

Human Resources Planning in Labour Intensive Industry with Special Focus on Readymade Garment, Bangladesh

Mohammad Hassan*

Abstract

Labour intensive industry denotes the production processes or services require a large number of labour. Usually the least developed or developing countries having huge number of population are the suitable places for labour intensive industry. This industry follows the lowest wage to keep the production cost at minimum level. Bangladesh and manufacturing ready-made garment (RMG) has been synonymous to the most of the global brands and buyers of this sector. This is the largest industrial sector that alone contributes 82% of total national export and 65% of total industrial employment generates this single sector of whom 80% are female. Bangladesh holds second position, after China, sharing only 5% of global RMG export. The contribution of the industry is the prime movers in Bangladesh economy and for many social indicators including women empowerment, adult literacy, rate of child mortality etc. This sector has played a pivotal role achieving MDG (2000 – 2015) especially in eradication of extreme poverty and hunger. Bangladesh has made satisfactory progress in GNI Capita, Human Assets Index, and Economic Vulnerability Index – three to be up-graded from Least Developed Country to Developing Country. To meet the SDGs (2015 – 2030) and to face the challenges of to be developing country this sector has some specific role to play. In ethical compliance, particularly on workplace safety, Bangladesh is ahead of its competitors like China and India (Asiainspection Report 2018). Bangladesh has now 67 LEED (Leadership in Energy and Environmental Design) green factories certified by USGBC. Among them 13 are LEED platinum rated which is not available in any part of the world. In addition to more than 280 factories are registered with USGBC for LEED certification. Among the major garment manufacturer countries, Bangladesh has the lowest labor wage. Low-wages certainly the key to be considered as an importing destination by the buyers. Being the lowest even, among the other sector

* Executive Director of Babylon Group.

of the country, proper utilization and planning on human resources had never an issue of concern. The workers were identified with the numerical value in a factory, not as a resource. As a result, productivity, efficiency etc. are also low while man-machine ratio is high compared to its competing countries. In addition, the sector is highly dependent on foreign professionals with exceptionally higher payment and perks. Over the period, cost of production including the labour wage in Bangladesh has increased. To be competitive and to capitalize green factories status and improved ethical compliance and structural safety, there is no alternative of a sustainable human resource planning which had been heavily ignored since its inception.

Introduction

There is no universal policy on Human Resources (HR) applicable across the sectors. Rather depending the nature of business activities Human Resource Management (HRM) formulates the strategies for the organization. Human Resources Planning (HRP) in corporate level and in operation level are not likely the same. Similarly, HR planning which is effective in service sector not necessarily applicable in agriculture sector or manufacturing sector. Even within the manufacturing sector HR planning depends on the uses of technology and work environment, as a whole. The man-machine ratio is not same in the highly technology dependent manufacturing industry like Textiles and labor intensive manufacturing industry, as Readymade Garments (RMG).

RMG sector was considered as a start-up industry in any many developed economies. Durations of RMG manufacturing industry in America and UK to Japan to 4-tiger economies (Singapore, South Korea, Hong Kong and Taiwan) were much shorter than Bangladesh. The shifting of the RMG manufacturing industry over the period, from country to country is because of labour's cost. Over the last four decades Bangladesh is heavily dependent on a single, RMG, sector due to absent of alternative sector (s) to cope with so many unemployment. Huge population and lack of alternative employment opportunity, comparative lower wage etc. have been keeping the sector at the top in terms of formal sector employment especially for the females. As push factor is heavily strong due to narrow downing of agriculture sector and unavailable job opportunities in other manufacturing sectors. In Bangladesh RMG sector, management is very concerned about material, machine and production plans to achieve its' target, on time delivery, material saving etc. but less concerned about human resources planning. Here, machines are being considered costlier than man. So the number of operators always is higher

side than the number of machines. A thoughtful plan is still missing on human resources. As human resources are considered as the cheapest element in this manufacturing process. They are still abundant as required as push factor is stronger than pull factor. They wait in-front of factory gates to sell their labour at minimum price as alternative sources of employment are not available yet. As a result, at the operation level management has to employ more workers than required as they are not yet costlier and their efficiency is lower than other competing countries. Mid-level management is still very weak or inefficient to play the role they should be played. Finally, the positions of top management are heavily filled with so called foreigner experts. With those realities, industry is losing its competitiveness and it is concentrated on low-priced volumetric products.

