

**HUMAN RESOURCE MANAGEMENT PRACTICES
IN
SMALL AND MEDIUM ENTERPRISES OF BANGLADESH**

Ph. D. THESIS

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Thesis submitted to the University of Dhaka in fulfillment of
the requirement of the degree of Doctor of Philosophy
2013

DECLARATION

The materials embodied in this thesis is original and has not been submitted in part or full for any other diploma or degree of any university.

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CERTIFICATION

This is to certify that the research work and the results of the thesis entitled “Human Resource Management Practices in Small and Medium Enterprises (SMEs) of Bangladesh” is the outcome of the work carried out by Muhammad Mohiuddin under my supervision.

This is further certified that the thesis is suitable for submission in fulfillment of the requirement for the degree of the Doctor of Philosophy in International Business.

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DEDICATION

TO

My most respected and beloved parents, MVI. AHMED ALI (Late) and MRS. AMENA KAHATUN (Late), let almighty Allah, the most beneficence and graceful may forgive their departed souls with divine grace.

Acknowledgement

I, from deep of my heart, give my gratefulness and respect to my honourable teacher and supervisor Professor Dr. Abu Hossain Siddique for his extensive cooperation, praiseworthy guidance, constructive criticisms, rightful advices and noteworthy suggestions throughout the period of the research that helps me to complete the thesis successfully.

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Dhaka
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Professor Muhammd

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CHAPTER ONE
INTRODUCTION

CHAPTER ONE

INTRODUCTION

An Overview of the Bangladesh Economy

Bangladesh emerged as an independent country on March 26, 1971. Till then, she was the province of East Pakistan of erstwhile Pakistan and after a bloody war of liberation for nine months, which ended on 16 December 1971, it became a sovereign state. Bangladesh inherited a poor, un-diversified economy, characterized by an under-developed infrastructure, stagnant agriculture and a rapidly growing population. She had suffered from years of colonial exploitation and missed opportunities with weakening effects on initiative and enterprise. Moreover, the devastating effects of the liberation war, which caused serious damage to physical infrastructure, dislocation of managerial and organizational apparatus and disruption on established external trading relationships, placed Bangladesh into a gigantic economic black hole. Within an area of 56,977 square miles (147570 sq. km.), she has to accommodate a population of 14.977 crores with a population growth rate of 1.37 percent per year and a population density of 1015 per sq. km. as per census of 2011 (BBS, 2012). The literacy rate (7 year +) is 57.9 percent as per HIES, 2010 which is ever highest but not satisfactory.

The economy of Bangladesh is characterized by traditional agricultural sector which contributes 20.01 percent to the GDP in 2010-11 at the constant price of 1995-96, but the industrial sector, on the other hand, contributes only 30.37 percent and the service sector contributes 49.62 percent to the GDP in the same year (BBS, 2012). Agricultural sector is the highest employment source in Bangladesh, 47.30 percent of the total labour force is employed in this sector as per labour Force Survey, 2010. The industrial sector on the other hand, gives employment of only 17.64 percent of the total labour force in the same year. The country is deficient in having production of both consumer

and industrial goods and therefore, she is to import more. In 2010-11 fiscal years, Bangladesh imported 33658 million U.S. dollars goods and services and exported 22924 million U.S dollars (BBS, 2012). Bangladesh is experiencing an unemployment of 2.6 million out of total economically active 15+ population labour force of 56.7 million which is 4.59 percent of the total civilian active labour force (BBS, 2012). The per capita income Tk.58, 083 i.e. \$816 during the year 2010-11 has made the country as one of the poor earning countries of the world (BBS, 2012). The national rate of savings is 28.78 percent and domestic rate of savings is 19.29 percent of the GDP in the year 2010-11 (BBS, 2012). Of the total population, 70.90 percent people live in the rural areas in 2011 (BBS, 2012) and it shows the rural character of our economy. The predominance of the agriculture in the economy of Bangladesh is apparent from its impact on the GDP whereas its output fluctuates and the performance varies. The growth rate of agriculture including forestry and fishery is 10.34 percent in 2010-11 (BBS, 2012). It is a fact that though the agriculture is the vital sector but it is still very much dominated by the forces of nature. Bangladesh imported 53.51 lac tons of food grains in the year 2010-11 (BBS, 2012).

Poverty is a general feature or characteristic of the economy of Bangladesh. 31.50 percent of the population is living below poverty level in 2010 (HIES, 2010). Poverty level of population in rural area is higher than the urban area. 35.20 percent of the rural population is living below poverty level and 21.20 percent of the urban population is living below poverty level now (HIES, 2010). The number of landless people is gradually increasing. The landless people in the urban area were 90.7 percent in 1995 and now it is 92.8 percent (BES, 1998: 108). The rural landless population is increasing at the faster rate than that of urban. The landless people in the rural area of Bangladesh were 79.8 percent in 1995 and in 1998, it was 81 percent.

The annual growth rate of GDP is increasing over last few years with a slight debacle in 2008-09 fiscal years. It was 6.43 in 2007-08, 5.74 in 2008-09, 6.07 in

2009-10, and 6.71 in 2010-11 (BBS, 2012). The rapid growth of population resulted in a mounting increase of the civilian labour force posing a great threat to the economic development process of the country. Consequently, the economic programme of the country is required to be designed in such a way so that the vast basic resources of manpower can be utilized at its maximum within the constraints of technology, and socio-political and economic conditions.

Definition of Small and Medium Enterprise (SME)

The definition of small and medium size enterprise varies from country to country and from time to time in the same country depending upon the pattern of and stage of development, government policy and administrative set up of the particular country. As a result, there are at least 50 different definitions of small and medium size enterprise/ industry found in 75 countries of the world back in 1955 (GIT, Georgia). All these definitions either relate to capital, employment, or both or any other criteria. Variations still exist in the concept of SME among various countries of the world.

SMEs may be defined on the basis of quantitative criteria: the number of employees; the size of investment; or annual sales. Another commonly acknowledged criterion defines SME according to the degree of delegation of authority and responsibility. Under this definition, the owner is sole manager and decision maker, because it is either unnecessary or too expensive to employ functional specialists. Other criteria suggest that the SME is unable to adopt modern technology or to raise needed capital through a stock exchange.

All these criteria to some extent reflect the characteristics of a small and medium enterprises /firms but disagreement on each criterion is unavoidable. For example, in taking the owner-managed firm as a SME, one must certainly include the T. Eaton company-, which has annual sales of over \$3 billion! Using quantitative criteria has its complications too. For example, is a bolt manufacturing subsidiary of an auto company a SME? Questions can

also be raised about the inclusion or exclusion of professionals, farmers, and other self-employed individuals. Should a law firm or a doctor's office be encompassed in the definition of SME? Let us examine this issue with the definitions of SMEs in various countries of the world including Bangladesh.

Canada

The Department of Industry, Trade and Commerce (DITC) of the Government of Canada defines SME as a business with fewer than 500 employees. Breaking down the SME definition, DITC of the Government of Canada defines a small business as one that has fewer than 100 employees (If the business is a goods-producing business) or fewer than 50 employees (If the business is a service -based business). A firm that has more employees than these cut-offs but fewer than 500 employees is classified as a medium-sized business. On the other hand, Bureau of Statistics, Canada defines an SME as any business establishment with 0-499 employees and less than \$50 million in gross revenues (GOC Web site) .

European Union

In the European Union, SME is defined on the basis of employment. A business with a headcount of fewer than 250 is classified a medium-sized; a business with a headcount of fewer than 50 is classified as small, and a business with a headcount of fewer than 10 is considered as micro-business. So, SME can be understood as an enterprise wherein more than 10 and fewer than 250 people are working (EU Web site).

India

The Micro, Small and Medium Enterprise Bill 2006 defines Small enterprise as the enterprise with an investment of not more than Rs. 50 million in plant and machinery; and the enterprise with an investment of over Rs. 50 million but less than Rs. 100 million in plant and machinery is medium enterprise(GOI Web site).

Japan

The Act No. 154 of 1963 amended in December 3, 1999, (GOJ Web site) dealing with small and medium enterprise basic law defines SME as follows:

- 1) Any entity which is a company whose capital or total amount of investment does not exceed three hundred million yen (¥300,000,000), or a company or an individual whose regular workforce does not exceed three hundred persons, and which is principally engaged in manufacturing, construction, transportation or any other category of business (except those categories of business mentioned in any of item (2) to (4) below;
- 2) Any entity which is a company whose capital or total amount of investment does not exceed one hundred million yen (¥100,000,000), or a company or an individual whose regular workforce does not exceed one hundred persons, and which is principally engaged in the wholesale trade;
- 3) Any entity which is a company whose capital or total amount of investment does not exceed fifty million yen (¥50,000,000), or a company or an individual whose regular workforce does not exceed one hundred persons, and which is principally engaged in the service industry;
- 4) Any entity which is a company whose capital or total amount of investment does not exceed fifty million yen (¥50,000,000), or a company or an individual whose regular workforce does not exceed fifty persons, and which is principally engaged in the retail trade.

Bangladesh

The Bangladesh inherits the conceptual formation of small industry nay small business from erstwhile Pakistan but there was no conception of medium size industry until Industrial Policy 1999 was declared by the Government of

Bangladesh. Both of the definitions of small industry and medium industry change over time in the then Pakistan and in Bangladesh too. It rolls over employment size to investment size and vice versa, and sometimes includes both of the terms too. We shall make a historical discussion of these scenarios and then come to a working definition of Small and Medium size enterprises (SMEs)/industry for the purpose of the study.

The **1st Five Year Plan** 1955–60 of Pakistan defined the term small industry as “includes any manufacturing enterprise which either uses no power or employs less than 20 persons and is thus not subject to registration under section 2(j) of the Factories Act. This definition included ‘village industry’ whether producing for local consumption or for wider market and ‘cottage industry’ which is carried on in the home usually with the help of the family”. It covers handlooms too.

The first systematic definition of Small-Scale Industry in East Pakistan, today’s Bangladesh was given by the **East Pakistan Small Scale Corporation Act XVII of 1957**. The act stated that “Small Industry means an industrial establishment or unit which is run mainly by hired labor not using mechanical motive power but does not normally employ more than 50 workmen and whose land, building and machinery do not exceed Rs. 2,50,000 in value in either case. Subsequent amendment of the Act included “and Cottage” and thus stood as ‘East Pakistan Small and Cottage Industries corporation Act’. The Act has been adopted in Bangladesh as “Bangladesh Cottage Industries Corporation Act 1973 which was later on renamed as Bangladesh Small and Cottage Industries Corporation (BSCIC).

The **Second Five Year Plan** 1960–65 of Pakistan considers small scale industries as “those engaged in the production of handicraft, consumer or producer goods employing manual labour without use of any motive power, or using motive power but employing not more than 20 persons or using fixed assets valued at not more than Rs. 100,000.

