

# Human Resource Management Aspect in Leather Industry In Bangladesh

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**Abstract:** The study aims to focus on resource management aspect in leather industry in Bangladesh. Leather industry in Bangladesh was developed on a large-scale basis from 1970's. Most of the industries are export oriented and about 95% of leather and leather products in the form of crust leather, finished leather, leather garments and footwear are marketed abroad. Value addition in these exports averages 85% local and 15% foreign. About 40 to 100 tannery units among 206 are now in operation in the sector. Most of the industries are located in the Hazaribagh area of Dhaka city. This sector has emerging opportunities to contribute to our economy due to the availability of raw materials. But due to the improper utilization of our resources, this highly productive sector is in risks. This study focuses on the crucial point of use of our available resources and find out the way of overcoming management technique helping this sector to retain on the track. Strategic of resource management, human resource planning, recruitment, training and development and job evaluation are main aspect of resource management aspect.

**Keywords-**Resource, Management, Leather, Industry, Bangladesh

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## I. Introduction

Bangladesh has the potential of developing leather industries here. There are huge amount of quality raw materials and the cheapest labor market, which attracts most of the foreign entrepreneurs to set up their manufacturing industries here. They contribute a lot to the government by tax paying and by creating new employment to the social context. Additionally, they introduce most recent technology to their industries. But still the leather industries face severe problem for its existence due to the improper management of our resources losing the investor's attraction. The importance of HR (Human resource) for a company's success is well known and the most recent thought concerning the management of knowledge and intangible resources only emphasizes this. Employees, as the depository of most of the knowledge a firm handle, become a scarce and valuable resource; furthermore, they have two qualities from the point of view of resource and capability theory that make them even more valuable: they are difficult to imitate and substitute ([1], [2], [3]). Organizational literature has, from the very beginning, recognized the importance of the capabilities and knowledge embodied in workers as a key factor in innovation [4]. Some authors have demonstrated that certain factors related with different aspects of employee training and their motivation have a direct influence on the results obtained from innovation processes. Hage and Aiken [5], for example, provided evidence that the depth of workers' knowledge, as measured by their academic level (professional training) is associated with innovation. Leonard-Barton [6] classified the essential capacities of a company related with innovation into four dimensions: technical systems, capability and knowledge of employees, management systems and shared values. A few authors (Crossan et al., [7]; Jones and Hendry [8]; Ulrich et al., [9]) have shown that the HR management using different strategies influence the capacity of an organization to generate and learn new 'knowledge'. In this sense, there has been a growing view among HR managers that innovation performance improvements depend to a great extent, on the adoption of innovative HR management practices for R&D workers. Such practices include work teams and decentralization of decision-making, job-rotation, the introduction of quality circles, the management of total quality, training programmers, job security and the introduction of innovative reward schemes [10]. Teams, normally composed of personnel of different work levels, different training and experience, bring together a knowledge that would otherwise be dissipated throughout the company and permit new combinations of knowledge that may well generate new products and processes [11]. What they will certainly do is to facilitate the transformation of individual knowledge into shared knowledge ([12],[13]). This will hopefully contribute to the creation of a collective body of knowledge that will find its way into a

company's routines, processes and memory [14]. Such memory will remain and the new knowledge will be maintained and used for longer than individual members are with the company. The fundamental role of work teams in the development of organizational learning is widely studied with special attention paid to multi-functional teams [15]. The study aims to explore the resource management aspect of leather industry in Bangladesh

## **II. Methodology**

### **2.1 Sampling selection**

Data has been collected from random sampling method, which includes different types of tannery, employees on different levels, such as executives, technologists, management officers, workers, bankers, and experts for interviewing.

### **2.2 Quantitative methods**

#### **2.2.1 Method for human resource**

Once the HR planning has collected information from both internal and external sources, they forecast the demand for labour. How many and what type of people will be needed to carry out the organization's plans in the future' should be found out first. These forecasts are grounded in information about the past and present and in assumptions about the future. Different methods of forecasting the demand for employees require different assumption. The project follows Judgmental method of analysis. Once the demand for labour is predicted, it is necessary to forecast the supply of labour that the organization will already have available to meet the demand. The internal supply of labour consists of all the individuals' currently employed by an organization. These employees can help to fill future demands by remaining employed in their current positions or by being promoted or transferred to fill vacancies elsewhere in the organization. The internal supply of labour is constantly changing as new people enter and others resign, retire, die or are discharged. The skill mix also changes as people move in and out and as employees develop new skills through training or on the job experience. To keep track of the current internal supply and to predict the future supply, planners need some sort of supply information system. At a minimum, this system may consist of simple staffing table. There are different systems to follow supply forecasting for employees. Such as Skills inventories, Human resource information systems (HRIS). and Renewal or replacement analysis, etc.

