

Practices of Strategic Human Resource Development in the RMG Sector of Bangladesh: An Empirical Study

Kazi Nazmul Huda, Rezaul Karim and Ferdous Ahmed
 Southern University Bangladesh, 739/A Mehedibag Road Chittagong, Bangladesh

Abstract: The very notion of ‘Strategic Human Resource Development’ (SHRD) is a relatively new term related with business aligned Human Resources Development (HRD) that provides superior Human Resource (HR) management and ensures congenial atmosphere to implement fundamental components of HRD successfully. It plays a pivotal role in compensating business changes by ensuring good HR administration. If we dwell on the analytical observation on the high-yielding industrial sectors keeping an eye on their contributions in the economy of Bangladesh, naturally the ready-made garment RMG tops the list compared to any other industrial fields. But if we desire to ensure the smooth operation of this mammoth productive sector, what is essential is to avert any unrest and conflicting situation that might stand as a set back to harm the sound industrial relationship. The recent labor unrest in the sector should be resolved immediately to protect the national interest as well as augmenting the socio-economic balance. This study is an empirical study projecting SHRD as a remedial strategic managerial tool, which will go a long way to patch up the vulnerable phenomena and also assist in ameliorating the overall condition of the workers connected with this sector.

Key words: Human Resource Development (HRD), management, industrial field, practices, strategic

INTRODUCTION

The rising thought of Human Resource Development (HRD) puts people at the center of development, because development is not only by people, it is also for people (Arya and Tandon, 1998). HRD has gained its magnitude in managerial perspective and finest utilization of human power requires substantial wisdom and preparation. It is not only for the individual growth but also to conquer organizational and national progress. In the Present trend of globalization, liberalization, market change and technological changes are generating lot of business challenges and opportunities for the organizations and compelling them to change their operations in many different natures. Human Resource (HR) is a key input of organizational development and Human Resource Development (HRD) is considered to be a major operation to gain competitive advantage in production in the new millennium. To deal with the current quick changing of industrial world the labor intensive manufacturing companies must develop their HR in conformity with the business strategies. The concept of Strategic Human Resource Development (SHRD) is business aligned HRD provides superior HR management and ensures congenial atmosphere to implement fundamental components of HRD successfully leading to excellence in production. It also plays a vital role in responding business changes by ensuring good administration. If we

embark on focusing the top industrial contributing sectors in the economy of Bangladesh, naturally the Ready-Made Garment RMG ranks first in striking comparison to any other sectors. In this article, we suggest SHRD as a potential instrument that may facilitate to overcome the challenges and to prevent all types of anarchy and disorder in this through understanding and considering HRD in the strategic level.

SHRD is not only a concept but theoretically and practically it is a potential system called “SHDR Systems (SHDRS)”. SHDRS contains some major elements like SHRD Practices and SHRD Facilitators are highlighted in the paper and the study mainly discusses the level of current SHRD practices by the Bangladeshi RMGs as a part of SHDRS through empirical and desk study. The objectives of the study is

- To create a general awareness about the concepts and the functions of SHRD to develop a pro-human corporate culture in Bangladesh.
- To study the concept of Strategic Human Resource Development Systems (SHDRS).
- To study the current Strategic Human Resource Development Practices in Bangladeshi RMGs through empirical study.
- To suggest some recommendation for Bangladeshi RMGs to gain competitive advantage through developing good SHRD practices.

Human Resource Development (HRD): Human resource development has gained increasing application as a goal and as a process in the development field. As a goal it is equated with the development of human capacity and enhancement of human aspirations. In terms of process, HRD involves activities related to education, training, empowerment, awareness raising, skill enhancement, team building, community mobilization and development, organization development, entrepreneurship development, sensitization and conscientisation, human resource planning and policy (www.pddp.org.np/pub/ar99/hrd.htm).