The **Third Five Year Plan** (1965–70) of Pakistan took small industries as “industries which employ manual labour but do not use any motive power or industries which use motive power and use fixed assets, other than land, valued at not more than Rs.250,000.

The **Fourth Five Year Plan** (1970–75) of Pakistan defined small industries as “Industries which employ manual labour but do not use any motive power or industries which use motive power and use fixed assets, other than land, valued at not more than Rs. One million.”

The **Pakistan Factories Act 1965** defined a small industry as “any premise including the precincts thereof wherein ten or more workers are working in any part of which a manufacturing process is being carried on with or without the aid of power”.

After the independence, on **March 26, 1972** the Government of Bangladesh announced the programme of nationalization and formally took over the ownership of all industrial assets abandoned by Pakistani owners and also nationalized all units in jute manufacturing and cotton textile industries. The **Industrial Investment Policy of 1972-73**, limited private investment in units with Taka 25 lacs fixed assets.

The **Department of Industries** of the Government of Bangladesh gave a new definition of small industries its “Guide to Investment in Bangladesh in 1977 (p.9). It defined a small industry as “a unit having fixed cost upto Tk. 1.00 million excluding land”. The New Industrial Policy 1982 did not make any change into it.

The **Industrial Policy 1986** defined small industry as “an industrial undertaking engaged either in manufacturing process or service activity, within a total investment up Tk. 15 million and the investment in machinery and equipment not exceeding Tk. 10 million excluding taxes and duties”.

The **Industrial Policy 1991** says “Small Industry means an industrial undertaking engaged either in manufacturing process or service activity whose total fixed investment excluding the prices of the land, expenses for inland transportation and commissioning of machinery appliances and duties and taxes, is limited to taka three crore i.e. Tk. 30 million (including initial working capital). In the case of BMRE even if the total investment limit exceeds Tk. 30 million, it would still be considered as a small industry. However, the extent of extended investment for BMRE shall not be more than 50% of the total investment limit”.

The **Industrial Policy 1999** not only changed the definition of small industry but also introduced a concept of medium industry. The provision 4.6 of the policy said, “Small industry will mean enterprises employing fewer than 50 workers excluding the cottage units and/or with a fixed capital investment of less than Taka 100 million”. The provision 4.5 of the policy said, “Medium industry will cover enterprises employing between 50 and 99 workers and/or with a fixed capital investment between Taka 100 million and Taka 300 million”.

The **Industrial Policy 2005** further changed the concept of small and medium industry. The provision 4.4(C) of the policy stated that small industry in the manufacturing sector as “Small industry shall mean those industrial enterprises that have less than Tk. 1.50 crores fixed assets or replacement value excepting the value of the land and the factory building” and the provision 4.5(C) stated small industry in non-manufacturing (trading and other services) sector as “Small industry will mean those industrial enterprises which have less than 25 workers (not family workers as in cottage industry)”. The provision 4.4(B) stated medium industry in manufacturing sector as “Medium industry shall mean those industrial enterprises which have value of other fixed assets or replacement cost excepting land and factory building amounting to taka 1.50 crore to 10 crore” and the provision 4.5(B) stated that medium industry in non-manufacturing (trading and other

service) sector as “Medium industry shall mean those industrial enterprises where 25 to 100 workers are working”.

The National Taskforce on Development of Small and Medium Enterprises (SMEs) constituted on November 5, 2003 to recommend SME policy guidelines and implementation strategies also accepted the above mentioned definitions of small industry and medium industry separately but did not give any unified definition of Small and Medium Enterprise(SME). The report submitted on September, 2004 contained definitions of small and medium industry in the provision 6.3.2 (Ministry of Industries, GOB, 16). It said “**Small enterprise** in manufacturing sector is an enterprise which, in today’s market price, has the replacement cost of plant, machinery and other parts/components, fixtures, support utility, and associated technical services by way of capitalized cost (of turn-key consultancy services, for example), etc excluding land and building, is up to Tk. 15 million and small enterprise in non-manufacturing sector is an enterprise that has less than 25 workers in full-time equivalent”. It also said that “**Medium enterprise in** manufacturing sector is an enterprise in which, in today’s market prices, the replacement cost of plant machinery and other parts/components, fixtures, support utility, and associated technical services (such as turn-key consultancy), etc excluding land and building, is up to Tk. 100 million and small enterprise in non-manufacturing sector is an enterprise that has employees between 25 to 100”.

Working Definition of SME for the Study

For the purpose of the study, the following working definition of SME is undertaken:

- a) SMEs in manufacturing industry will mean enterprises having investment in fixed assets other than the land and factory building upto Tk. 100 million or Tk 10 crore.

- b) SMEs in service industry will mean service enterprises having up to 100 workers other than the family members.
- c) SMEs will mean those enterprises whose share is not listed with stock exchange.
- d) SMEs shall not include those enterprises which are involved with professional activities like doctors, lawyers etc.
- e) SMEs will mean those enterprises which are operating in private sector.
- f) SMEs will mean those enterprises that are engaged in business operation.

It could be mentioned here that for the convenience of the discussion, small and medium enterprise, small and medium industry or small and medium business etc terms will be used interchangeably.

Small and Medium Enterprises (SMEs) in Perspective

Small and Medium Enterprises (SMEs), particularly small enterprises are the age old form of business enterprises in our civilization. Small business enterprise appeared in our civilization more than 4000 years ago (Siropolis, 1998:04). Since then, small and medium business enterprises have contributed enormously to the benefit of customers and the human civilization. Societies have been enriched through the continuous pouring of infinite variety of products and services by the small and medium enterprises. SMEs flourished in almost all ancient civilizations. The Arabs, Babylonians, Egyptians, Jews, Greeks, Phoenicians, and Romans excelled at small business enterprises (Siropolis, 1998:04). The shoddy and slipshod products and services of the small and medium businesses some times cheated and defrauded the customers. The code of Hummurabi, King of Babylon in 2100 BC, proclaimed a code of 300 laws to protect customers and small businesspersons against

fraud. Yet, it was largely through the small business that civilization was spread to all four corners of the then-known world. Roman Catholic Church held small and medium business, and as such all types of businesses at low esteem because they branded the retailers as sinners that did nothing to improve a product. There was another reason for this sort of stamping. Business as a whole is called as a necessary evil in the holy Bible. But the Protestantism revived the holy sanctions for the business as a whole and that enhanced the small and medium business activities in these cultures. Islamic civilization from its very inception allowed business as a permissible activity with divine grace subject to strict adherence to the code of conduct. It, therefore, flourished tremendously during Muslim regime and expanded throughout the world. The people engaged in SMEs had been regarded as the messengers of international relations among the civilizations of the world. Today, SMEs enjoy more esteem and prestige than ever before. Academics, journalists, and politicians alike now have begun to underscore its achievements and opportunities, its promise and problems. It is a vital force in almost all economies of the world now.

Small and Medium Enterprises (SMEs) in Bangladesh

SMEs also have got a glorious past in our region, the Bangladesh, too. The artisans and the craftsmen of this region had been well known for their products long before Christ was born. The Periplus of Hanno dating about sixth century BC mentioned the pearls and moslins of this region (BIDS,1981). Kautilya mentioned four distinct types of fabrics exported from the Bengal to the rest of the India and of the world (Kautilya, 150 A.D.). The famous textile 'moslin' was an excellent example of our craft heritage.

Bangladesh, as a part of the erstwhile Pakistan, virtually had no large industry but SMEs and cottage at the time of the independence from British colonial regime. A few cotton textile mills, a sugar mill, and a number of jute

bailing and processing units were there only. The share of industries in GDP was 3 percent only in 1949 of which 0.5 percent was the contribution of the large scale industries and the rest 2.5 per cent was from small enterprise sector (Ahmed, 1978:368). During Pakistani period, Bangladesh i.e. East Pakistan was far behind in the race of industrial development in all fronts in comparison with that of West Pakistan. Bangladeshi entrepreneurs were in control of only one fifth of the total fixed assets of the industrial sector (Table-1). After liberation, the Government of Bangladesh had nationalized all industries except small and medium industries with 2.5 million-taka total investment values, which had been allowed to operate under private sector. The successive Governments of Bangladesh had gradually lifted the ceiling and now there is no limit on private investment.

Table-1: Types and Value of Fixed Assets of Industries registered under the Factories Act in Bangladesh 1969-72

Type of industries	1969-70 Units	%	1972 After Nationalization Units	%	1969-70 Fixed Assets Million taka	%	1972 After Nationalization Million taka	%
Public Sector								
Under EPIDC	53	1.7			2097.0	34.1		
Nationalized	-	-	392	12.9			5637.5	91.9
Private Sector								
Non-Bangladeshi	725	23.7	-	-	2885.7	47.0	-	-
Bangladeshi	2253	73.8	2178	71.5	1118.8	18.2	208.0	3.3
Foreign	20	0.8	13	0.4	36.0	0.7	36.0	0.5
Absentee units	-	-	462	15.2	-	-	256.0	4.3
Total	3051	100.0	3051	100.0	6137.5	100.0	6137.5	-

Source: Sobhan and Ahmed (1980:192)

The investment ceiling on small and medium business/industry that was set taka 1 million in 1977 which was further changed into taka 15 million in 1986 Industrial Policy (GOB, 1986). Again the total investment was increased to taka 30 million in 1991 which had further been set at taka 100 million in 1999 Industrial Policies GOB, 1991, 1999). The small and medium business

enterprises now have got a free environment to play their roles in the Bangladesh economy. The free or open market policy of the Governments after 1980, the SMEs got enormous opportunity to flourish in different fields of business operations. At present, SMEs are operating in almost all the sectors of investment.

Rationale of the Study

Small Medium Enterprises (SMEs) in Bangladesh like all other countries of the world are the backbone of the economy. In the economy of USA, more than 99% of its 21.5 million non-farm businesses were small (SBA, USA, 1995: 34). Small businesses in USA employed half of the nation's workforce and generate 54 percent of the sales revenues and 40 percent of the gross national product (SBA, USA, 1995:34). This sector typically comprised over 90 percent of all industries of developing countries of the world (Ahmed, 1987:6). Small scale industries accounted for a considerable portion of the gross national product in all the countries of the world, developed, or underdeveloped and about 50 percent of the employment. (Mohanty, 1986:3). The relative share of small scale industries in the total employment and output seemed to be about 80 percent and 50 percent respectively in many of the Asian, Africa and Latin American countries (Ahmed, 1987:6). In the OECD countries too, small businesses contribute a significant employment. More than 75 percent of the industries employed fewer than 50 employees and accounted for one-fourth to one-third of the total industrial work force on an average (Ahmed, 1987:7).

