation of festival.

In maximum cases, viva is used as selection device for workers.

For trainee officers, series of viva with IQ are held.

On the job training is provided with the guidance of skilled workers.

No worker below the age of 18 is selected.

Work study team evaluates the performance of the workers on the basis of production target.

Reporting boss evaluate the performance of the staffs on the basis of their work performance.

Promotions of workers are given based on the performance report.

Promotion of staffs are very slow and evaluation methods are absent to the employees.

Employee recognition is absent.

Provident fund and gratuity are given as benefits for the staffs and workers.

Transportation facilities for both staffs and workers.
UGCL provides child care room services for the workers and also provides canteen facility.

Every employee can enjoy following leaves: casual leave 10 days, sick leave 7 days and annual leave 13 days. If any employee will not enjoy the annual leave, he/she can encash the leave.

6. Recommendations

Make formal HR planning to implement all the functions of HRM.

Frequently arrange the off the job training for the workers to improve their skill as well as development.

Performance evaluation methods must follow for the promotion of staffs and must be done HR department.

Child care room should be functional and create awareness to the workers.

Workers recruitment and selection process can be revised to recruit skilled workers.

Emphasize towards educational qualification for staffs and workers.

Management should look the salary and benefits for their employees otherwise employees can switch other organizations.

Orientation programs can arrange for the staffs and workers after recruitment.

To reduce workers turnover at the time of vacation of festival that has to concern to the workers.

Give reorganization to the workers for improving their skilled.

Arrange entertainment to enhance workers motivation.

Promotion system for the staffs are not enough that should be developed.

7. Conclusion

HRM practices of RMG sector of Bangladesh has been done in the context of a case study. The study reveals that HRM practice of the RMG sector satisfactory except minor exceptions. Some of the poor HRM practices are found in case of absenteeism, job turn out, any kind of upgradation, recruitment and selection, training and performance evaluation. It is also assumed from the study that the garment company maintains HRM but it is bookish in nature and practical application of different areas of HRM is hardly visible. Evidences show that garments companies which are owned by the non Bangladeshi citizens are conscious of HRM practice than those garments companies owned by the Bangladeshi citizens as it is also seen in the past studies. Previous studies mainly kept importance of the Bangladeshi owner operated garments industries and found many lacking of HRM practices. The present study reveals that HRM practices of
RMG in Bangladesh is not poor as it is addressed by the past studies. Most of the previous studies are done in the context of Bangladeshi owner operated RMG industries and their HRM practices were found poor. It can be concluded that RMG sector in Bangladesh is not missing the proper HRM practices rather HRM practices are particularly better in the foreign owner operated RMG in Bangladesh. This is proven in the present study. Considering the result of study, RMG industry of Bangladesh should improve the HRM practice either in Bangladesh or elsewhere. At the same time, more in depth analysis should be done by consolidating the results of the present study.

References


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