## **III. Discussion**

### **3.1 Definition**

The effective management of people at work is Human Resource Management (HRM). HRM involves all management decision and practices that directly affect or influence the people or human resources, who work for the organization. In recent years, increased attention has been devoted to know how organization manages human resources. This increased attention comes from the realization that an organization's employees enable an organization to achieve its goals, and the management of human resource is critical to an organization success. HRM also includes Having an HR vision oriented to the strategic need of the organization, Having a philosophy and values consistent with those of the organization, Being seen as a business unit within the firm and operating in the same way as other units: having customers and quality management and so forth, Being organized in a way that brings minimum service to the customer and maximum motivation to the HR staff, Having the best HR products available for the customers, Championing HR program that fulfill the agendas of the HR group and the customers, Having an HR vision that is actively shared by the entire group, Being a proactive, not reactive, group, Being involved in the key business issue discussions, Being seen as successfully creating a great place to work.

### **3.2 Activities**

The number of activities involved in HRM is potentially large, depending on the size of the organization and its needs. For the purposes of the present discussion, HR activities are organized into six general areas. They are planning for organizations, Jobs and people, Acquiring Human Resources, building individual and Organization performance, Rewarding Employees, Maintaining Human Resources, Multinational Human Resources Management and making it happen.

### **3.3 Perspectives**

To manage collective workforce Personnel Management was working up to the 2<sup>nd</sup> world war. Now an integrated approach of management is implemented, which is concerned to stress the primacy of the managerial agenda in the employment relationship. This could be described as the managerial reassertion of control over the total employment relationship as a fundamental element in the 'ideology of HRM' which views Human Resource Management as a transforming agent for established personnel practice. There are some factors to

signify HRM practice in modern organization including a matrix of 27 points, such as HRM is more open to go beyond contract than careful delineation of written contracts, HRM can do outlook impatience with rule, HRM can guide to management action according to the business need not the procedures, the behavior referent of HRM is values or mission not norms. In HRM, managerial task is nurturing, HRM follows unitary for the relationship, Conflict is de-emphasized in HRM. As strategic aspects HRM maintains customary relationship, Initiatives are integrated in HRM, HRM centralizes the corporate plan, the speed of decision-making in HRM is fast, HRM follows Transformational Leadership, The key managers in HRM are general business or line managers, HRM follows direct communication model, HRM maintain low standardization indicating flexibility, HRM takes the advantage of facilitation for prized management skills, HRM integrates key tasks, HRM follows performance related payment system, The harmonization of conditions is rationalized in HRM. In HRM, labor is managed by individual contracts, Job categories and grades are few in Human Resource Management, HRM permits increased flow of information, HRM designs job as teamwork, Conflict is managed according to manage climate and culture, Training and development opportunities are distributed through all over the workforce, Thrust of relations with stewards is marginalized, In HRM, foci of attention for intervention depend on wide ranging cultural, structural and personnel strategic, Hence, HRM functions cover the areas of Personal Management, Industrial Relations, Organizational Behavior, Strategic Management and Operational Management. So, HRM addresses the centrality of employees in the organization and that their motivation and commitment to the organizational goals need to be nurtured.