According to UNESCAP, SMEs accounted for upwards of 90% of all firms in East and South-East Asia, as well as in Japan (Wattanapruttipaisha, 1999). It was the biggest source of the region's employment, including three-quarters of women and young workers. But the relative share of SMEs in total output and exports was typically much smaller, close to a third, or so. In Bangladesh, large enterprises account only for a small percentage of all business

enterprises. The percentage is much smaller in other than manufacturing than in manufacturing *per se* (Ministry of Industries, GOB, 2004).

In Bangladesh, small scale industries provided direct employment of 2 million people, which was about 78 percent of the total industrial labour force, and accounted for over 75 percent of the contribution of industrial sector to the total output (Kamal, 1985:45). The contribution of the small and medium businesses to the gross domestic product of Bangladesh is gradually increasing. It also constitutes a significant portion of total contribution of the industrial sector to the GDP. Table-2 shows that the contribution of small manufacturing industries is increasing and the same upward trend happens to large and medium manufacturing industries during the five year period starting from 2006-07 to 2010-11. There exists no separate statistics about the share of medium enterprises in manufacturing to the GDP and also contribution of SMEs in service sector. The trends that exhibit in the table about the share of SMEs in manufacturing sector is upward and it further indicates that the manufacturing SMEs will make increasing contribution in future too.

Table - 2: Sectoral Contribution to the GDP in percent at 1995-96 constant prices

Sectors	2006-07	2007-08	2008-09	2009-10	2010-11
Agriculture	21.37	20.83	20.48	20.29	20.02
Industry	29.45	29.70	29.86	29.93	30.38
Industry(Manufacturing)	17.55	17.77	17.90	17.94	18.41
Large and Medium Industry	12.47	12.63	12.71	12.68	13.12
Small Industry	5.08	5.14	5.18	5.26	5.29
Service	49.18	49.47	49.66	49.78	49.60
Total	100.00	100.00	100.00	100.00	100.00

Sources: BBS, 2012 and BES 2012 (Compiled by the researcher)

The absolute contribution of small and medium businesses engaged in manufacturing in the current prices to the GDP is also increasing. The Table - 3 shows the amount of contribution of small manufacturing enterprises

separately and medium manufacturing industries in combine with large scale industries. The contribution is increasing over years.

Table-3 : GDP share of Small and Medium Enterprises in Current Prices from 2006-07 to 2010-11 in crore taka

Sector	2006-07	2007-08	2008-09	2009-10	2010-11
Industry(Manufacturing)	81178	93901	106445	120108	135551
Large and Medium -Scale	57688	66759	75610	84899	97121
Small Scale	23490	27142	30835	35209	38430

Source: Bangladesh Economic Survey, 2012

SMEs are the largest employment source in both agricultural and non-agricultural sectors in Bangladesh. The total employment in these sectors is 54.1 million of which 37.9 million employees are male and 16.2 million employees are female (LFS,2010, BBS,2012). The employment in the BSCIC registered units was 68,983 in 1996-97, and in 2002-02 it was 83,416. Now, in June, 2012, it is 32.28 lakh (BSCIC, 2000, 2005, 2012). This is a partial indication of the increasing and potential role of small industries in the creation of job opportunities in Bangladesh. SMEs in other than BSCIC registered enterprises in both agricultural and non-agricultural sectors also provide a significant number of employment particularly in trade, hotel, restaurant, transport, communication and agro-based industries. Therefore, Kamal (1985:45) commented that the small-scale industries are the second largest area of employment in Bangladesh.

The number of SMEs in Bangladesh is also increasing at a very fast rate. The number of enterprises within the BSCIC has been increased from 23,991 in 1996-97 to 46,177 in 2000-01. The percentage increased was 92.48 percent. Only in 2001-02, the number actually achieved was 49,811. The total number of industrial units registered under BSCIC in 2000-01 was 4,687 and in 2001-02 was 5239 i.e. 11,78 percent increased. Now, in June 2012, the total number of industries under BSCIC is 7, 39,689. This enormous increase exhibits the

growing participation of people in this type of industries. The increase of industrial enterprises in other sectors that come within our definition of SMEs was not shown due to non-availability of the statistics. But in every estimate, it could be guessed that there exists a rise too.

Table -3 (a) : Industries registered under BSCIC

Industry registered	1997	2001	2002	Upto June, 2012
Small Industries	-----	-----	-----	98,750
Cottage Industries	-----	-----	-----	6,40,939
Total Industries	23,991	46,177	49,811	7,39,689

Source: BSCIC

The contribution of the SMEs to manufacturing value added is not much different from the large-scale industries. Study reveals that only small industries contributed 45 percent against 55 percent of the large (Ahmed, 1987:21). The number of small scale industries under BSCIC was increased by nearly 12 percent by the year 2002 and the contribution to the manufacturing value added is obviously increased too. It shows the significant position of the SSIs and their potentials in the economy of Bangladesh.

SMEs are operating in all the sectors of the industry in Bangladesh. Table:4 shows the number of units in various industrial sectors at various periods and their percentage which authenticate the diversified role of small and medium enterprises / businesses in the economy of Bangladesh. It is exhibited in the table-4 that the highest participation of small industries is in food and allied sector and the second textile and apparels. 1993 survey shows basic metal or engineering gets the equal status of textile and apparels.

There is no government statistics about the birth and death rate of SMEs in Bangladesh. A partial picture can be formed from the study of Reza, Ahmed and Mahmud (1990) about the small industries which showed that about 59 percent of new small industries survived over a range of 10 years on an

average (Table- 5). It was found in a study conducted by Small Business Administration of USA that 60 percent of the new businesses lasted at least six years (Siropolis, 1998:9).

Table-4: Sectoral Distribution of Small Scale Industries in Bangladesh: 1978-1993

Industry Sectors	SI Survey 1978 Number	%	Directory of Industries 1993 Number	%	Small Industry Survey 1993 Number	%	Small Industry Listed with BSCIC Number	%
Food and allied	17358	72	7623	31	21080	55	8152	46
Textiles and Apparels	1391	5	5714	23	3196	8	741	4
Forest and Furniture	886	4	1804	7	1745	5	1794	10
Paper printing etc.	1092	5	1078	4	2385	6	590	3
Chemical, Rubber etc	527	2	1903	8	2864	7	1026	6
Glass, Ceramics, etc.	218	1	2359	9	1113	3	124	1
Basic metal/engineering	1743	7	483	2	3078	8	2987	7
Fabricated metal/electrical	646	3	3455	14	1880	5	1898	11
Others	144	1	526	2	953	3	245	2
Total	24005	100	24945	100	38294	100	17648	100

Compiled from GOB statistics

Despite the great importance of SMEs and their many facet contributions, the efficiency and productivity of SMEs especially of small-scale industries had been low in Bangladesh and poor management was the core problem that affects their performance (Rab, 1991:176-192). Habibullah (1988:134) mentioned that in some of the Japanese industries, the output of one female worker was equal to the aggregate output of five Bangladeshi male workers. Human resource is the vital resource that activates all other resources and itself contributes the efficiency and achievement to the organization. It provides long-standing strength and competencies of the business enterprises. Therefore, a critical attention is to be given to the people in the organization.

**Table-05: Birth and Death of Manufacturing Enterprises in Bangladesh:
1974-75 to 1983-84**

Employment size	Entrants No	%	Exiters No	%	Net Addition No	%
20-49	674	60.2	186	64.4	488	58.6
50 & above	446	39.8	103	35.6	343	41.4
Total	1120	100	289	100	831	100

Source: Reza , Ahmed and Mahmud . (1990:81) Table 1.6.

Today, cost effectiveness and quality have become crucial for market competition. People have been identified as the key for making and sustaining a competitive edge . The increasing threat from the forthcoming free trade policy of the WTO has made the human resource more crucial than ever before for the survival and sustaining in the market. Marlow and Patton (1993:57-65) argued that the effective management of employees is also emerging as a key variable in the survival of business concern. People must be made efficient, committed and happy so that they can contribute the best to the organization. A well-motivated, skilled work force is crucial if a firm is to compete effectively both in the national market as well as in the global market (Holt, 1994). Human resource management is the only tactical tool to earn a satisfied workforce in the industry. A number of studies have recognized the need for integrated human resource management practices for small firms (Marlow and Patton, 1993: 57-65, Hornsby and Kuratko, 1990:9-18).

Literature survey reveals that no study has so far been made in the area of human resource management practices in SMEs of Bangladesh. Therefore, the proposed study would be the maiden study in the area. This pioneer study would discover the present state of affair of the human resource management practices in SMEs of Bangladesh along with the avenues of dealing with the potential developmental issues.

Objectives of the Study

The research is undertaken with a general objective to unveil the present practices of human resource management in the small and medium enterprises (SMEs) of Bangladesh to contribute to the state of knowledge regarding system of managing human resources therein. To this end, the study seeks to realize the following specific objectives:

- 1) To explore the existing practices of human resource management in the small and medium enterprises (SMEs) of Bangladesh.
- 2) To present findings of the study in the logical manner about the existing human resource management practices in the SMEs of Bangladesh.

This chapter embodies a brief description of the macroeconomic scenario of Bangladesh, historical perspective of small and medium enterprises in the world civilization, definition of SME in various countries of the world, the changing views of the concept of small industry and SME in Bangladesh over years, rationale of the study and the objectives of the study. The next chapter will have a description of the methodology of the study.

CHAPTER TWO
METHODOLOGY OF THE STUDY

CHAPTER TWO

METHODOLOGY OF THE STUDY

Introduction

This chapter describes the overall research methodology of the study. It states the choice of and arguments for selecting the research methods and strategies for the study. The chapter presents the working definition of the key terms, population, sample, and other related issues. The reasons for selecting research sites, the procedure of identifying small business population and sample size and drawing the sample from the population are discussed. The data collection techniques and their rationale have been discussed. It describes the major characteristics of sample small and medium enterprises/ business firms and examines their representativeness. It also presents the statistical tools and techniques that are used in the data analysis and presentation. The validity and reliability of the sample and research method employed in the study are exhibited. The key concepts and variables used in the thesis and the measures used to operationalise these concepts and variables are discussed in detail.

