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Importance of Human Resource Management and the Competitive Advantage: A Case Analysis on Basis of the Textile Industry of Bangladesh

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Abstract- Textile Industry plays an important role in Bangladesh economy. It captures 40% of total manufacturing and 50% of total employment. A huge 78 percent of the country's export earnings come from textiles and apparel, according to the latest figures available. Bangladesh exports its apparel products worth nearly \$5 billion per year to the United States, European Union (EU), Canada and other countries of the world. It is the sixth largest apparel supplier to the United States and EU countries. The industry employs about 3 million workers of whom 90% are women. So, people are most valuable asset. The early part of the century saw a concern for improved efficiency through careful design of work. During the middle part of the century emphasis shifted to the employee's productivity. Recent decades have focused on increased concern for the quality of working life, total quality management and worker's participation in management. These three phases may be termed as welfare, development and empowerment. So, Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. Human Resource Management can also be performed by line managers.

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Abstract- Textile Industry plays an important role in Bangladesh economy. It captures 40% of total manufacturing and 50% of total employment. A huge 78 percent of the country's export earnings come from textiles and apparel, according to the latest figures available. Bangladesh exports its apparel products worth nearly \$5 billion per year to the United States, European Union (EU), Canada and other countries of the world. It is the sixth largest apparel supplier to the United States and EU countries. The industry employs about 3 million workers of whom 90% are women. So, people are most valuable asset. The early part of the century saw a concern for improved efficiency through careful design of work. During the middle part of the century emphasis shifted to the employee's productivity. Recent decades have focused on increased concern for the quality of working life, total quality management and worker's participation in management. These three phases may be termed as welfare, development and empowerment. So, Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. Human Resource Management can also be performed by line managers. Human Resource Management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training. Human Resource Management has come to be recognized as an inherent part of management, which is concerned with the human resources of an organization. Its objective is the maintenance of better human relations in the organization by the development, application and evaluation of policies, procedures and programmes relating to human resources to optimize their contribution towards the realization of organizational objectives.

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I. INTRODUCTION

The textile industry has played an important role in Bangladesh's economy for a long time. Currently, the textile industry in Bangladesh accounts for 45 percent of all industrial employment. "People are our most valuable asset for any organization" which no member of any senior management team would disagree with. Yet, the realities for many organizations are that their people remain undervalued, under trained and underutilized. The market place for talented, skilled people is competitive and expensive. Taking on new staff can be disruptive to existing employees. Also, it takes time to develop 'cultural awareness', product / process / organization knowledge and experience for new staff members. Human Resource (or personnel) management, in the sense of getting things done through people, is an essential part of every manager's responsibility, but many organizations find it advantageous to establish a specialist division to provide an expert service dedicated to ensuring that the human resource function is performed efficiently.

II. THE SCOPE OF HRM

1. Personnel aspect-This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, layoff and retrenchment, remuneration, incentives, productivity etc.
2. Welfare aspect-It deals with working conditions and amenities such as canteens, crèches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.
3. Industrial relations aspect-This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary procedures, settlement of disputes, etc.

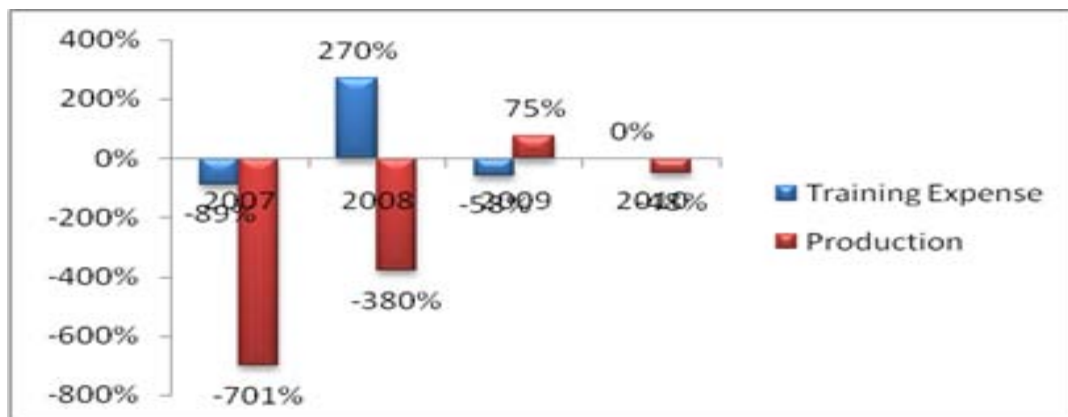
III. FUNCTION OF HRM

Following are the various functions of Human Resource Management that are essential for the effective functioning of the organization:

1. Recruitment
2. Selection
3. Induction
4. Compensation
5. Performance Appraisal
6. Training & Development

IV. HRM PLANNING

Use Cost Benefit Ratio to determine whether the training as well as other allowances gives fruitful result to the company. Example: Trend Analysis from Square Textiles showed that



If training expense increased it will decrease the production gap for that year as well as next year.