### **3.4 Positive features**

Personnel are that function of all enterprises which provides for effective utilization of human resources to achieve both the objective of the enterprise and the satisfaction and development of the employees. The personnel function consists of numerous activities including –Employment planning, Employee recruitment, selection and orientation, Career development and counseling, Performance evaluation, Training and development, Compensation and protection, Labor relations, Equal employment opportunity programs, Discipline and control, Evaluation of the personnel control. The expression 'HRM' refers primarily to the activities of specialist staff responsible for implementing the personnel objectives of the organization. The head of the HRM function is essentially a specialist manager responsible for devising and executing the organization's policies and strategies for people. HRM function in broader term refers to managing people. A personnel specialist helps to define the rules for managing people, but the fulfillment of personnel relations in the organization resides, ultimately in the quality of leadership provided by managers and supervisors. Every manager and supervisor with a direct responsibility for the performance of other has a personnel function to fulfill. In recent years much attention has been on leadership-gaining the commitment of staff to the objectives of the organization at the level of the workplace. There is also the matter of employee development to be considered. Individual supervisors and managers are expected to help the organization develop its own talent. The common practices of HRM are as follows –Management follows standard norms and procedures, Managerial tales are monitored regularly, Conflict is institutionalized and handling with temporary truces, every relation has written contracts mentioning duties and responsibilities and Prized management skills are negotiable. These activities help in innumerable ways to ensure that the organization will survive and prosper; overlooking the personnel function can be detrimental to the overall effectiveness of the organization. If to examine any of the successful organizations, it will see that those organizations have recognized the importance of human resources; they are a significant factor in top management's strategic decision, which guide the organization in its future operation. Enterprises survive because of human resource's work and the ideas they create. It will be seen that even the most capital-intensive organization need people to run them. The contributions of the personnel function to organization effectiveness are reflected in the objectives pursued by personnel specialists and departments:

### **3.5 Strategic human resource management (SHRM)**

The fact that employees today are central to achieving competitive advantage has led to the emergence of the field known as strategic human resource management (SHRM). There are several definitions of SHRM. Such as Truss and Gratton (1994) define SHRM as, "the linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility. Wright and McMahan (1992) define SHRM as, "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals." According to Dessler (2000), "strategic HR means accepting the HR function as a strategic partner in the formulation of the company's strategies as well as in the implementation of those through HR activities such as recruiting, selecting, training and rewarding personnel. Strategic HR is an approach to making decisions on the intentions of the organization concerning people-essential components of the organization's business strategy. It is about the relationship between HRM and strategic management in the organization. SHRM refers to the overall direction the organization wishes to

pursue in achieving its objectives through people. It is people who implement the strategic plan. Therefore, top management must take this key factor; the people fully into account in developing its corporate strategies. SHRM can be considered an approach to dealing with longer-term people issues as part of the strategic management thrust of the business. It covers macro organizational concerns relating to structure and culture, organizational effectiveness and performance, matching resources to future business requirements and the management of change. Overall, it will address any major people issues, which affect or are affected by the strategic plans of the organization and it will provide agendas for change, which set out intention on how these issues will be handled. Wight and Snell (1991) have suggested that in a business, "SHRM deals with those HR activities used to support the firm's competitive strategies". Another business-accepted definition was provided by Miller (1989) – "Strategic Human Resource Management (SHRM) encompasses these decisions and actions which concern the management of employees at all levels in the business and which are directed towards creating and sustaining competitive advantage." The idea of HRM is based around the notion that people management can be a key source of sustained competitive advantage. This in turn is based on four main percepts: People can make the difference because in the final analysis it is human capability and commitment, which distinguish successful organizations from the rest. Accordingly, people need to be treated as assets, not costs. Therefore, managing human resource indeed is a matter of truly strategic importance. Managing human resource is therefore too important to be left entirely to personnel specialists; it has to be an activity, which is owned by all managers. The key levers must be internally integrated with each other and externally integrated with the business strategy. In this sense, the term HRM can be regarded as synonymous with strategic human resource management (SHRM). According to Sisson (1990) there are four features associated with SHRM. Integration of personnel policies both with one another and with business planning more generally, Change in the locus of responsibility for personnel management from specialist managers to senior line management, A shift in focus from management-union relations to management-employee relation from collectivizing to individualism Emphasis on commitment and the exercise of initiative with managers new donning the roles of enabler, empower and facilitator

### 3.6 Human resource planning

Employment planning is the personnel process that attempts to provide adequate human resource to achieve future organizational objective. It includes forecasting future needs for employees of various types, comparing these needs with the present workforce and determining the number and types of employees to be recruited or phased out of the organizational employment group. An organization would not build a new plant conduct the ribbon-cutting ceremony and then begin to worry about how to staff the facility. A firm cannot hire several hundred engineers and get them a board overnight nor can it develop management talent in just a few weeks. Foresight is necessary to ensure that appropriate staffing will be available for an organization's future plans. Likewise, in a declining economy, planning ahead is critical to prevent overstaffing and the subsequent need for layoffs. Human resource planning is concerned with the flow of people into, through and out of organizations. HR planning involves forecasting the need for labor and the supply of labor, then planning the programs necessary to ensure that the organization will have the right mix of employees and skills when and where they are needed. Traditional, HR planning is usually initiated and managed by the HR department. However, since information is needed from all parts of the organization, line manager must be involved in the HR planning process with same planning methods requiring more manager involvement than other. Strategic HR planning involves top management as well as HR experts and many rely on information from many levels of management. Not all leather, leather products or footwear industries engage in HR forecasting and planning, though more and more are doing so each year. As with many other HR activities, larger firms are more likely than smaller firms to have HR planning systems. Because of the large numbers of individuals involved the military is a leader in the development of sophisticated HR planning systems. The following table shows the human resource planning model.