Rationale of the Research Method

The research is an exploratory research. Both qualitative and quantitative techniques have been utilized to draw the conclusion about the population. Research may be of three types- descriptive, exploratory and causal researches. The descriptive study deals with who, what, when, where and how of a topic (Cooper and Schindler, 2001:141). It focuses on accurate description of the variables in the problem model. Explorative research is concerned with discovering the general nature of the problem and the variables that relate to it. The objectives of the research are to develop concepts more clearly, establish priorities, and develop operational definitions

and to improve the final research design (Cooper and Schindler, 2001: 134). Exploratory research serves also when the area of investigation may be so new or so vague that needs to do an exploration just to learn something about the dilemma facing the managers (Cooper and Schindler, 2001: 134). This type of research is characterized by a high degree of flexibility; scope to take convenience or judgment samples, small scale surveys or simple experiments, case analyses, and subjective evaluation of the results. This field, human resource management practices in small and medium enterprises (SMEs)/businesses of Bangladesh is a barren field. No study has ever been done till now in this area (see the literature review/ survey part). Thus, the field is totally unknown to us. Therefore, the only method that could give us the insights about the present state of affair is the exploratory research, which is intended to explore the reality of the field.

The study employed both qualitative and quantitative methods for collecting and exhibiting the facts of human resource management in the small and medium enterprises/businesses. The reason for the use of this 'dual method' approach could be substantiated by the statement of Crompton and Jones (1988:71-73) "organization research... is not a mutually exclusive decision between quantitative and qualitative methodology. In reality, it is very difficult to study organizations without using both sorts of methods. In any event, quantitative data rest on qualitative distinctions... the issue turns on the appropriateness of methods, not with taking sides in the debate between qualitative and quantitative methodology". Quality is the essential character or nature of something; quantity is the amount. Quality is the what ; quantity the how much. Qualitative refers to the meaning, the definition or analogy or model or metaphor characterizing something, while quantitative assumes the meaning and refers to a measure of it (Maanen, Dabbs Jr., and Faulkner: 1982:32).

Population

The population of the study comprises the executives, staffs and workers of the small and medium business enterprises businesses operating in Dhaka division of Bangladesh. Small and Medium Enterprises (SMEs) are categorized into two broad types: manufacturing and non-manufacturing that is service firms/businesses. Manufacturing SMEs includes chemical industries, packaging and printing industries, textile industries, poultry firms, construction industries, machine and tools industries, work shops with lath machines, bread and biscuit factories, brick fields, ceramic industries, etc. Service industries or SMEs consists of motor workshops, retailing, wholesaling, restaurants, petroleum service centers, beauty parlours, motor service centers, technical skills training institutes, etc. In terms of ownership, all of the SMEs, which participated in the research, are managed by at least one owner-manager. The companies are also independent, in the sense that they do not form a part of a larger organization. All managerial and non-managerial people working in these small and medium enterprises are included into population of the study. Managerial people are responsible for framing the human resource policies and strategies and their implementation. On the other hand, the non-managerial people are segment of the people element of the organization that is being affected by the managerial plans. Therefore, the operating people are included into the population of the study to cross- examine and verify the data given by the managerial people as well as to know their reactions, level of acceptance, and suggestions.

The list of SMEs prepared by the Bangladesh Small and Cottage Industries Corporation (BSCIC) and the Directory published by the Directorate of Industries under the Ministry of Industries have been consulted to identify the SMEs for the study. From these two lists, 120 industries are identified as SMEs under the given definition for the study.

Sample

The sample of the survey for the study consists of small and medium enterprises or businesses representing various sectors of industries. Initially, business organizations are divided into two categories in terms of their nature of operation: manufacturing and non-manufacturing concerns. The small and medium enterprises or businesses that fulfilled the criteria enlisted in the definition of SMEs envisaged for the purpose of the study in working definition are treated as SMEs.

A sample of 120 small and medium enterprises have been taken from the population for the study of which 75% represents the manufacturing sector particularly chemical and engineering industries and the rest non-manufacturing sector. 2 (Two) persons, 1(one) from managerial category who is essentially the owner-manager or the managing director or the chief executive of the business or personnel manager or somebody exclusively responsible for the HR issues in the enterprise and another 1 (one) from operative workers, have been selected at random from each sample SME. The selected respondents from each sample SME have been provided with structured questionnaires that constitutes the respondents of the study. Therefore, the total respondents are 240 from 120 sample SMEs.

Sampling Technique

The random sampling technique was used for the survey in collecting data. The efforts to secure randomness were found to be extremely difficult because of three major reasons. Firstly, the number of the small and medium enterprises (SMEs) that enter and exit in short period of time in the market were large and were not found in their registered addresses. Moreover, many enlisted industries were also found inoperative during field investigation. Secondly, there is a universal unwillingness of many business owners to register to official business directories and Bangladeshi small and medium enterprises' (SMEs) owners are not an exception. Thus,

directories were not all inclusive and therefore, not fully representative of the population. Thirdly, many sample small and medium enterprises (SMEs) owner-managers or managers were found totally unwilling to cooperate and that forced the researcher to go for alternative respondent. Thus, it was found convenient to adopt systematic random sampling in the situation. The method is essentially a kind of random sampling where selection of the first sample depends on chance and then every n th item in the population is selected. In the study, the similar type of enterprise found in the adjacent area had been selected for the study instantly.

Owing to the above-mentioned problems, which resulted in an incomplete coverage of the whole sample, the theoretical representativeness was somewhat weakened and biased in favour of the SMEs that they were available at the time the researcher conducted the survey. Thus, the overall choice of the sample SMEs participated in this study was subjected to various factors (further analysis is given later).

Sources of Data

Since the research was a pioneer study (see the literature survey part), only primary source was available for the collection of data. Human resource management is a growing discipline and majority of the owner-managers or the managers are not well acquainted with the entailing technologies. They are only knowledgeable with some of the aspects of personnel management. Thus, it required an in-dept search for pointing out the events of HRM they, the owner-managers and managers, are dealing with and enlisted them into the findings.

Pilot Survey of the Questionnaire

A pilot study was conducted before the main survey. One percent of the sample enterprise had been contacted for the pilot survey of the

questionnaire. The questionnaires were sent, filled in, and returned back by the selected respondents. Their feedback included written corrections and notes on the questionnaire and telephone discussions upon the possible problems that they faced in filling the questionnaire. Two reverend professors renowned in the field had also been consulted for the wording, framing and structuring of the questionnaire. The questionnaire was revised on the basis of the suggestions and recommendations provided by the experts and respondents.

Data Collection Techniques and Period

The study utilized multiple techniques for collecting primary data related to the practices of HRM in the small and medium enterprises (SMEs) of Bangladesh. The questionnaire, the interview and the observation techniques were used to assemble data from the field. The **face-to-face interview technique** was used to make the questions understandable to the respondents who were less educated, educated in irrelevant field or not familiar with many of the things included into the questionnaire. The **observation technique** helped to substantiate the concomitant issues that are legally obligatory for every business enterprise to maintain in the entity. The **questionnaire technique** was used to design the basic questions related to all aspect of the HRM to collect the data about the HRM practices in the small and medium enterprises or businesses of Bangladesh.

The Questionnaire Designing is a critical task, which had been handled with sufficient care to the content of the HRM. Both open-ended and closed questions were included into the questionnaire. As the respondents were thought to have least and no knowledge about the HRM, the questionnaire was designed in such a way so that they can mention and acknowledge their practice easily and in right manner. Therefore, the majority of the questions had been made closed. The questionnaire was divided into 6(six) sections to incorporate all aspects of search. The first section (A) included demographic

characteristics of the business enterprise and some information about its operational features. The second (B) through sixth sections (F) contained the core HR practices under examination and consisted of questions shown in the table below:

Name of the section	Contain of the Section	Number of questions
Section-A	Demographic Characteristics of the small and medium enterprises/businesses and some information about its priorities	15
Section-B	Human resource Planning, recruitment and Selection	27
Section-C	Training and Development	15
Section-D	Pay and Performance Appraisal	25
Section-E	Benefits, Security, Safety and Health	18
Section-F	Employee/Industrial Relations	32
Total		132

A **Covering Letter** was used to stimulate respondents' interests in the survey and explain who was doing the survey, for what purpose, who would have access to the information provided, and why the survey was important. Respondents were also assured that their responses would be strictly confidential.

The **questions** had been carefully structured in order to be short, specific, unambiguous, relevant to the experiences of the respondents, and to be clear used a simple language. The questionnaire was initially composed in English and was then translated in Bengali to facilitate the respondents to understand and response conveniently. The responses then translated back into English to incorporate into the thesis.

The **layout** of the questionnaire and its appearance were also taken into extreme care and constructed into such a manner so that it could be aesthetically pleasing and comfortable as well as it would take minimum amount of time from the respondents to complete.

The **interview** of the respondents was personally conducted by the searcher himself. The respondents were approached at random. They were supplied with a questionnaire and explained the purpose of the research. Then a thorough discussion was made about various aspects of the issues included into the questionnaire before going on to filling the questionnaire. This process gave the researcher the opportunity to obtain valuable information related to HRM practices and other issues of the enterprise. The respondents were explained the terms and questions that they felt difficult to understand. The hesitant respondents were approached through friends, and friends of friends who vouched for the integrity of the research and assured them that the interest was purely academic. This technique succeeded in breaking the ice and establishing a rapport with the respondents. Moreover, it provided a greater chance that the entrepreneur's hesitance in divulging firms' data could be overcome. This also had provided scope for getting greater and correct information from the respondents.

Primary data collection period is 2007- 08 during which field survey was conducted by the researcher himself and by a group of field investigators who had been trained on technical aspects of questionnaire and on field investigation methods to make them competent for quality data collection.

Data analysis technique

Collected data were classified on the basis of standard criteria, and then presented in suitable tabular form to provide a whole picture view. Then, data were processed and analyzed making extensive selective use of the SPSS package. In order to fit the data with the analysis, the data were transformed into a form suitable for that analysis.

Limitations of the Study

The study is conducted in Dhaka district only and the area itself makes the survey bias to urbanization. Moreover, the study might be more comprehensive and representative if it could have been done on the Bangladesh as a whole. Non availability of secondary data was also a constraint. Data were collected over one year period that did not reflect the impact of changed of time.

Data presentation style

The analyzed data were presented in a standard format of thesis. It contains six chapters. The cauterization that are made is as follows:

- Chapter - 01 : Introduction: It contains a brief description of the research topic, a description of the rationale of the study, and the objectives of the study,
 - Chapter - 02 : Methodology of the Study.
 - Chapter - 03 : Literature Review.
 - Chapter - 04 : Theoretical Framework of the Study
 - Chapter - 05 : Analysis and Discussion
 - Chapter - 06 : Findings and Conclusions
- Appendices and Bibliography

This chapter embodies a description of essential elements of the methodology used for the study. This has been implemented throughout various phases of the research. We will have literature review in the next chapter.

CHAPTER THREE
LITERATURE REVIEW

CHAPTER THREE

LITERATURE REVIEW

The literature survey has uncovered an astounding fact about the acute scarcity of study in the area of human resource management practices in small and medium enterprises (SMEs)/businesses of Bangladesh. A meager number of studies have been found which partially addressed issues of human resource management. However, following is the exhaustive descriptions of the studies so far been made on small and medium business area.