Generally, management always prefers ad-hoc plan instead of a sustainable strategy. Bangladesh has the highest number of green factory buildings and most of the factories are now structurally safe and sound. There are many groups of companies having multiple production complexes with modern machineries and equipment. Interestingly they are not serious to develop their human resources. Their investment in human resource development is almost nil or insignificant. Instead industry is now overburdened with no and low skilled operators and absent of local talents in mid-level managerial positions. If within a decade few production lines can be converted into a group of companies, then how many decades are needed to develop an effective human management system?

The broader objective of the study is to examine the present practices of Human Resource Planning (HRP) in Bangladesh RMG manufacturing industry. This is an empirical research based on case studies of three different factories of different product types i.e. woven shirts, woven bottom and knit factories. Apart from the workers of those three factories HR heads, factory in-charges were consulted to know the field level reality. I will also make some suggestions to face the upcoming challenges for a sustainable development of the sector.

Significance of the Study

After the devastating accident in 2013 with the collapses of Rana Plaza the sector has turned around. Though the number of the factories, basically those are smaller in size, have been shut down but the capacity of the business volume has increased. Bangladesh economy has been dominated vigorously for last three decades by the single sector, RMG. In the fiscal year 2016-17 Bangladesh exported total \$34.00 billion. RMG sector

alone contributed \$ 28.00 billion i.e. 82% out of total national export (Statistical Data, EPB). The sector has achieved 13.2% average growth during last 15 years. The sector employs 4.6 million workforces, which is more than 65% of the country's industrial employment, directly in around 5615 factories; amongst the workforce 80% are women. It is the highest foreign currency earning sector. The core competencies of the sector still concentrated on minimum wage which is lower than competing countries and most the sectors within the country. Huge population helped the sector to grow unplanned. The sector is now equipped with modern machineries and structurally sound and safe, but the most important element "men-behind-the-machines" are not well trained, efficient in production as well as in management. As a result, actual manpower of the factories is higher than required in production area. Contrary, foreign professionals/staffs are in driving role in the managerial areas of many factories.

Though manufacturing RMG is a low-skill job yet even after three-decade workers' productivity in Bangladesh is lower than its competitors. Low wage does not help to keep the production cost lower if the workforces are not skilled. On the other hand, in managerial and technical positions many of the factories employ foreign staff to manage the production floors to material sourcing and negotiating with the buyers. According to a recent survey conducted by CPD, it shows that 16 percent factories (out of 193 sample factories) have employed foreign staff (Textile Today, March 2018). BIDA (Bangladesh Investment Development Authority) issued 7642 new industrial work permits and renewed work permits for 11,059 foreigners in the past five years. The authority also issued some 5,500 new commercial work permits and renewed some 6,300 permits during that period. Home minister, Mr Ashaduzzaman Khan, informed the National Parliament in last February '18 that a total 85,486 foreign nationals are working in Bangladesh. Out of them 50% is from India and this number is 35,386. Chinese nationals are 13,268 and the nationals from Japan, South Korea, Malaysia and Sri-Lanka are 4,093, 4093, 3,395, 3,077 respectively (Prothomalo, 17 April 2018).

The apex body, BGMEA, is proud of having 67 member factories are among the greenest RMG factories in the world while Indonesia has 40 green factories followed by India with 30 and Sri Lanka with 10. Highly environment friendly factories do not have strategic plan on human resources development. As a result, shortage of skilled workforce creates an unhealthy competition among the entrepreneurs who recruit

experienced supervisors and workers from the neighbouring factories with higher wages and benefits instead of developing own workers in their respective factories. It's like readymade garment sector always look for readymade skill workers. On the other hand, workers always think out their present value of work. To them BDT 500.00 is more important than their future benefits. As a result, workers' migration is a common and chronic problem of the sector. Production costs have gone up and this trend will continue due to periodical wage upgradations, safety improvements, material costs etc. there is no way rather than productivity improvements and product diversifications. To do so, trained and skilled human resources is a must.