Human Resource Management (HRM): Human Resource Management is a discipline of Management that generally deals with humans working in an organization. To define it in bookish language, Human Resource Management encompasses those activities designed to provide for and coordinate the human resources of an organization (Lloyd and Leslie, 2000). Human personnel management is also a modern term for what has traditionally been refereed as personnel administration or personnel management. Activities of HRM are Human Resource planning, Recruitment and Selection, Human resource Development, Compensation and Benefit, Employee and Labor Relations, Safety and Health and last but not the least Human Resource Research. Basically the task of HRM is in Micro Economic level. It is only concerned and limited within the organizational premises. Human Resource Development is a part of HRM but in Bangladesh HRD is functional only at organizational internal level rather not as a separate academic discipline to work at Macro Economic level. In HRM, HRD is concerned with the development of organizations' personnel only but in many ways HRD and HRM is interrelated.

Strategic Human Resource Development (SHRD): Strategic Human Resource Development is a system of strategical development and utilization the peoples working in the organization to cope with the environmental changes in business efficiently, competently managing the business challenges and to gain competitive advantage. There are four key constituents of the environmental changes that effect business organizations viz. globalization, liberalization, market change and technological changes. In a nutshell, it is a concept of aligning HRD with business strategy to acclimatize with the changes in the business environment of an organization and considering HRD as a strategic tool to gain competitive advantage. SHRD is an important task to modernize the HR in responding the changes in

business environments and also maintaining a reserve of skilled HR to muddle through the future challenges in business.

HRD, a strategic standpoint: HRD is important in the organization because companies are gradually recognizing the importance of peoples for business success. Human resources are mostly business related issues as they influence the essence of business, like profitability, survival, competitiveness, adaptability and flexibility. SHRD is a strategic tool that helps to grow with managerial competence, which efficiently supports the HRM functions of the organization to respond the internal and external business challenges. Human resources are the vital arms to gain sustainable competitive advantage. The resource-based view suggests that the human resource system can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific and generate organizational knowledge. SHRD works in relation with strategic response that is used to counter environmental changes. The responses made by the organizations are broadly in the nature of changing the portfolios, improving organizational process, systems and structures. These organizational responses are not always uniformed and vary organization to organization. The strategic responses are mostly classified into the followings.

Portfolio related strategic responses: Merger, Acquisition, Takeover, Demergers, Diversification, Share Buyback, Divestiture/Disinvestments, Joint Venture, Strategic Alliances/ Collaboration etc.

Process related strategic responses: TQM, Benchmarking, cost management, asset optimization, JIT, Automation, Computerization, Project Management etc. These processes related endeavors bring potentiality in business activities to respond the challenges efficiently.

Structure related strategic responses: Flattening of organizational hierarchies, creating Strategic Business Units (SBU's), changing to divisional structure from functional structure, decentralization in decision making and many more (Srinivas, 2004).

As an emerging strategic perspective, Human Resource Management and Development have significant impact upon these responses for adjusting the environmental changes. It is widely acknowledged that integration of Human Resource strategy with the business strategy is vital for organizational success. A strong link between HRD and business strategy of an organization can efficiently attain the objectives and develop key

resources to win competitive advantage. Efficient SHRD functions act as a key player in organizational success.

SHRDS (Strategic Human Resource Development Systems): Strategic HRD system consists of comprehensive and integrated set of arrangements, which are called as SHRD practices and SHRD facilitators. These systems are interdependent and changes affect each other. The fundamentals of SHRD are similar to those of Herzberg's hygiene factors and initiatives are the motivators for successful HRD in the organization.

SHRD practices: It includes development of fundamental elements of SHRD like compensation, working environment, welfare and departmental functions of HRD which have to be strong enough to ensure congenial atmosphere in an organization for implementation of SHRD initiatives like training, Performance appraisal, Job enrichment, career planning, communication, Involvement and empowerment. This study will discuss mainly the SHRD practices as part of SHRD systems.

SHRD facilitators: A number of factors such as concerns of top management, trade unions, frontline officers/supervisors, individual workers regarding development issues, industrial relations scenario, labor statutes, trainability, employment externalization and downsizing are believed to play a vital role in facilitating and inhabiting strategic HRD practices in the organization. (S.R Kandula) The awareness and adequate devotion of the above factors helps an organization to grow smoothly and respond the business changes promptly. There is no basic difference between HRD and SHRD; the only difference is the area and the type of application.