**Table-1: Human resource planning model**

<p>I. Collect information</p> <p>A. From the external environment</p> <ol style="list-style-type: none"> <li>1. Economy</li> <li>2. Technology</li> <li>3. Competition</li> <li>4. Labor markets</li> <li>5. Demographic and social trends</li> <li>6. Government regulation</li> </ol> <p>B. From Inside the organization</p> <ol style="list-style-type: none"> <li>1. Strategy</li> <li>2. Business plans</li> <li>3. Current human resource</li> <li>4. Rates of turnover and mobility</li> </ol>	<p>III. Forecast supply of human resource</p> <ol style="list-style-type: none"> <li>A. Internal supply</li> <li>B. External supply</li> </ol> <p>IV. Plan and conduct needed programs</p> <ol style="list-style-type: none"> <li>A. Increase or reduce workforce size</li> <li>B. Change skill mix</li> <li>C. Develop managerial succession plan.</li> <li>D. Develop career plans.</li> </ol>
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II. Forest demand for human resources A. Short and long term B. Aggregate or individual positions	V. Feedback on the planning process A. Were the forecasts accurate? B. Did the programs meet the needs?
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### 3.7 Recruitment

Glueck (1978) defines, "Recruitment is that set of activities an organization uses to attract job candidates who have the abilities and attitudes needed to help the organization achieve its objectives." A number of methods can be used to recruit external applicants such as advertising, personal reference, computerized matching services, special event recruiting internships etc. To decide which methods to use, the organization should know which are most likely to attract the types of candidates they seek. In most of the cases of our organization in which the candidate worked, they followed the Advertising/Media methods for recruitment effectively. They first, give a circular to the daily newspaper for employees. Then after collecting the applications with screening make a short list for interview or any recruitment test and after qualifying those candidates who pass than go to the final interview and then selection for orientation. In our culture, the advertisement is the most effective method for recruitment. Because we are habituated to seek job in the paper in our daily life. But, now a day, job databank, should be prepared for easy seeking for effectiveness.

### 3.8 Training and development

Like all animals, we humans learn and develop from birth. This learning/training and development leads to skilful and effective adaptation to and manipulation of the environment, which is one element in a much quoted definition of intelligence society also plays a vital role in the development of humans, it fosters and facilitates those activities of its members but also channels and controls them through socialization and education so that they yield outcomes that contribute to and are acceptable to it. Beardwell and Holden note that today's organizations must emphasize the characteristics of quality and continuous improvement, flexibility and adaptability in order to survive and be effective. This makes Training and development of their members of crucial and strategic importance, not just in terms of extensive training in task skills, but completely new tasks boundaries and hence works relationship, and ways of working and thinking about work. Overall, they amount to the need for all individual employees to learn how to learn, for managers to facilitate this and for all together to become a well-organized and successful organization. Before mentioning the distinguishing features between 'Training' and 'Development' the definitions must be taken place. The Manpower Services Commission of the United Kingdom, which was set up by the 1973 Employment and Training Act until it was replaced in 1988, defined training as "A planned process to modify attitude, knowledge or skill behaviors through learning experience to achieve effective performance is an activity or range of activities. Its purpose in the work situation is to develop the abilities of the individual and to satisfy the current and future needs of the organization." So, 'development' is the process whereby, overtime, leaving brings about significant changes in the individual. HR is the management area responsible for shaping human change forwards productive ends, so for this field; the concept of development is worth exploring in some detail. What organizations need of their members is development, for this is the process whereby a person, through learning and maturation, becomes increasingly complex, more elaborate and differentiated. They then become better able to adapt to the changing environment. Human Resource Development (HRD) has to address these needs appropriately. Human Resource Management are generally concerned about several outcomes of learning, such as – Know-how and tacit knowledge, Skill, Competence and Hierarchies of cognitive and other skills.