The study of Rab (1991:176-192) pointed out some problems of small enterprises of Bangladesh in his article "Management patterns and problems of small enterprises of Bangladesh". The study covers 24 small enterprises. The shortage of skilled labour was the only issue related to human resource management that had been reported along with high cost of production, better quality of imported goods and cheap goods smuggled into the country, absence of accounting and cost control systems and shortage of working capital. He also found that the organization structure was mostly characterized by low specialization and direct supervision by owners. Recruitment was mostly done by personal contact and training is on-the-job, if needed. Employee turnover was extremely low and trade union was almost non-existent. Employer and employee relations were good and compensation consisted of mostly of pay and festival bonuses. He further reported that nearly two-third enterprises used debt financing either from bank or private sources. Rab(1991:176-192) suggested to improve management efficiency in functional areas as a whole to enhance capacity utilization, reduce cost and improve quality to meet competition but did not specify any course related to human resource management.

Rahman , Mia , Bhattacharjee and Khan (1979) studied on 247 small units with either fixed investment up to Tk.2.5 million or less than 50 employees with an intention to appraise existing policies and programmes and to evaluate the impact of support services on the growth and development of small firms. They found that small firms confronted the problem of training of employees, mis-management, policy prescription and implementation.

Kamal (1981) worked on manufacturing firms with a maximum up to 49 employees to identify problems of small and cottage industries of Bangladesh. He addressed mainly the macro development issues of such industries not human resource management issues of small enterprises. He pointed out inadequate and inefficient infrastructure, inappropriate policies and actions of the government, lack of effective implementation of policies, inadequate development institutions, inadequate financial assistance and absence of a special financial institution for small and cottage industries. He further pointed out the low productivity of the workers and their poor wage level as well as lack of efficient labour along with problems with technology and marketing. Kamal (1981) put forward some macro recommendations for setting separate policy for SMEs, setting necessary institutional networks and sub-contracting for future development.

BIDS (1981) studied 130 small manufacturing and repairing firms in rural area to explore problems and prospects of rural industries. It found lack of formal education of entrepreneurs, inadequate finance, and lack of raw material, marketing and performance etc. problems. It also pointed out enormous prospects of small businesses in rural area as it employs about 25 percent rural workforce. The study was not concerned with human resource management issues of small businesses.

Chowdhury (1981) studied 1200 small enterprises engaged in manufacturing and repairing firms having up to 50 employees in rural area and 31 bank branches to examine whether the shortage of finance, as viewed by small

entrepreneurs was real or an illusion. The findings showed that the financial shortage was illusory; rather they were innovated with some other deeper problems such as managerial, labour and cultural. No specific objective and findings were directly related to human resource management but a general comment tended to lead to human problems.

Ahmed (1985) studied 18 agencies and 57 rural small scale and cottage enterprises to evaluate the effectiveness of the existing institutional set up for promotion and development of small enterprises. The study found that the macro policy and institutional network were not properly formulated and implemented. It was so narrow that it was incapable to handle the task needed. It did not study human aspect of the small enterprises.

Ahmed (1987) further studied small enterprises with maximum 49 employees or fixed investment up to Tk. 2.5 million to assess institutional arrangement to finance small enterprises and compared it with the Japanese system. The findings suggested that there existed a wide gap between the amount demanded and actually received financial support and the smaller firms did not have any access to institutional finance compared to that of large. The human resource management was not a topic to address.

HIID/ESEPP (1989) conducted a historical survey of the government policies related to the promotion and development of small enterprises based on secondary data. It found that most five -year plans ritualistically paid homage to the role of small enterprises but little attention was given for its practical promotion in terms of investment, operational policy formulation, technology development or institutions building. No special support was provided for small enterprises until 1986 and notorious bureaucratic sloth and administrative complexities retarded many to take credit facilities. The study also did not pay any consideration to the micro-level human resource management issues.

Sarder (1990) made a study on small enterprises having maximum taka 15 million investment and 49 employees for assessing the development potentiality of small enterprises and found that there existed a host of favourable factors for the development of this sector. He did not mention any human resource management issue of small enterprises of Bangladesh.

Reza, Ahmed and Mahmud (1990) studied 120 small firms having employment of 10 to 39 employees and engaged in food and allied, apparel or textile and engineering with a view to analyze economic performance, barriers to growth and policy impact. Besides macro problems, he pointed out some micro problems such as demand constraints, poor product quality, technological inefficiencies, poor infrastructure, and restricted access to institutional finance. A few of these problems was involved with human resources but that was not specifically mentioned.

Galway (1985) made a study to identify export related services available to small businesses and to make recommendations to USAID about possible assistance that would benefit small firms in exporting their goods. He found that the poor functioning of existing information system, absence of expert people, poor market and marketing information, lack of efficient institutional support etc. were not main deterrents . He suggested for the improvement of macro support services but not any measure for improving human resource management practices in small businesses.

Hossain and Sarder (1992) studied 34 small enterprises with maximum fixed investment of Taka 15 million excluding the value of land to assess the employment of finance. They found that 91 percent entrepreneurs faced acute shortage of finance both fixed and running. There was no findings related to human resource management.

Mannan (1993) made a study on small businesses with maximum 49 employees to review policy environment and to analyze the growth and development of small enterprises. Findings suggested the inadequacy of

policy measures for the small enterprises that thwarted immense development potentiality of venture in Bangladesh. There was no micro – level suggestions regarding human resource management.

Begum (1993:159-168) studied entrepreneurship in small-scale industries with a sample of 50 engineering firms and found that previous experience in engineering units, self-motivation and confidence influenced entrepreneurs to venture into business. The study also found that there was no relationship between industrial health and level of education. The study did not mention anything about human resource management practices in the small business firms.

Sarder (2000) studied 161 small industries representing six sectors such as food and allied; textile and apparels; paper, printing etc.; chemical, rubber etc.; basic metal or engineering; and fabricated metal or electrical to assess the nature of the supply of and demand for support services currently providing to small enterprises and to investigate the effect of support services on the development of small firms in Bangladesh. He found that irrelevancy, insufficiency of loan, delay in getting assistance, and inability to utilize properly were the reasons for ineffectiveness of the assistances provided to small businesses in Bangladesh. The study was done on manufacturing small firms confined in Dhaka region. It also found that small entrepreneurs considered the existing government policies were not conducive to the promotion and development of small firms in Bangladesh.

Rahman and Others (1978) made a study on 381 small enterprises which was the largest ever made study on this sector to assess the development needs of small enterprises and the effectiveness of the present facilities provided with them in order to suggest the potential services to be given to increase the viability and feasibility of the small businesses as well as to increase their number in the economy of Bangladesh. They found that the entrepreneurs perceived “bad management and the lack of facilities for taking advantage of

necessary training in the management of small enterprise” were the primary problems of this sector. Though no attempt was made to investigate the human resource management issues and their related problems but the findings obviously suggested the need for improving human resource management in small enterprises as they faced the problem of ‘bad management’.

Rahman (1985) studied on secondary data the need for modernization of small enterprises to improve the efficiency of this sector. He pointed out that the rationalization in the process of production, technology and management were a bare necessity to make the manufacturing small businesses competent to keep pace with the modern economy. Here, there was no specific prescription for the human resource management development but the rationalizing need for management could not be possible without positive improvement of human resource management.

Majid (1994:143-44) found that the large number of entrepreneurial venture fail every year in developing economies including Bangladesh due to poor management and decision making, financial and marketing weaknesses. It was also a clear recognition to the human resource inefficiency of small businesses.

Ahmed et al. (1988) made a study on rural industries representing both small and cottage industries in Bangladesh to present their profile, which found that entrepreneurs had largely come from traditional peasant society. They had lack of basic and managerial education as well as true entrepreneurial characteristics. The information network was very poor and that affected all functional aspects of organization. These findings pointed us to the managerial inefficiency that requires proper human resource management.

Islam (1981) studied 20 small businesses containing up to Taka 2.5 million capital investments and employing 10 persons engaged in retailing in Dhaka city. The objective of the study was to know the management practices related

to planning, organizing, directing and controlling. It particularly emphasized upon employee relations, discipline, morale, and leadership style. He found that the majority of the owner-managers followed autocratic leadership (55%) and did not know and practice functions of management (60%). It was also found that the employee morale could be enhanced if optimum financial benefits were given, promotion was given on time, information related to employee security matters were given, employee suggestions were considered before making a decision, workable physical conditions were provided, management understood their employees thoroughly, well done jobs were appreciated, explanations of actions are given and management discussed with employees for the matters affecting them. It was noticeable that all the issues were related to human resource management, which was suggested to improve management of the small businesses.

Mondal (1976) observed that the small scale industries in Bangladesh were mainly individual proprietorship and the shortage of technical manpower, finance and credit facilities, marketing and sales difficulties were the deterrent to the growth of small scale industries. He suggested some macro measures for correcting the situation.

Chowdhury (1989:97-102) found in his study of performance of small business in Bangladesh that the liquidity crisis, lack of trained personnel and strong competition from foreign goods were some of the hindrances affecting the performance of small businesses here. The study hadn't concentrated on any issue of human resource management.

Moyeen and Huq (2001:263-270) made a study on human resource management practices in business enterprises in Bangladesh on 92 large and medium firms with more than 50 employees on Dhaka, therefore the findings can not be a reference to the present study.

Rahman (1986: 123-143) made a comparative study on a few credit financing programmes for small and cottage industries in Bangladesh undertaken by

the government agencies highlighting their strengths and weaknesses and found that there were inadequate supply of credit and formalities were also cumbersome and deterrent to small entrepreneurs. The study also did not focus on human resource management.

Bhuiyan and Murshed (1990:41-45) studied on financial accounting in small firms in Bangladesh and found out the enormous flaws and erroneous deficiencies along with no practice of formal accounting. The study did not pass any comment on human resource practices of the firms concerned.

Rashid (1990:69-83) made the study on the accounting in small business operating in the Dhaka city, which came under the definition of US Committee for Economic Development. The study conducted on 150 retail houses and found that 86% followed akheri system, 12% followed single entry system and only 2% followed double entry system. Therefore, he suggested that qualified accounting manpower and double entry system of accounting were the fundamental requirements for the installation and operation of effective accounting system in small businesses. Nothing related to human resource management had been mentioned in the study.

Mannan (1993:43-52) wrote a conceptual paper on the small -scale industrialization in a labour abundant low growth economy related to Bangladesh experience on the secondary data. He explained the justification for the labour intensive small-scale industry for the Bangladesh economy and proposed a few suggestions for augmenting the industrialization. The paper did not have any point on the human resource management of small-scale industries in Bangladesh.