HRD has a broad perception of human development in macro and micro economic level. SHRD is the strategic implementation of HRD to response the environmental changes in the organization. It develops a bridge between business policy/ management and human resource department to cope with the business changes and to gain competitive advantage. It is about to grow potential competitive advantage by developing the HR on the basic of strategic necessity of an organization.

MATERIALS AND METHODS

The present study is the product of the combination of two methods viz. empirical survey and desk study. In empirical survey the required information and data have been collected on the basis of a structured questionnaire prepared in the light of the objectives of the study. More so, a pilot survey was conducted before the finalization of the questionnaire. The data were collected through direct

interview method by the investigators who were trained by the researchers. Besides, before going to interview phase with respondents, they were briefed about the contents of the questionnaires. Free discussions were also held with the interviewees. The output of the discussions was recorded in a notebook. The size of the samples is 44 RMGs located at Chittagong, the Commercial capital of Bangladesh. HR professionals were interviewed with a view to making the study informative and representative. The principal cause of limiting the

Table 1: Five-point scales for rating

Issues	Rating scale				
	5	4	3	2	1
1. Workers' allowances in the organization are attractive	45%	45%	-	9%	-
2. Multi skill training of workers is common in the organization	9%	27%	18%	45%	-
3. Feedback based on performance appraisal is not given to workers	36%	54%	9%	-	-
4. It's difficult to protect workers' wages in proportion to rise in cost of living	-	45%	27%	27%	-
5. Workers are counseled for their problems to improve performance	45%	45%	9%	-	-
6. Scheme providing medical facilities to workers' families is non-existent	64%	27%	9%	-	-
7. People in the HR Department are well trained to undertake workers development	36%	27%	9%	27%	-
8. Retraining of workers is rare in the organization	9%	64%	9%	18%	-
9. Skills required to reach higher levels in different trades are not clearly defined	9%	54%	18%	18%	-
10. Workplace is noisy	-	27%	9%	64%	-
11. Sufficient number of toilets, washrooms, water coolers etc are available for workers	45%	36%	9%	9%	-
12. Get-together/social activities involving worker families are frequently organized at the instance of the organization	36%	-	27%	36%	-
13. Direct interactions with the workers with the top management is not encouraged	9%	64%	9%	18%	-
14. Workers are not involved in decision making process at policy making level	9%	72%	18%	-	-
15. The newsletters, house magazines, suggestion schemes etc. are existent in the organization	-	-	18%	72%	9%
16. Workers job provide no opportunity for creativity	18%	45%	27%	9%	-
17. Workers development plans is not dovetailed with business strategy of the organization	-	45%	45%	9%	-
18. Education of workers' children is systematically encouraged	18%	18%	27%	27%	9%

study to 44 RMGs was due to time constraints of the researchers. The break-up of sample respondents has been projected below in Table 1. The survey was carried out during May- July 2006.

SHRD in Bangladesh: HRD in Bangladesh is a challenge of economic development. Government has taken many projects to develop HR in Macro level. But in the micro/organizational HRD should be more emphasized to face the rapid changes in international business. Bangladesh is overpopulated and developing country with limited industries and resources though advancing towards industrialization with a good pace. But the current challenges in the international economic environment are affecting the local companies in many different ways. The new era of free trade opened the gate of ample opportunities to grow, arbitrarily; also the threats from scientifically managed foreign companies are not to be lightly taken. SHRD will be an effective practice in efficient utilization of opportunities and countering threats. At organizational level we have got no other ways but to adjust or tune the HRM to SHRD in order to make strategic development of the HR to overcome the global business challenges. Our limited natural resources over its abundant HR put us in a delicate situation, both in terms of skill and productivity, for which HR based operational development, would obviously be a competitive edge for our companies. So, the companies are in ardent need to judiciously identify the business changes and utilize SHRD system toning with organizational business policy.