Different Phases of HRP in RMG Sector and Field level Reality

Man, machine and materials are considered as the basic elements of industrial production. Among the core elements, managing human being is the most important and complicated as well. Like any other organization, the activities of readymade garment factories can be divided into two key functions –

Line - those are directly involved with production, the key function of the industry and Staff - those who provide assistance to production.

According to the wage grade (Bangladesh Gazettes in 2006, 2010, 2013 on Minimum Wage Board) employees of the Readymade Garments (RMG) industry are divided into two categories, A) Workers – those are differentiated into seven different grades (1-7) and B) Employees – who are not directly involved in production but help in production, delivering their services, divided into four different grades (1-4). There are many other important functions which have been skipped in the wage grade.

There were many favorable conditions, both national and international, behind the geometric growth of the industry. In 1984 the number of export oriented readymade garments factories was 384 and within a decade in 1994 that number jumped at 2182. Once an agriculture dominated economy within a decade turned into an industry governed economy.

The dramatic decline of jute's share in Bangladesh's export earning had a huge impact on the livelihoods of poor jute growers in the country. At the same time growth of RMG sector had pulled workers from rural areas to urban areas with a strong possibility for employment there. The supply of surplus workers from villages helped in the rapid growth of RMG factories. These all had happened when "human side" of the workers was hardly in consideration.

Following table can be drawn to explain the past and present status of human resources department in readymade garments industry in the country.

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| <p>1st Phase (From the beginning till 2000) Time Keeper</p> | <p>To maintain the payroll, a job of “time-keeper” was strongly placed to record workers in-out time and including over time (OT) work, wage disbursement etc. This activity was controlled by the concerned Production Manager (PM), then the most powerful and unchallenged authority.</p> |
| <p>2nd Phase (From 2000 to 2006) Personnel Department</p> | <p>With the growth of businesses, it was difficult for the production managers to control the activities beyond their capacity. Increased numbers of employees, their payroll, issuing appointment letters, Identity (ID) Cards, calculation of overtime hours, store, security, loader etc. were not possible for a single head and hand. So, the term “time keeping” section got converted to “Personnel Department”. But in many cases functional authority remained in the arena of production manager.</p> |
| <p>3rd Phase (From 2007 onward) Human Resources Department (HRD)</p> | <p>Bangladesh Labour Law (BLL) focusing RMG sector enacted in 2006. The pressure for being compliant became a pre-condition of having business. Buyers introduced ethical or social compliance audit. To face those audits, factory had to introduce HRD.</p> |

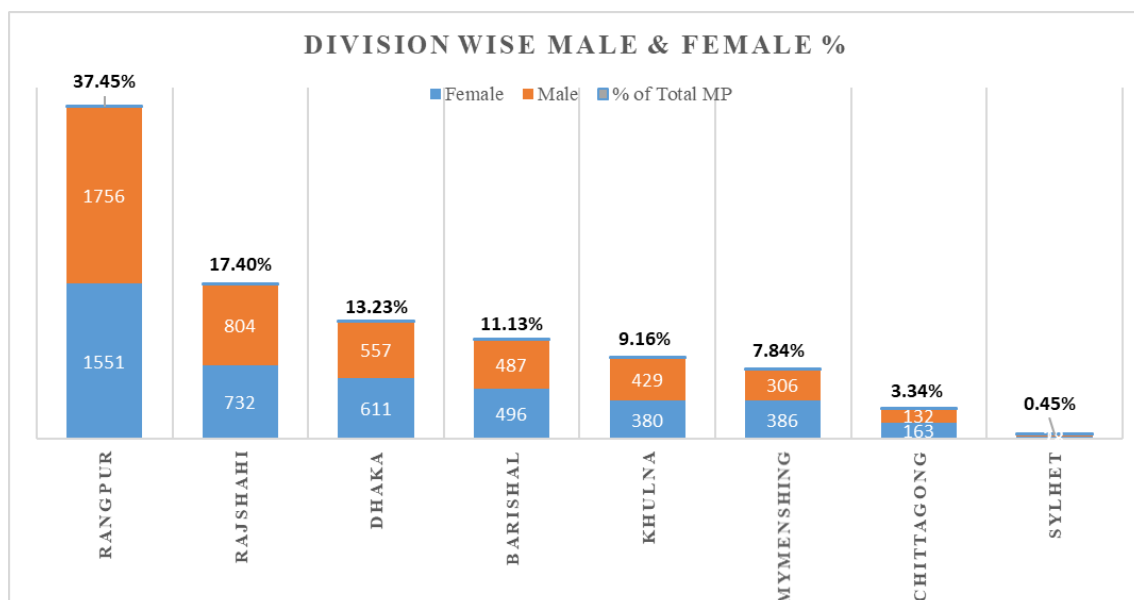
The requirement of HRD did not come out from the owners’ side. Rather they were compelled to hire HR people to face the compliance audits. They appointed HR people against their will, only to comply with the requirements of audits. Maximum responsibility with no or minimum authority made them dissatisfied performing their job. If there were any conflict between human resources department and production department, top management were always infavour of production department, as most of them considered production department on income side and human resources department on expenditure side. Since, HRD was not to shape the business in corporate culture or in a structured form, so necessary authority was not delivered to make the department functional in the sector, except a few exceptions.