Rahman (1993:67-80) made a case study on entrepreneurship in a small-scale industry. The study focused on the exhibition of entrepreneurial characteristics that made the organization a successful venture. Management and skilled manpower along with shortage of fund and technical assistance

were some of the findings that had been mentioned. None of the findings was attached to human resource management.

Moyeen and Huq (1994:141-159) critically reviewed the theories of growth of small business and therefore, it did not touch the issues of human resource management of small businesses of Bangladesh.

Khan and Khatun (1994:229-239) worked on institutional credit to the small scale industries in Bangladesh and expressed some of their observations about their credibility and problems of the traditional financing institutions and suggested that a system of credit that required short time, formalities, low rate of interest, easy access and less hazards for the small scale industrial entrepreneurs of Bangladesh.

Sarder (1996) made a study on 272 small enterprises with less than 49 full-time employees to discover the impact of support services and found that supported firms achieved significantly higher growth in employment and sales as well as higher productivity than the firms that received no such support. The study did not reveal anything relevant to human resource management practices of the small businesses of Bangladesh.

Khan, Imam and Khatun (1998:95-110) studied on the constraints of bank financing to small scale enterprises. They addressed the issue from the perceptions of the entrepreneurs from 73 small-scale enterprises situated in Dhaka and Chittagong. They pointed out complex procedures, illegal motive, improper behaviour of bankers and inadequate guidelines, information, excess time taking, informal expenses etc as the constraints to the small scale enterprise financing in Bangladesh. They also did not point out any human resource management problems of small-scale industries.

Moyeen (2000:109-119) explored the effects of owner-manager's experience on performance of small business taking 141 small engineering firms registered into BSCIC and found that the experienced owner-mangers potentiality of

success in business was quite high and therefore, every would-be owner-managers should gain at least some start up experience related to industry. The study did not point out the requirement of having experience in human resource management but on management experience only.

Sarder and Hossain (2000:71-95) wrote a conceptual paper on the development of a framework for evaluation of small business support services and related institutions and therefore they did not have any comment on human resource management practices in small businesses of Bangladesh.

Afroze (2002:165-172) made a study on the environmental factors governing the success of women entrepreneurs and managers based on secondary data and concluded that increasing number of women were entering into the entrepreneurial ventures but they were being thwarted by the skills, managerial and general education, illiteracy and other social factors. Though the study emphasized upon giving opportunity to women for having education and access to resources but did not focus upon human resource management. Researcher might think it included into general management.

Khan et al. (2002:176-190) studied on determinants of accessibility of small scale enterprises to formal credit in Bangladesh on a sample of 161 small firms and found that 77 percent of formal loan applicants were either fully or partially rationed out by the formal financial institutions in availing the formal credit and financing institutions mainly considered collateral for lending decisions. They suggested a change to ensure greater access of Small Scale Enterprises (SSEs) to formal credit. The study did not suggest any human resource management initiatives to bring about the desired changes.

Mia (2001:67-87) studied the effectiveness of the support services of non-government organizations for the promotion of micro enterprises in Bangladesh taking 500 units engaged in household goods and food manufacturing and in services. He found that the support services were ineffective in generating business ideas, validating business ideas and

developing commitment but the financial services were effective. The research did not give any findings and suggestions regarding the development of human resource management capability in the micro enterprises.

Moyeen and Huq (2003:105-118) made a study on 141 small engineering firms to examine the factors influencing the incidence of strategic planning in small enterprises in Bangladesh. They found that the elements of the strategic planning process such as environmental awareness, strategic courses of action and strategic awareness have got relevance with owner-manager's age, education, industry experience, entrepreneurial experience, family experience, training and slake time. The study did not indicate any issue relating to human resource management practices in small businesses of Bangladesh.

Rahman and Rahman (2006: 257-270) , made a study on small and medium sized enterprises to exhibit the failure of an integrated strategies for the coordinated and unified activities of support organisations, SMEs and socio-economic growth which they felt an essential factor for the overall development. But they did not make any study and observation about human resource management practices in SMEs operating in Bangladesh.

This chapter embodies a description of the literature – articles, researches etc so far are written or done in the area of small scale industry and/or small and medium enterprise operating in Bangladesh. It is evident that there is not a single study ever made on human resource management practices in small and medium enterprises of Bangladesh. They are concentrated in accounting system, finance, entrepreneurial background and motivation, policy issues, strategic planning etc. In this context, the present study would be the virgin study in this area that will obviously enrich academic world about the present scenario of human resource management in small and medium enterprises of Bangladesh. The next chapter will deal with theoretical framework of the study.

CHAPTER FOUR
THEORETICAL FRAMEWORK OF THE STUDY

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Introduction

Human resource management is now a reality. In spite of the debate about its true nature, it is beyond all controversies and debates that Human Resource Management (HRM) comes to play role to make 'people' in the organization a most productive force. HRM has been defined from various dimensions. Various texts have contained different definitions of HRM. Dessler (2000, 2) has defined HRM as "the practices and policies one needs to carry out the "people or human resources aspects of a management position including recruiting, screening, training, rewarding and appraising". Similar ideas have been expressed by DeCenzo and Robbins (1987, 3). They said "HRM is concerned with the 'people' dimension in management".

An elaborate functional concept of HRM has been given by French (1997, 4) as he said that "HRM refers to the philosophy, policies, procedures, and practices related to the management of people within an organization". Heneman III et.al. (1983, 7) stated HRM in the context of its end. They defined "HRM aimed at influencing the effectiveness of employees in the organization". The central claim of HRM is to match the size and skills of the workforce to the productive requirements of the organization and to raise the quality of individual employee's contributions to production, thereby, organizations can make significant improvements to their performance (Claydon, 1998).

According to the process-systems view, "HRM is the systematic planning, development, and control of a network of interrelated processes affecting and involving all members of an organization (French, 1997). Torrington and Hall (1995) defined HRM as "resource-oriented, directed mainly at management needs for human resources (not necessarily employees) to be provided and

deployed". This definition emphasizes on the managing of needs of the existing people and the people who come into the organization in future. The word 'need' has got broad and diversified meaning. It embraces a broad perspective of human interests that are to be 'planned, monitored and controlled' (Torrigton and Hall, 1995).

Describing HRM as functional cluster of various organizational activities, Fisher, Schoenfeldt and Shaw (1993) opined that "HRM is the set of organizational activities directed at attracting, developing, and maintaining an effective workforce". The focal point here is the activities required to retain, attract and maintain an effective workforce. How workforce can be made effective is not addressed here.

Bateman and Snell (1996) placed HRM in a different manner. They said "HRM deals with formal systems for the management of people within the organization". This definition embraces three major activities as 'formal systems', such as staffing, rewarding, and designing work (Bateman and Zeithaml, 1999; 432). This is a narrow version of the 'formal systems' that are involved with HRM. The other systems like health and safety, disciplining industrial or human relations are not included into the conceptual boundary of the HRM.

Hellriegel, Jackson and Slocum (1999, 388) defined "HRM is a system of philosophies, policies, and practices that affect the people who work for an organization". They also believed that it includes activities related to staffing, training and development, performance review and evaluation, and compensation. Though the definition included the idea of 'philosophy', but their pointed activities do not contain any philosophical activity as guiding rule for the HRM. The conceptual basis like human capacity, concept of life, is to be included into the periphery of HRM. Without the ideological standing about human; no management style could bring about effective HRM.

HRM is entrusted with functions to improve the productive contribution of people to the organization in ways that are strategically, ethically and socially responsible (Werther and Davis, 1996:8). This idea recognizes the social acceptability and recognition to the conduct of the people in the organization and that have to be performed by the HRM. The whole responsibility for making people's work and contribution strategic, ethical and social rests on the HRM. Ivancevich (2001:4) called HRM as the function performed in organizations that facilitates the most effective use of people/employees to achieve organizational and individual goals. The definition focuses primarily on the achievement of organizational and individual goals and sees HRM facilitating tasks entered into these goals.

Milkovich and Boudreau (1997) supported these functions of HRM. They opined that HRM is a series of integrated decisions that form the employment relationship; their quality directly contributes to the ability of the organization and the employees to achieve their objectives. The focal point here is 'integrated decisions the form the employment relationship'. Human resources provide the creative spark in any organization that ultimately integrate and lead all aspects to the attainment of the objectives of the organization. Therefore, the decisions of the managers shape the relationship between an organization and its employees crucial for both the employees and organization (Milkovich and Boudreau,1997).The blending of decisions into an integrated whole in a consistent manner is not an unique proposition, others have also pointed it out while projecting their idea of human resource management (Cascio,1986;French,1997),but making it a pivotal point is distinctive phenomenon.

HRM has been understood in various ways-'hard' and 'soft' manner. What it entails, that is still debated but there exists many versions in the texts of HRM and in various research books and articles. An examination of the contents of those sources would help us to bring about an integrated view to be used in the present study.

The advent of Human Resource Management (HRM) has been seen as a paradigm shift of people management. Initially, the concept HRM was developed as a set of techniques that claimed to embrace and promote new approaches to 'management of people' and 'work organization' to enhance employee commitment and flexibility as well as their willingness to respond rapidly with the changing market conditions for providing competitive advantages to the organizations. A number of authors have tried to differentiate the concept of HRM from other related topics, particularly from personnel management. The philosophy of personnel management is closely tied with localised problem-solving approach, directed principally at 'workers', whereas HRM advocates a more holistic orientation that embraces the management of all 'employees'. It seeks to match, redesign and harmonise employment practices with the strategy appropriate for product, market and other requirements (Hendry, Pettigrew and Sparrow, 1988).

After reviewing British and American literatures, Legge (1989) identified three distinctive features of HRM. It places greater emphasis on the development of the management team than personnel management and differs from personnel management as an activity of line managers, including greater 'bottom-line' responsibility, emphasising development of corporate culture as a superior management activity (Brewster and Hegewishch, 1994). On the other hand, Guest (1987:385) perceived HRM as a particular form of personnel management that stresses on 'the goal of integration, the goal of employee commitment, the goal of flexibility, and the goal of quality'. He identified the central and interconnected goals of HRM as: the raising of employee commitment to corporate agendas; the development of greater workforce flexibility in terms of individual employment patterns as well as greater teamwork; the raising of the quality of employees through effective training and development programmes and strategic integration, and finally the harnessing of these objectives to the implementation of a corporate strategy for which all the managers should be held responsible. Beer et

al.(1985), Guest (1989), Hendry and Pettigrew (1990), Storey (1989; 1992) have also distinguished between personnel management and human resource management. Mahoney and Pandian (1992), after examining differences between the personnel management and the human resource management argued that HRM involves a wider and broader view in six specific areas: from a narrow technical focus to closer links with business strategy; from a collective negotiating focus to a more general approach of direct communication with employees; from job satisfaction to concern with organisational commitment; from selection, training, compensation policies focused on individuals to a concern with group working and group effectiveness; from a concern with cost-reduction through such strategies as reducing turnover, controlling absenteeism to a focus on organisational effectiveness and the 'bottom-line' involvement; from individual skills to longer-term employment capabilities.