In Bangladesh most of the organizations are following traditional or conventional HRD system just as a part of HRM. But SHRD reflect the need based HRD and management to cope or adopt with the changes. In BD the scope of industrial/organizational training in institution level is very limited. Mostly the worker and executive development are occurring on the job and the organizations are playing a vital role of HRD. But present situation of business changes, high uncertainty, raising cost, increasing competitive pressure, rapid technological changes, increasing demand of new skills, complex organizational culture, changes in the products, consumer behavior, changing demographics, modification of legislations and regulations, external forces with vested interests, union relations and avoidance and mostly the increasing multinational competition and collaboration, multilateral relationship, multinational aliens and politics are demanding a new era of HRD at organizational level. We must go for competitive strategy based HRD by adopting sophisticated HRM policies. To achieve advantage through HR it requires implementations of those policies in strategic perspective.

RESULTS

A survey on the garments industry has been conducted. Randomly 44 factories were chosen from the Chittagong based factories. The respondents were the managers of HR departments of those garments factories. The number of workers ranged from 500 to above thousand. In the questionnaire they were given a rating scale upon which they rated the status of their respective factories' positions. The results were as follows:

On the issue of 'Workers' allowances in the organization are attractive' 90% respondents scaled it 4/5 i.e., Agreed/Strongly agreed. But in the real scenario the case is different from the reality. For example, the recent cause behind the unrest in the RMG sectors in Bangladesh was mostly related to poor wage structure of the workers. On the issue of 'Multi skill training of workers is common in the organization', 45% factories found to be on the scale-2 or disagreed; it means the career path of the workers is not motivating resulting in non-optimization of production. Again on the issue of 'Feedback based on performance appraisal is not given to workers' 54 and 36% found at scale -4 and 5 scale points respectively which implies that workers performance is evaluated properly or the system of evaluation exists which is not in conformity with the previous issue of training related question. It indicates that if performance is not up to the mark the staff or workers are sent to training. Again when the issue of 'workers wages in proportion to rise in cost of living' came the responded split evenly at 45% to scale-4 and 5; the issue is not really a match with the reality and that's why, a tri-partite commission has been formed to assess the minimum wages of the garments workers. On the issue of 'Workers counseling for their problems to improve performance' 90% responded in the scale between 4 and 5. While the issue of 'Scheme providing medical facilities to workers' families it is found to be almost non-existent in most of the cases -64%. While asked about whether HR Department is well trained or not- 36% responded agreed strongly. One of vital jobs of HR is to 'retaining the existing workers' for which 64% respondents replied as not practiced. This is very normal on the part of workers to understand what to do to get promoted to upper levels, which is not the case in 54% cases. For good production environment 'less noise' is expected which is the case in 64% respondents' case.

In the case of workers' development i.e., 42% found on the scale 3 as Skills required to reach higher levels in different trades are not clearly defined, 28% disagreed and same numbers are scaled as 28%.

The detail survey results are depicted.

Five-point scales for rating were as follows:

Broad recommendation: The following recommendations will be useful to Bangladeshi organizations and mostly in the RMG sectors to prevail Competitive advantage.

- Considering SHRD at the policy level of business.
- Continuous Investment to develop the practice SHRDS.
- Technology base and systemic HRD to enhance productivity.
- Developing united private institutions by the industries/organizations for skill development of the present and future workers.
- Inventing new idea(s) of human utilization in the industries as an alternative to automation.
- Practicing SHRD fundamentals efficiently and to maintain SHRD initiative in regular basis.
- Developing a party-politics free Trade Union and positive relation ship between Trade Union and management. Non- Union HRM will be more fruitful in Bangladesh.