On the other hand, this sector is growing fast. So demand of skilled workers is sky high. Though Bangladesh is an over populated country, yet it lacks skilled manpower. As a result, an unhealthy competition

among the factories is a common scenario. Owners prefer to hire skilled workers from competitors' factories rather than opening an in-house training center for the entry level workers. Owners do not want to provide training to their own workers lest they leave them. This is another reason to keep HR people non and mal functional. Basically the main businesses of HR people in RMG industry are to comply with owners' policy and play "manage game" with audit people. Lack of required skills, fear of losing jobs and dissatisfaction are common among the HR members.

People in Core Value Stream

To understand RMG industry, one has to first try to understand the background of the workforces before knowing about their management. In our RMG industry, it is very significant to consider the background of workforces. Who work in the core value stream? The people in core value stream in the industry are from below poverty line, under privileged, less educated i.e. marginal group of the society. The total number of workers of the surveyed factories are 8830. Out of total manpower, 51% is male and 49% is female. Among the total manpower, around 55% are from Rangpur and Rajshahi divisions, which are 37.45% and 17.40% respectively. Contrary, the workers from Sylhet and Chittagong are less in number i.e. 0.45% and 3.34% respectively.

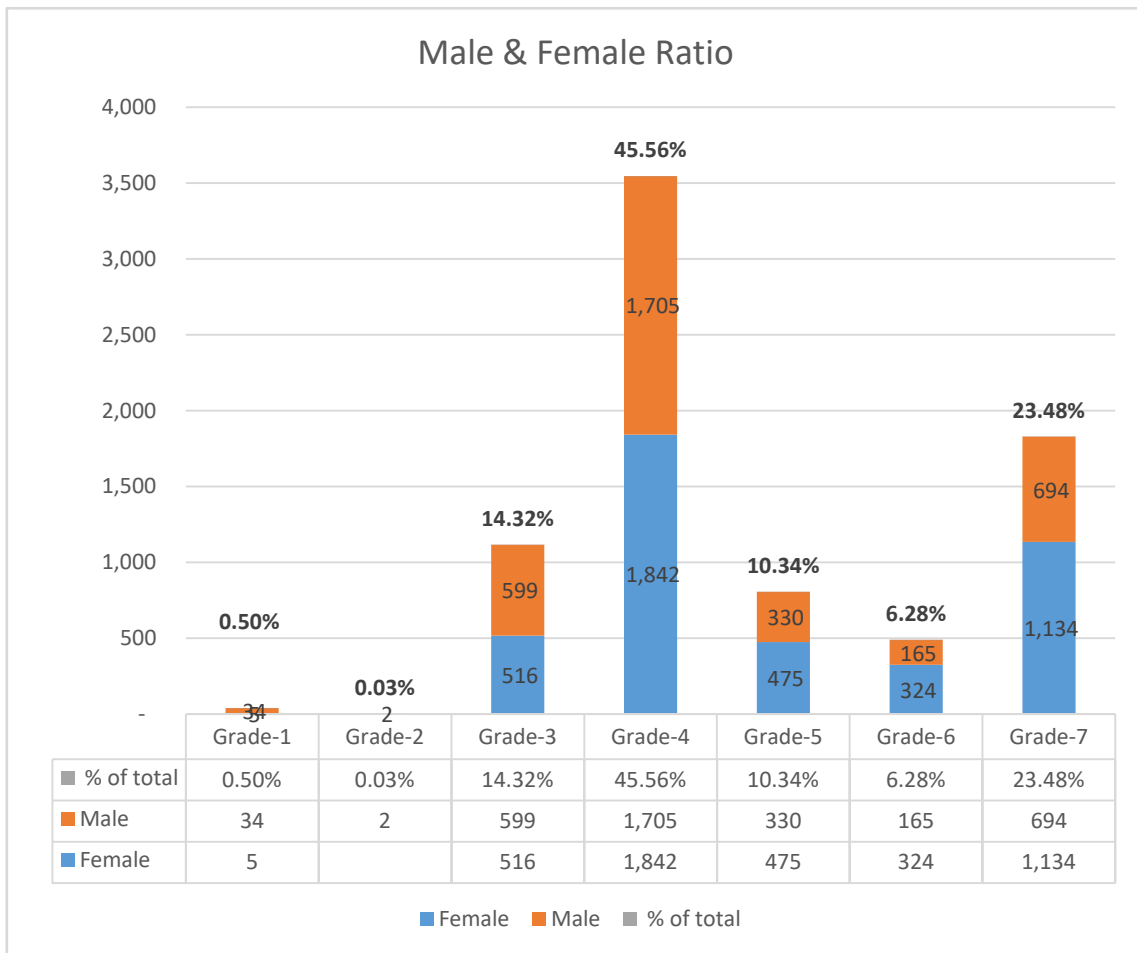


The above graphs justify the World Bank's initiative "The Northern Areas Reduction of Poverty Initiative (NARI) project for the northern areas of Bangladesh that are amongst the poorest in the country. The areas are hugely lack of alternative sources of employment as there is no large scales industry. "The project helps the vulnerable women overcome

the difficulties of migration and challenges of adapting to city life” (The World Bank, 2017).The graph shows that the females are more in number from Barisal, Chittagong, Sylhet, Dhaka, Mymensingh divisions, and more number of males are from Rangpur, Rajshahi and Khulna divisions.

Females mostly are in Operator Grades

Among the various departments and grades, females are mostly employed in sewing section. According to minimum wages Gazette for Bangladesh garment industry grade 7 for helper and grades 6- 3 are for General operator, Junior operator, Operator and Sr. Operator respectively.