Beaumont (1991) identified five major items typically mentioned as elements of HRM: relatively well developed internal labour market arrangements, such as internal promotion, on the job training, individual career planning; flexible work organisation systems, such as multi-skilling, use of flexible workforce, job rotation; skill or knowledge based pay structure i.e. performance related pay; high levels of individual participation in task-related decisions; i.e. quality circles, work teams, employee suggestion schemes and extensive internal communication arrangements. Sission (1990) characterised HRM in terms of four features of employment practices: an integration of personnel policies with business planning; a shift in responsibility of personnel issues from specialists to senior line managers; a shift from collectivism of management-trade unions relations to individualism of management-employee relations and finally, the emphasis on commitment and the exercise of initiatives with managers acting as facilitators of employee empowerment. The intent of HRM is to secure more co-operation, flexibility and productivity by enabling employees feel more 'involved in' and 'responsible for' corporate

goals and 'empowered' to promote and secure their realisation (Ezzamel et al., 1996).

Transformation of workplaces by introducing this new management was initially focused on the need for greater worker commitments to be achieved by expanding their jobs and involving them in problem solving methods (Wood, 1999). In their conceptualisations, Walton (1985) termed these practices as 'high commitment management' and Lawler (1986) as 'high involvement management'. Both the explanations included the combined use of certain personnel practices such as job flexibility, problem solving groups, team working, minimal status differences, employee involvement schemes etc. that have positive impacts on organisational performance. While looking for such effective people management techniques, Pfeffer (1994) enumerated sixteen distinctive management practices that most successful US firms were using in dealing with their employees. These are financial incentives for excellent performance, work organisation practices that motivate employee effort and capture the benefits of know-how and skill, rigorous selection and selectivity in recruiting, higher than average wages, employee share ownership plans, extensive information sharing, decentralisation of decision making and empowerment, work organisation based self-managed teams, high investment in training and skill development, having people do multiple job and job rotation, elimination of status symbols, a more compressed distribution of salaries across and within levels, promotion from within, a long-term perspective, measurement of HR practices and policy implementation and a coherent view of the employment relationship.

It is really difficult to define precisely what exactly to be included in the term HRM. From the above-mentioned outline and previous discussions, we have seen a wide range of similarities as well as significant differences among the constituent elements of human resource management. The common or consistent practices are aimed at increased employee commitment through the adoption of certain practices such as job security, internal promotion,

single status arrangements, extensive training, two-way communication mechanisms etc. Though these practices concentrate on the commitment model, there are also differing views about their adoption or implementation. The adoption of these commitment-oriented HRM practices varies between organisations and might also be seen as contingent on the environment or product market strategy of the organisation. It has also been suggested that effective use of commitment oriented HRM practices are possible if management approaches towards human resource issues are strategic. There are also differences among the use of strategic human resource management practices such as flexibility, performance related pay, quality circles, job rotations etc. So while looking at firm-level HRM practices, it is not possible to identify exactly what constitutes HRM practices. With such ambiguity surrounding the concept of HRM and the constituent elements, it is better to identify those as the developments in various functional areas of people management. It should be considered as new developments in people management with a wide range of policies and practices that have significant effects on organisational outcomes and are typically used to facilitate employee integration, flexibility, quality of work life, employee commitment and other business goals by changing organisational values, structure and delivery mechanisms.

However, in their quest for differentiating HRM from the traditional personnel management, Guest (1987) and Storey (1992) compared them from ideological to practical practices. The much cited differences between personnel management and human resource management are shown below in table 1.

Table-01: Storey's dimensions of personnel/IR and Human Resource Management (HRM)

Content	Personnel Management	HRM
<i>Beliefs and assumptions</i>		
1. Contract	Careful delineation of written contracts	Aim to go 'beyond contract'
2. Rules	Importance of devising clear rules/ mutuality	'Can-do-outlook; impatience with 'rule'
3. Guide to management action	Procedures	'Business-need'
4. Behaviour referent	Norms/custom and practice	Values/mission
5. Managerial task vis a vis labour	Monitoring	Nurturing
6. Nature of relations	Pluralist	Unitarist
7. Conflict	Institutionalised	De-emphasised
<i>Strategic aspects</i>		
8. Key relations	Labour-management	Customer
9. Initiatives	Piecemeal	Integrated
10. Corporate plan	Marginal to	Central to
11. Speed of decision	Slow	Fast
<i>Line management</i>		
12. Management role	Transactional	Transformational leadership
13. Key managers	Personnel/IR specialists	General/business/line managers
14. Communication	Indirect	Direct
15. Standardisation	High (e.g. 'parity' an issue)	Low (e.g. 'parity' not seen as relevant)
16. Prized management skills	Negotiation	Facilitation
<i>Key levers</i>		
17. Selection	Separate, marginal task	Integrated, key task
18. Pay	Job evaluation (fixed grades)	Performance-related
19. Conditions	Separately negotiated	Harmonisation
20. Labour-management	Collective bargaining contracts	Towards individual contracts
21. Thrust of relations with stewards	Regularised through facilities and training	Marginalized (with exception of some bargaining for change models)
22. Job categories and grades	Many	Few

23. Communication	Restricted flow	Increased flow
24. Job design	Division of labour	Teamwork
25. Conflict handling	Reach temporary truces	Manage climate and culture
26. Training and development	Controlled access to courses	Learning companies
27. Foci of attention for interventions	Personnel procedures	Wide ranging cultural, structural and personnel strategies

Source: Storey (1992: P.35)

Different Dimensions/Perspectives of Human Resource Management (HRM)

Human Resource Management (HRM) requires categorisation of human resource management practices into a meaningful way as advocators of HRM are always in favour of a distinctive approach to the management of human resources. The differing human resource management typology arises when organisations vary in their basic approaches or objectives in managing human resources. Organisational objectives are generally stated in terms of desired characteristics, attitudes, and behaviour that are derived from a firm's overall business goals and may be moderated by factors internal and external to the organisation (Schuler, 1992). Arthur (1994) categorised human resource management typologies in two broad headings 'cost reducers' and 'commitment maximisers'. The cost reducers adopt Human Resource Management (HR) system to reduce direct labour costs or improve efficiency by enforcing employee compliance with specified rules and procedures and basing employee rewards on some measurable output criteria (Walton, 1985). Commitment oriented HRM systems shape desired employee behaviours and attitudes by forging psychological links between organisational and employee goals in order to develop committed and trusted employees so that they can carry out their tasks effectively consistent with organisational goals (Organ, 1988). Arthur (1992) characterised commitment to HRM system by higher levels of employee involvement in managerial decisions, formal participation

programmes, training in group problem solving, higher percentages of skilled employees and incentive pay plans.

There is a debate in the British context about the hard-soft dimensions of HRM practices that have grounded in the workplaces (Guest, 1987; Storey, 1987; Hendry and Pettigrew, 1990). Soft HRM is associated with the human relations movement, emphasised on development-humanism view, aimed at eliciting employee commitment primarily by self-regulated rather than controlled by sanctions and pressures external to the individual and the relations within the organisation based on high level of trust. This soft version of HRM assumes that employees will work best if they are trusted, trained and developed, and if they are allowed to work autonomously and have control over their work. The strategic dimension of soft HRM is that employee control comes through commitment. Multi-skilling, job redesign, employee involvement techniques, team working are notable practices used in this version. Employees working under a soft human resource management system would not merely comply with the organisation's wishes, but positively and effectively commit themselves to the aims and values of their employers (Hope,1994)..

Hard version of HRM stresses on the quantitative, calculative and business-strategic aspects of managing the headcount resources in a rational way like any other factors of production (Storey, 1992). Tyson and Fell (1986) argued that human resources might be understood as a factor of production rather than the only resource capable of turning inimitable factors of production into wealth. From this utilitarian-instrumentalism view, it places emphasis on appropriate human resources i.e. numbers and skills at the right price i.e., lowest possible price. This instrumental basis of HRM is concerned with numerical flexibility, performance management, surveillance through teamwork etc., and the ultimate goal is to secure the competitive advantage by individualising the employment practices.

A concomitant view is the descriptive perspective which has been originated by the American academics, and in which HRM practices have been identified in two distinctive ways. The 'Harvard Model', similar with the soft version of HRM, was developed by Beer et al., (1985) and later on was termed as 'High commitment management' (HCM) by most of the commentators. Walton (1985) characterised it by putting underlying conception that employees are assets rather than disposable factor of production, and certain combination of management practices affect organisational commitment that have impact on organisational performance. 'High commitment management' is concerned with combined use of certain HRM practices such as job redesign, problem-solving groups, information sharing, participation and empowerment, team working, and minimal status differences. It has been assumed that these practices enhance original performance by building employee commitment and it emphasis on the role of employees' knowledge and skill acquisition.

The second group led by Kochen et al., from MIT, developed 'Michigan Model' is now better known as 'high performance management' (HPM) practices. This approach has similarity with the hard version of HRM. It includes numerical flexibility, quality circles, total quality management, lean production techniques, profit sharing, performance related pay etc. Lawler (1995) mentioned that these HRM practices are particularly important when HR managers increasingly appear to be oriented toward bottom-line results. In its extreme, High Performance Management (HPM) practices set targets directly to the organisational performance by manipulating human resources rather than indirect attitudinal structuring, and neglecting the concept that acquiring can increase performance that required workforce skill and knowledge for problem solving. Wood (1999) indicated that the core of HRM is centred on the setting of goals and linking pay to their achievement.

Definition of Human Resource Management for the Study

Human Resource Management (HRM) is defined for the purpose of the study as a process of a set of activities consisting of human resource planning, job design and analysis, staffing, training and development, compensation management, performance appraisal, employee protection and industrial/employee relations involving with both hard and soft approaches of managing human resources within an organisation with holistic orientation to ensure high commitment to and involvement of the people with the purposes and activities of the organisation.