We can find out Return on Investment from Training Expense of Square Textiles Ltd:

2007: Training cost 1,950+974= 2,924 taka

Profit (local) 44,152,375+ (Export) 2,483,797,691= 2,527,950,066 taka

ROI:

$(\text{Total Profit} - \text{Training Cost}) / \text{Training Cost} = (2527950066 - 2924) / 2924 = 864551:1$

By investing 1 taka on training we can get profit of 864,551.

2008: Training Cost 3,600+341,607= 345,207 taka

Profit (Local) 33,963,046+ (Export) 3,002,615,926= 3,036,578,972 taka

ROI:

$(\text{Total Profit} - \text{Training Cost}) / \text{Training Cost} = (3036578972 - 345207) / 345207 = 8795:1$

By investing 1 taka on training we can get profit of taka 8795.

2009: Training Cost 5700+8400000= 8405700 taka

Profit (Local) 98168048+ (Export) 3760888916= 3859056964 taka

ROI:

$(\text{Total Profit} - \text{Training Cost}) / \text{Training Cost} = (3859056964 - 8405700) / 8405700 = 458:1$

By investing 1 taka on training we can get profit of taka 458.

2010: Training Cost 0+10120000= 10120000 taka

Profit (Local) 68981768+ (Export) 4356375448= 4425357216 taka

ROI:

$(\text{Total Profit} - \text{Training Cost}) / \text{Training Cost} = (4425357216 - 10120000) / 10120000 = 436:1$

By investing 1 taka on training we can get profit of taka 436.

V. TRAINING & DEVELOPMENT

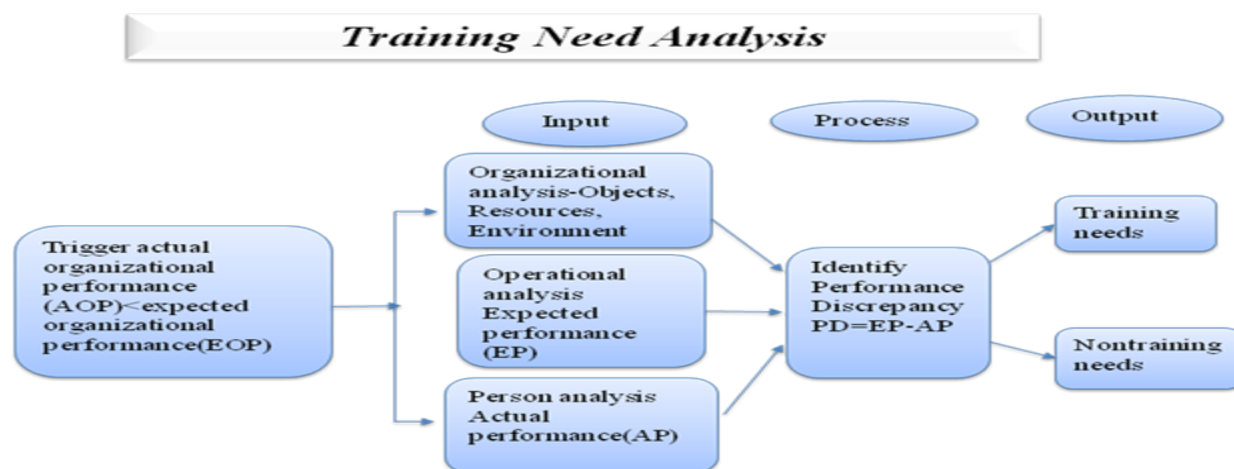


Figure 1 : Training analysis

The main problem regarding performance gap was lack of training. Here we need proper training for both the workers as well as employees.