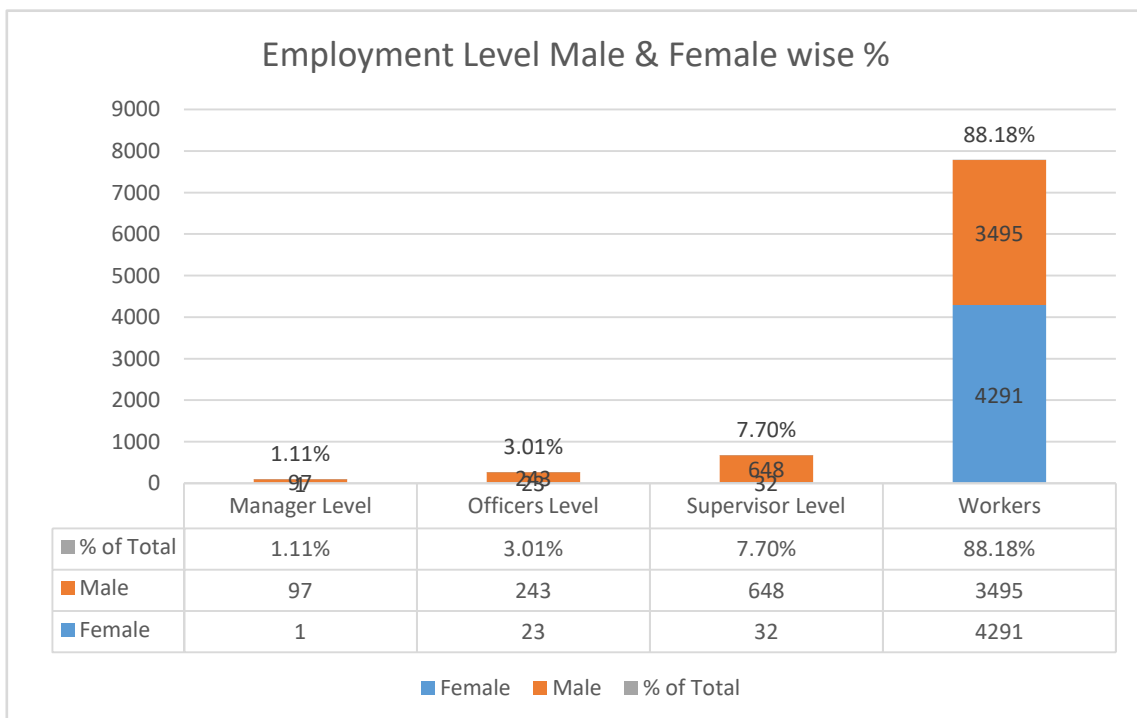


Out of total 7786 workers 55% i.e. 3495 workers are female while 45% is male. Females are more in the positions of lower grades. In grade 7, 6 and 5 females are 62%, 66%, 59% respectively. But interestingly, from the grade 4, 3,2,1 this is 52%, 46%, 0% and 13%. Out of total more than 45% workers are in grade 4 whereas in grade 3 and 5 it is 14.32% and 10.34% which indicate that factories are highly depended on migrated workers. In absence of in-house training and development facilities the sector suffers from shortage of skilled workers.

The Males are in Higher Positions

In a garment factory operators are the lifeline both in number and in operation of the industry. The supervisor is the 1st line management in RMG manufacturing unit. They supervise the operators' functions and are responsible for production targets. They play a very crucial role and make the communication bridge between the workers and the upper management. Supervisor