Specific recommendations

- There is a big communication gap between workers and management / owners; for example- the recent unrest in the RMG sector. So, the communication gap between these two parties should be narrowed down with the adoption of sound strategic policy. A cohesive formal and informal communication should be developed immediately to create better relationship and initiative to be taken by the top management and the garment owners association (BGMEA in Bangladesh). Participation and involvement of the senior garment workers should be ensured at BGMEA to empower them.
- Currently the concept of Human resource development is not practiced fully at strategic level; Enactment of appropriate laws and ensures the enforcement of the current labor and factory laws to prevent the unwarranted labor related problems. Legal compliance should be ensured in this regard. Government controlled Monitoring and audit relating to compliance should be recognized as an integral part of the industry, particularly for those small and medium RMGs who are doing sub-contract jobs.
- Intangible criteria of human resource development not yet found to be available in RMGs. (Harish, 2003; Gray, 2005; VSP, 2004; Wayne, 2005). A sound process of human resource management is needed to be implemented taking under consider the take care of it. Welfare work postulates a real change of heart and change of outlook on the part of both employers and workers.
- Arrangement of proper training is an essential component to make a genuine contributing resource as multi skilled workers.
- For workers motivation regular systematic evaluation of performance is badly needed. Taylor made software development in this regard is essential for the factories for handling bulk data.
- In the workers' wages scheme there should be a provision for inflationary adjustment, so that the real income and monetary income would match.
- This is most recent development in the RMG sector that workers and staffs are getting nominal medical facilities, due to non-financial capabilities of the factories. The buyers could add conditions and put some financial provisions for the workers' family's medical facilities, which could be considered as family-health insurance.
- Job enrichment and job enlargement for workers are needed for upgrading their working positions.
- Well-designed and transparent career path should be planned for the workers futuristic views and aspirations.
- Observing various religious and cultural festivals so that creating an informal and easy relationship among workers and staffs and rejuvenate them towards loyalty; this should be taken as an elements of social compliance too.
- In our country this is not a culture to share information or to have a 'hi-hello' relationship with staff and workers. Rather a good cordial and sympathetic behavior from top towards bottom is appreciated as good managerial attitude in our society. The class contrast and consciences make this as a hindrance to get a free relationship between these two parties, viz., workers and staff, which arbitrarily are necessary for a good control and management.
- Policymaking is not yet reached as a formal approach of management in our RMG sector; this is due to non-expertise on the workers behalf to contribute which is mostly due to less education or non-standard qualifications. Small-scale quality circle could be introduced to initiate the practice of democratic participation in policymaking stage. This practice will also develop and nurture creativity among the workers.

CONCLUSION

The Ready-made Garments World is operating a challenging voyage to the 21st century, where numerous changes will be occurring in a dramatic fashion. So the RMGs are expected to be cautious about identifying and

coping with the changing economic environment. Human Resource is a key factor to be considered in organizational development and must be emphasized in responding the micro and macro-environmental changes of business. SHRD will be a key to success in implementing the HRD functions in the RMGs.

REFERENCES

- Arya P.P. and B.B. Tandon, 1998. Human Resource Development, (3rd Edn.), Deep and Deep Publications, F159, Rajouri Garden, New Delhi.
- Gray Dessler, 2005. Human Resource Management (10th Edn.), Prentice Hall of India Pvt. Ltd, New Delhi-110001.
- Harish Kumar, 2003. Human Resource Management in the 21st century, (1st Edn.), Anmol Publications Pnt. Ltd, New Delhi-110002 India.
- Lloyd L. Byars Ph.D and Leslie Rue Ph.D, 2000, Human Resource Management, (6th Edn.), Irwin userPage McGraw- Hill, North America.
- Srinivas R. Kandula, 2004, Strategic Human Resource Development, 3rd Printing, Published by A K Ghosh, Prentice-Hall of Pvt. Ltd, M-97 Connaught Circus, New Delhi.
- VSP Rao, 2004. Human Resource Management Text and Cases, Excel Books, 2/8 Ansari Road, Darya Ganj. New Delhi- 110002.
- Wayne F Cascio, 2005. Managing Human Resources- Productivity, Quality of Work Life, Profits, (6th Edn.), Tata McGraw-Hill Publishing Company Ltd, New Delhi.
- www.pddp.org.np/pub/ar99/hrd.htm.