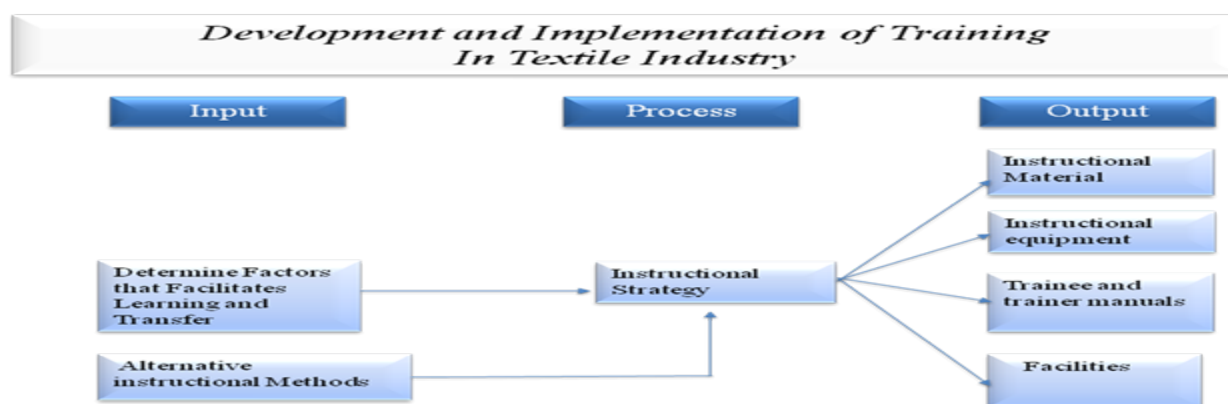


Figure 2 : Training implementation process

VI. INPUTS

a) For employees

Discussion: The discussion method uses a lecturer to provide trainees with information that is supported, reinforced, and expanded on through interactions both among the trainees and between the trainer and trainees. This added communication gives much greater power. The discussion method provides a two way flow of communication. Knowledge is communicated both by trainer and trainee.

Demonstration: To conduct an effective demonstration one should first prepare a lesson plan by breaking the tasks to be performed into smaller and easily learning parts. Then the parts will be sequentially organized by tasks and explanations for why the action is required.

Computer based training: CBT is effective at developing declarative and, in particular, procedural knowledge. It can be useful in developing some types of skills and for modifying attitudes. CBT develops declarative knowledge through repeated presentation of facts, using a variety of formats and presentation styles. It can do an excellent job of describing when and how to apply knowledge to various situations. Procedural knowledge is developed by allowing trainees to practice applying the knowledge to various situations simulated by the software.

b) For Workers

Orientation Training: Orientation is a part of the overall integration of new employees into an organization, by which it helps new employees adapt to the work environment and their jobs. Orientation is, in fact, a training opportunity to promote organizational effectiveness from the start of a person's employment.

Diversity Training: One organization has different type of employees their culture, value, society, norms, religion, race is different that's why their opinion or thinking is

different. Organization faces many problems when these people don't co-operate each other for these things. Organization gives diversity training for learning to respect each other.

On the Job Training: On-the-job training (OJT) uses more experienced and skilled employees to train less skilled and experienced employees. OJT takes many forms and can be supplemented with classroom training. Included within OJT are the job-instruction technique, apprenticeships, coaching, and mentoring. Formal OJT programs are typically conducted by employees who can effectively use one-on-one instructional techniques and who have superior technical knowledge and skills. Since conducting one-on-one training is not a skill most people develop on their own, *train-the-trainer* training is required for OJT trainers. In addition to training the trainers, formal OJT programs should carefully develop a sequence of learning events for trainees.

Sexual Harassment Training: Sexual harassment at work is an unwelcome or uninvited behavior of sexual nature, which is offensive, embarrassing, intimidating and affects an employee's work performance, health, career or livelihood. One major problem in dealing with sexual harassment in organizations is its perceptual nature. Men and women generally differ in what they perceive to be sexual harassment. Sexual harassment can occur in any situation where an employee is treated unfairly because of his or her gender. This training can help female workers to cope up in the factory.

Safety Training: Providing health and safety information and training helps one to:

- ensure authority that employees are not injured or made ill by the work they do;
- develop a positive health and safety culture, where safe and healthy working becomes second nature to everyone;

- find out how they can manage health and safety better;
- Meet the legal duty to protect the health and safety of the employees.

VII. PROCESS AND OUTPUT

While conducting the training process the manuals, materials should be given or described to the employees before. Then a proper training center should be arranged where workers will feel comfortable to take the training.

VIII. APPRAISING PERFORMANCE

For appraising performance, company can use BARS – Behaviorally Anchored Rating Scale method. In Textiles business we can take the example of Production Manager:

f) Prepare Final Instrument:

Timeliness
Come to office in time
Prepare product plan in time
Collect materials before production date

Good Communication
Find clients quickly
Keep good track with other employees

Supportive
Gives proper training on the usage of machine
Controls and reduces workers stress
Help Human Resource Manager to know the workers need from the organization
Help supervisor sometime
Unbiased
Unbiased in recruitment

IX. COMPENSATION ANALYSIS

a) Compensation for workers

Cash Compensation

Base Pay: 4000 to 6000 taka

Merit Pay:

- For 100 to 90% performance = 5-10% increment
- For 90 to 85% performance = 1-5% increment

Short Term Incentive: It can be given based on group work. If group performance is good that group can be given an incentive for that month but it will not be added to the next month's salary.