or line chief is the experienced operator who has the voice and controlling power. Normally an experienced male operator is promoted to next higher position Junior Supervisor. In the industry though the females are more in number yet we see very poor numbers of female in supervisory position. In female dependent factory females are rare in mid or senior management position.

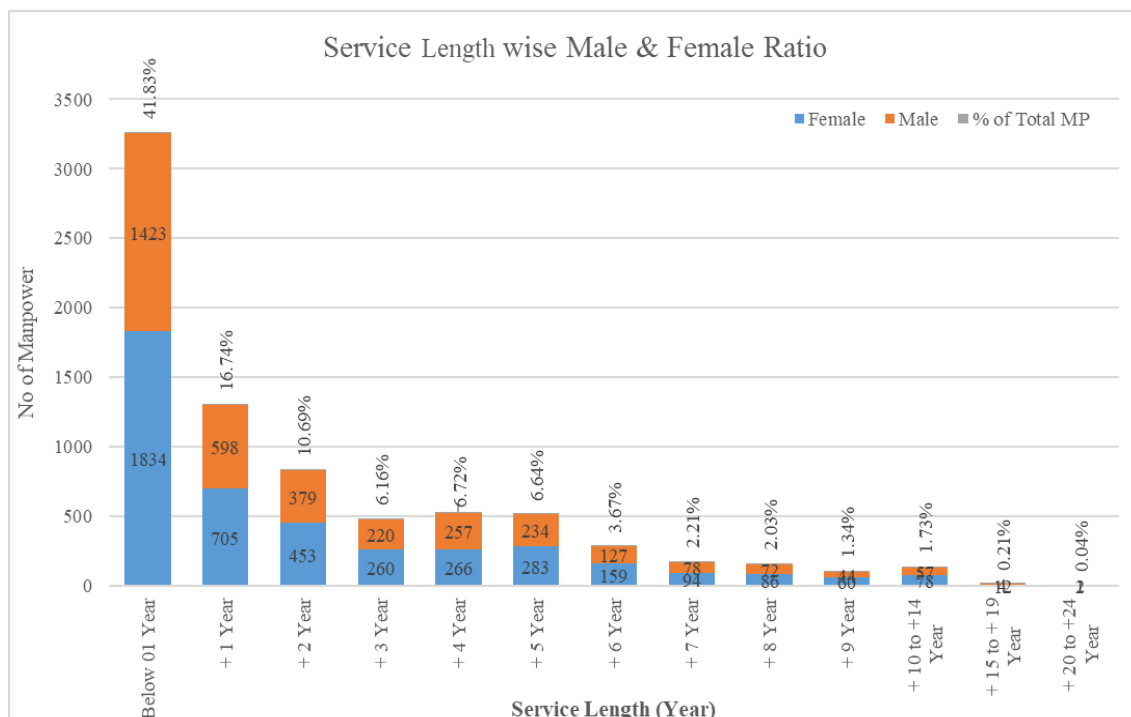
The posts supervisors or line chiefs and above are captured by the males. Out of total 8830 manpower in four factories 7786 are workers which is 88.18% of total manpower and 1044 are employees i.e. supervisors, officers and managers which is 7.7%. In supervisory level, out of total 680 supervisors only 32 are females which is only 5% of total supervisors. In officer category total manpower is 266 and of them 91% i.e. 243 are from male. In managerial position the scenario is the worst than supervisory and officer levels, i.e. only 1 out of 98 managers is female.