### 3.9 Job analysis and job evaluation

The researcher has observed that job analysis as a purposeful, systematic process for collecting information on the important work-related aspects of a job. Job analysis (JA) is the aspect of employment planning which is concerned with the study of the jobs in an enterprise. In particular, job analysis and the resultant job specifications clarify the following aspects of each job: The work activities; The tools, equipment and work aids used; Job related tangibles and intangibles; Work performance; Job content; Candidate requirements; Worker oriented activities. The Job Evaluation Committee assigns a point allocation of the different factors on the basis of relative importance on doing job perfectly. The factors are shown in the following – Education, Experience, Knowledge, Physical demand, Equipment/Process, Material/Product, Safety of others, Work of others, working condition and Hazards. The above mentioned tools are mostly used in large industries of leather, leather products and footwear. A few of medium leather industries try to follow some of the mentioned tools for recruiting their manpower in various levels.

**3.10HR analysis**

Demand forecasting methods can be divided into two categories: Judgmental methods and Mathematical methods. Judgmental methods make use of knowledgeable people to forecast the future. Judgmental methods do consider quantitative data but allow for intuition and expertise to be factored in as well. Those methods may be used by small organization or by these methods new to HR forecasting who do not yet have the database or expertise to use some of the more complex mathematical model. Judgmental methods may also be preferred when an organization or environment is in a state of transition or turmoil: at such times, past trends and correlation cannot be used to make accurate prediction about the future. This category of employees forecasting includes several methods, such as –Top-down forecasting method, Bottom-up forecasting method, Unit demand forecasting technique, Delphi technique, Brainstorming, Committee method, Expert opinion and Consultancy. Usually enterprises that are new to employment forecasting do not develop sophisticated forecasting techniques. The techniques used tend to evolve over time from less formal, simpler methods toward the more sophisticated approaches. The simplest mathematical methods of forecasting utilize only one factor to predict demand. For example, to predict the need for employee, one could examine staffing levels during the last few years, note the trend and extend this trend to the upcoming year. A better method would be to use forecasts of the coming year sales, production or another business factor related to the need for labor. This information would then be combined with productivity ratios to predict the number of direct employees needed. Along with these techniques, some forecasting methods utilized more complicated statistical procedures. Large organizations with a long history of HR planning are likely to employ these methods. There are several such types of methods are used to forecast employees: Trend analysis, Regression /correlation analysis, Frequency distribution and significance analysis, PERT/CPM, Productivity ratio analysis, Staffing ratio analysis, Learning curves, Progress index (PI) and Linear/Goal/programming. A number of methods of forecasting HR demands and supply have been presented here, not all are appropriate for all organizations and situation, so, the HR practitioner must make choices about which method best suit the organization in question. The following factors among those should be considered in choosing technique for HR forecasting: Time Horizon, Economic factors, Social factors, Demographic factor, Competition, Technological factors, Growth and Expansion of business, Stability and certainty, Availability of data and resources, Number of employees, Expansion plans are executed through, Merger & Acquisition, Joint venture participation, Formation of horizontal and vertical integration, Establishment of national and international value chains, Management philosophy or Leadership, Innovative management and Size of the organization.

**3.11 Manpower involvement in tanneries**

The capacity installed of these 206 tanneries can provide employment about 50,000 people by the leather industries directly. The following table gives a broad picture of this sector.

**Table-2:** Manpower involvement of tanneries in Bangladesh.

Working people	No. of people	
	Year 2002	Year 2008
Management	1540	1600
Skilled technologists	360	700
Skilled labour	2740	2800
General labour	19,900	22,000
Traders	2460	2400
Total	27,000	29,500

Source: BSCIC survey report’2002 and field survey.

The overall workers are deviated due to seasonal work. In Eid-ul-Azha time more workers are involved while during lean period the number of workforce are reduced. Same thing is happened for every class of manpower involved in leather industries. The recruitment, training and development of workforce and their judgmental analysis of justification are discussed in the ‘Discussion’ chapter.

**IV. Conclusion**

Work activities should be scheduled, recorded and distributed. Standard procedures should be followed for recruitment. Personal behaviors, job demands should be maintained properly. Work performance should be maintained and monitored regularly without having any biasness. Performance appraisal should be given for recognizing activities. In possible case, training should be given. BCLT has to recruit strongly motivated, knowledgeable and skilled people in its Organogram. BCLT has to start extensive research work for tannery.

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