Long-term Incentives: Workers can get portion of the total profit of the month.

Benefits: Income Protection: It will include,

Medical Insurance: 20% of the basic salary

Provident Fund: 10% of the basic salary

b) Work Life Balance

i. Pay for Time not for work

- Casual leave: 15 days
- Earning leave: 30 days
- Maternity Allowances: 1000 taka per month

c) Generate Critical Incident

1. Come to office in time
2. Prepare product plan in time
3. Keep good track with other employees
4. Find clients quickly
5. Collect materials before production date
6. Gives proper training on the usage of machine
7. Help supervisor sometime
8. Unbiased in recruitment
9. Controls and reduces workers stress
10. Help Human Resource Manager to know the workers need from the organization

d) Develop Performance Dimensions

Timeliness, Good Communication, Supportive, Unbiased.

e) Reallocate Incident:

Here evaluator has to ask other coworkers about his activities.

c) Allowances:

Travelling and conveyance: 300 taka per month

1. Lunch: 300 taka per month
2. For the good behavior with other employees and especially with female employees they will be given 200 taka as a reward.
3. They will get festival bonus 40% of the basic salary.
4. For over time they will get 25% more.

Compensation for experienced workers:

Cash Compensation

Salary: 8000 taka

Long-term Incentives: Workers can get portion of the total profit of the month.

Benefits: Pay for Time not Basic for work:

- Casual leave: 15 days
- Earning leave: 30 days
- Provident Fund: 8% of the basic salary

Allowances :

Travelling and conveyance: 500 taka per month

- Lunch: 500 taka per month
- House Rent: 50% of the basic salary
- Medical Allowance: 10% of the basic salary

d) *Compensation for executives*

Benefits: This benefit is for all the permanent employees. There is an earn leave for 31 days annually. This leave is mandatory. Employees must take this leave and they are paid a handsome amount to spend times with their families. This is the most special kind of cost for the company for giving employees a good work life balance. The employee's position which is vacant for 31 days, another employee fill up that position or maintain his duties.

e) *Cash Compensation*

- Trainee Assistant Officer – 15,000 taka
- Assistant Officer- 15,000 taka
- Trainee Assistant Cash Officer – 18,000 taka

- Junior Office- 18000 taka
- Officer-20000 taka
- Senior Officer- 22,000 taka
- Principle Officer- 25,000 taka
- Senior Principle Officer- 30,000 taka
- Assistant Vice President- 32,000 taka
- First Assistant Vice President- 35,000 taka
- Senior Assistant Vice President- 40,000 taka
- Vice President- 45,000 taka
- Senior Vice President – 50,000 taka
- Executive Vice President- 55,000 taka
- Senior Executive Vice President- 60,000 taka
- Deputy Managing Director- 1,50,000 taka
- Managing Director – 2,00,000 taka

Allowances:

Medical Allowance	10%
House rent Allowance	70%
Super Annuation Fund	120 times(after working for 5 years)
Leave Fare Assistance	3.5%
Maternity Allowance	2 times for 2 children 20,000 to 25,000
Hospitalization Allowance	3 basic in 1 year
Entertainment Allowance	3%
Gratuity	(5 years job required) Organization 10%
Provident Fund	Employee Contribution 10%
Connivance Allowance	2000
Furniture Allowance	Only to Senior Managers 50,000 taka

X. CONCLUSION

Human Resource is the most important asset for Textiles industry. If human resources are perfectly motivated, then productivity, profit, and work environment everything will be perfect. Not every organization has same types of outcome from workers or employees but definitely they can get appropriate result from their works and employees if they can plan, train, appraise, compensate properly. A good appraise of performance will keep an employee updated to his performance. Employee has to know that his best performance will not only facilitate them but also the whole organization and the whole country. All the workers and employees have to be given a proper balance of salary and allowances. Training is the most important factor for a textile company. Without training, lots of compensation, benefits, and allowances will not work. Now Bangladesh has no more the opportunity to get a quota free access to export. It has lots of competitions now. So to stand a head from the competitors Bangladeshi Textiles have to take appropriate actions. For that Bangladesh have to encourage more and more workers, especially female workers, to join and take Bangladeshi Textiles a head on the global market.

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