This is an example of discrimination/ domination by male bosses – supervisor, production manager and factory manager, who have the supreme power in the factory. It's a total failure of human resources planning of the industry.

Service Length: Male – Female

In RMG sector span of service life in a particular factory is very short. More than 41% of total manpower have less than one-year service with the present companies. More than 80% manpower have been working in the same company for less than 4 years.



According to BLA – 2006

1. A worker who has completed ten years of continuous service or more shall be paid at the rate of thirty days (section 27, 4b) wages for every completed year,
2. If the service length is five years more or but below ten-years calculation should be at the rate of fourteen days (section 27, 4a).
3. There is no provision of service benefits for the workers who serve a company for less than five years.

It reveals that to avoid workers service benefits factory management creates a situation where workers are compelled to resign. Workers presence in the same company after 5 years is alarmingly low. It was known that the situations compel the workers to leave the factory before 10-years services due to legal obligations to pay higher service benefits. Thus experienced workers are to change the factories frequently.

RMG industry is a temporary filed of employment for the employees. It has not any life time plan for its' workers. A worker can survive till he/she can serve the industry. With a temporary plan with its workers' industry's sustainable development is not possible.

The Initiatives need to be Taken

A functional HR hardly exists in the industry. Study revealed, big companies of Bangladesh RMG sector are suffering from lack of modern management concept. If we fail to address appropriate measures the day is not very far when this sector will be a history as it happened in the case of jute, golden fibre of Bangladesh. Now the question is of survival or perished. For the survival following measures can be taken -

Changes in the 1st line Management

Industry efficiency is highly depended on the supervisors. When cost is the biggest concern it will be a luxury to continue with traditional way of doing things. If a factory can attract technically educated people for the supervisory posts then it would be easier to compete with its competing countries in regards to efficiency and productivity. To create a congenial working environment and to ensure a long run growth of the sector HRP must initiate the changes from supervisory level.

Blending of Engineers and Business Graduates

The rate and range of discussion on minimum wage gives a perception to the common people that paying minimum is the only objective of the sector. It is another failure of the apex bodies to bring it to the public knowledge that the sector is the highest payer of wages in Bangladesh private sector context. Unfortunately, this encasing of information backfired to attract talented students to the industry. To reduce dependency on traditional production managers, some of the companies have been, though in limited scale, trying to involve the Industrial & Production Engineers (I&PE) in its production department. But most of the cases the relationship between the traditional managers and the modern engineers is not functional. As a result, expected outcome is yet to reach.

Develop Local Talents Instead of Foreign

Bangladesh RMG business is highly dependent on foreign professionals. The owners are very polite with foreign staffs simultaneously they are, in many cases, very rough and tough to the locals. Workers and officers, due to inherited colonial mentality, are more attentive and obedient to the foreigner colleague as a boss rather than local boss. Sometimes buyers get confidence if there is any foreigner in their sourcing factory. They spend more time in the floors or in the offices. A foreigner in senior position prefers to recruit the persons under him from his own country. Most of them have average job skills compare to locals but their communication skills better they can manage customers. In some companies, there are more than 100 foreign nationals are working. In a

company, among 50 mid and top level managers 4 are from abroad- 2 from India 2 from Sri-Lanka. These 4 foreigners are getting the salary more than total of those 46 local managers. According to the Ministry of Home a total 85,486 foreign nationals are working in Bangladesh. Out of them 50% is from India and this number is 35,386. Chinese nationals are 13,268 and the nationals from Japan, South Korea, Malaysia and Sri-Lanka are 4,093, 4093, 3,395, 3,077 respectively. (**Prothonalo , 17April 2018**) Ensuring a working environment, empowering HRD, industry can hunt local talents from all disciplines, as the sectors' pay and perks are more than any other sector for the deserving one. This way industry can minimize dependency on foreign nationals.

Objectivity in Appraisal System

Identify the KPI (key performance indicators) against each position. Each achievement will be expressed/transformed into numeric values. Organization will follow transparent appraisal method instead of confidential appraisal system. One can evaluate his/her performance by himself/herself. To achieve better score he/she can make effort. In this process the grievance, dissatisfaction and frustration will be minimized and a healthy competition will prevail among the members of the organization.

Delegation of Authority Along with Responsibility

If supervisor is the 1st line management then assistant production manager or floor in-charge is the in-line management. Department heads, production manager and factory manager are in midlevel management. Soon after any incident takes place in any factory the owners' and association leaders' immediate reaction like "it is the failure of mid management". This incompetency of mid management story is being told decades after decades. Have the industry leaders or factory owners taken any noticeable initiative to improve their competency? Incidences are taking place at regular intervals and criticisms also are voiced in similar nature. Then the question is why no improvement efforts can be made? It is the owners' attitude that they will not delegate their authority that they have been exercising over the decades. The owners will make HR, mid management responsible, for the failure, they will assign work load to a particular person or department but they will not delegate proper authority with the assigned responsibility. Without authority no one can exercise his/her responsibility. For the functional HRD this authorization is extremely needed.

Academy-Industry Relationship

It is commonly remarked by the entrepreneurs that they are not having qualified candidate to recruit though the organization has the number of

vacancies. Contrary, students after completing their academic life they remain unemployed, as they claim lack of suitable job. Both are the harsh realities when education system and industry demand does not match. Most of our students are now enrolling themselves in the business faculty where the number of the student in science faculty is decreasing alarmingly. In Bangladesh, education system could not adopt the changing demand of the industry due to lack of communication between the academicians and the entrepreneurs. Entrepreneurs can share their experience to the students and academicians can contribute in the industry with their knowledge. Here, government role is very crucial to make the bridge between the parties. The entrepreneurs can open up internship opportunities for the students and government through policy making can encourage students to study science more in number.

Conclusion

The RMG sector has flourished in a very scattered way. Unplanned expansion of production capacity without development of human resources management has created the dependency on foreign nationals. There was no effective management system for maintaining the labour intensive industry like the RMG. The sector is highly influenced by the theory “X” of Douglas McGregors (1906 –1964) where extreme negative approaches towards the workers were perceived. Employee dissatisfaction, absence of job security, low retention rate etc. is very common in the sector. One single department, Human Resources, is responsible for multiple works. They have a huge work load with minimum or no authority. They cannot involve themselves in workers training and development and motivational activities. Moreover, department itself has weakness to manage the functions effectively.

Recently the government, apex bodies and some of the brands have taken different initiatives like Skills for Employment Investment Program (SEIP), The Centre of Excellence for Bangladesh Apparel Industry (CEBAI) to develop operational and managerial skills for the apparel industry. but Much more needed to be sustainable as Bangladesh RMG sector will lose LDC-specific benefits in 2027 like duty free access to European Union which is one of the major attraction for the importers. Considering the importance of the problem, an in depth and immediate study is needed in this particular area which is still missing. If the sector fails to address this crucial issue, then it may loss the present business share.

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