Determinants of Human Resource Management

The advent of the concept 'HRM' was initially initiated by American academicians as a response to the Japanese competitive threat and later imported into other countries as a panacea to increase productivity and organisational performance. Though different commentators outlined HRM in different ways, it can be assumed from those descriptions that HRM is something different from the traditional personnel management practices. These differences are concerned with more rigorous selection, flattening managerial hierarchies, new forms of work organisation, continuous training, employee involvement in decision-making, performance for individual achievement, individualisation of employment relations, etc. Anglo-American academicians without considering their adaptability in other societies often regarded these HRM practices as 'best practices'. However, even in the USA, firms that have adopted these HRM practices, found it difficult in some cases to sustain them over long-term (Osterman, 1994; Pfeffer, 1996). In fact, transformation of people management practices does not take place in a vacuum, and therefore, firms have to consider the institutional context that profoundly affects the HRM practices. Firms' HRM practices such as staffing, reward and payment systems, training and development, employee relations,

etc. are embedded in the cultural, social, educational, financial and political environment of the society. HRM practices imported from another society or culture do not result in the same effects. Introduction of these practices in another institutional setting may create new directions for the imported practices over time. Organisational HRM practices are sensitive to the institutional pressures and determined by the imperative of maintaining external legitimacy through adherence to institutional structures, rules and norms of the society in which they are embedded. In such a situation, adoption of organisational HRM practices should be consistent with regard to social conformity. Muller (1999) noted that German firms have incorporated some 'Anglo-Saxon HRM' practices but have not exactly implemented Anglo-Saxon HRM, rather than in some respects rejected its unitary and individualistic values. Firms adopted some HRM practices such as direct communication, quality improvement techniques, and variable pay schemes with compliance to German labour market institutions and after negotiation with relevant works councils. They have also rejected numerical flexibility and other individualistic techniques that are contradictory to their pluralistic values and ideology.

Usually researchers use three alternative frames of references to explain the observed differences in HRM policies and practices. These are the contingency perspective (Preffer, 1994; Schuler and Jackson, 1997), the cultural perspective (Hofstede, 1987, 1991; Bjorkman and Lu, 1999) and the institutional perspective (Lane, 1989, Rubery, 1994). A comparative study will give a deep and comprehensive knowledge about the various aspects of policies and practices of human resource management. Below here, we shall discuss these three perspectives, and their relevance with HRM practices. Later we shall try to explain the contrasts and contradictions of these perspectives in relation to organisational HRM practices.

1) Organisational Contingencies as Determinants of HRM

The essence of the contingency approach implies that societies will be populated by those organisational forms and practices that correspond most closely in the task environments prevailing in respective context. Actors try to work towards a 'fit' between conditions in an organisational context and organisation forms and practices. From this perspective, use of specific HRM practices is contingent on an organisation's strategy. Organisations should implement HR practices that encourage employee behaviour to fit with the strategy. The underlying assumption of the contingency approach is that organisational effectiveness depends on there being a fit between human resources practices and business strategies. The contingency approach postulates that HRM patterns can be interpreted as favouring the introduction of particular practices corresponding to product markets, strategies and industrial sectors. Steedman and Wagner (1989) in their study on furniture and garments industries found that HRM practices are different between Britain and Germany due to differences in product and market strategies. The society and enterprise policies in Britain appear to promote organisational structure and HR arrangements which are typically match with standardised, lower priced mass produced products.

It has generally been assumed that human resource management practices of individual companies would vary to meet unique human resources needs and organisational contextual requirements. A number of organisational factors are supposed to have effects on the adaptation of human resource management practices. They are elaborated below:

A) Size of the Organisation

Studies on organisation size indicate that the total number of employees in a particular firm tend to influence the adoption of HRM practices (Scott, 1998). Research evidence suggests that large organisations are using more standardised human resource management practices such as selection and

advancement. Due to their scale of productivity and need to decentralise, they use collaborative human resource practices as direct communication on a day to day basis between top management and employees (Kalleberg et.al. 1996). From an economic perspective (Osterman, 1984; Doeringer and Piore, 1971), small and large organisations differ with respect to the presence of internal labour markets. Job specialization and the greater availability of slack resources in large organisations have been argued to be the conditions that set the stage for the development of internal labour markets which are characterised by entry through lower-level jobs, internal promotions, career paths, rewards for seniority and formal grievance procedures.

B) Age of the Organisation

Research evidences revealed that 'Greenfield sites' are more likely to adopt innovative human resource management practices than the plants that have been operating for longer period of time, and lower rates of adoption appeared among older 'brownfield sites' (Ichnowski and Shaw, 1995; Osterman, 1995). Saha (1987) also found that newly established Western and Japanese companies in Hong Kong are more concerned with employee training and incentive programmes, and they are offering more progressive benefit packages to employees. For older firms, it is more difficult to change the entire system of traditional work practices of narrowly defined jobs, strict supervisions, frequent lay-off, seniority based pay and promotion to a newer approach involving flexible job designs, contingent incentive pay plans, extensive training in multiple skills, and employment security initiatives (Ichniowski et al., 1996). Using simulation models, Levinthal (1994) tried to find how firms make experiments with new practices for more productive forms of organisation. He found that when interaction effects among organisational policies are important determinants of performance, firms do indeed get locked into their initial choice of practices.

Human resource management practices are supposed to vary across organisations with their different stage of life cycle. Schuler's proposition related to HRM practices presume that successful implementation of different HRM strategies requires different roles to be played by employees and requires them to exhibit different characteristics . Firms in the early stage of growth need talents to transform the ideas of the founder into marketable products that give rise to the new business. They need to adopt innovation, non-traditional HRM practices other than competitors to attract essential talents. As firms move into the mature stage, they need extensive internal labour market as well as training and development programmes. Thus, firms in this stage should develop pay systems designed to retain rather than to attract talents. At the decline stage, firms generally deal with the existence of an excess number of employees and need to separate qualified, well-performing employees from others. Thus, sound performance appraisal data can be critical at this stage to resolve how to select out those individuals least likely to help the organisation to survive. Top management may decide either to concentrate the decision-making or to decentralize the decision-making .

C) Nature of the Organisation

There always have been some distinctions between manufacturing and service organisations. Service organisations differ from manufacturing in three ways: their 'products' are intangible rather than tangible; customers are actively involved in the production of services; and the consumption of services occurs simultaneously with the production . Employees of service organisation must be sensitive to clients' needs and they must be trusted to monitor their own performance. Due to the nature of service jobs, service organisations should be more likely than manufactures to include both employee input and clients output as sources of performance appraisal information that includes new performance appraisal techniques like 360 performance appraisal methods. The simultaneity of the production and consumption processes has implications for HRM practices (Jackson et al.,

1989). For example, quality control of service can not be achieved by the inspect-and-correct method commonly used in manufacturing plants. In order to maintain control over quality, service organisations seek ways of controlling the process of service production rather than output. They need to invest more resources to train new recruits with the objective of socialising them to be effective monitors of their own service production behaviours.

Saha (1987) found differences in HRM practices among different types of business. It was revealed that banks, public transport and utility companies in Hong Kong have long-term manpower planning, and emphasised individual development in training and performance evaluation. Human resource executives in these organisations have actively participated in determining business policies and strategies. On the other hand, manufacturing companies, trading companies and hotels use their personnel departments primarily for record keeping and short-term manpower planning. They have high turnover rates, their HR managers are likely to have lower management ranks and they do not have a significant role in determining organisational policies and strategies.

D) Organisational Structure

Organisational structure can be formed in several ways. Organisations producing a single product or service may likely to have functional departmentation. In such organisations, creation of the product/service usually occurs through the completion of tasks that involve sequential interdependency among work units. Result-oriented compensation systems are difficult to implement in this type of organisation. Broad based skill acquisition is less important as career path encourages vertical promotion within a function (Galbraith, 1977). On the other hand, organisations with several products or services operate within multiple environments, and the

contribution of each division or unit is distinguishable and measurable. Consequently, performance appraisal and compensation practices should be emphasised on bottom line results and in case of training and development, more concern also be given on developing generalist rather than functional specialists. Also, organisations that are part of larger organisations may receive greater resources, information and technical assistance in adopting flexible work organisation, and hence they can implement more innovative HRM practices.

E) Technology

The term 'technology' used to refer the process used by organisations to transform inputs into outputs. Mass production technologies are used to produce standardised goods while flexible specialisation technologies produce craft products with common mode of batch production method. Organisations using flexible specialisation technologies require employees with higher skill levels and a greater number of skills (Piore and Sabel, 1984). The need for skilled employees' leads organisations to invest more in training and adopt compensation practices of giving HR managers the autonomy to determine employees pays whatever takes to attract and retain those with the required skills.

When flexible automation is used to generate more product variety, workers must master a higher variety of more complex tasks in order to avoid productivity or quality penalties. Flexible automation facilitates rapid changeovers from one model to another, but effective changeovers require flexible workers who are accustomed to rotating jobs and modifying work methods, e.g. through their participation in work teams, problem solving groups and on-going continuous improvement efforts. Group oriented compensation systems that reward employees for company wide performance are one example of personnel practice that might be used to enhance a team orientation. Conversely, a team orientation is also

needed in organisations using flexible specialisation in part because peers are relied upon to conduct cross-training . In a nutshell, organisations that use flexible specialisation technologies are assumed to have employees with greater skill levels, more skills, more concern for product quality, more of a team orientation, and more committed to the organisation.

2. Cultural Context as Determinant of HRM.

Apart from other organisational contingency variables, cultural differences across the countries or regions also influence the HRM practices of the organisations. Cultural elements such as values, symbols, attitudes, etc. affect the perceived legitimacy of employee involvement techniques, staffing and training decisions, the design of work and compensation systems and labour-management relations. They determine the needs, beliefs, hopes, expectations, aspirations, attitudes, work values and perceptions of what constitutes desirable forms of conduct of employees. They also condition the internal work climate or culture, which is reflected in the assumptions that managers make about the attitudes and behaviour of the employees. While exploring the impact of national culture on management practices, Tayeb (1988) found that compared to an English person, an Indian person is more fearful of people in power, obedient to superiors, dependent on others, fatalistic, submissive, undisciplined, friendly, modest, unreserved, collectivist, caste conscious, clan orientated, law-abiding, less self-controlled, tenacious and less willing to take account of other's views. This cultural background usually reflects the Indian management practices which Sharma (1984) described as '*a plausible picture of the average Indian's resistance to change, his willingness to delegate but unwillingness to accept authority, his fear of taking an independent decision, his possessive attitude towards his inferiors and his abject surrender to his superiors, his strict observance to rituals and his disregard of them in practice, his peachiness of high morals against personal immorality, and his near desperate efforts at maintaining the status quo while talking of change*' .

Lammers and Hickson (1979:403), while looking at cultural boundaries of the organisation, concluded that culture and sub-culture of a society have a potential impact on organisational forms and process. They identified three major ways in which cultural patterns affect organisations as: because outside agencies set cultural constraints for an organisation; because dominant elites in an organisation design and redesign organisational life in terms of culturally given models of organisations; because members themselves unofficially tend to organise and to counter organise in ways derived from sub-cultures.

Organisational structure might be affected by culture as those who enact and shape organisational life have pre-existing notions about organisation and what it should be. Every organisation has to take into account the degree to which its norms or rules are compatible with the values of its significant actors. In a high power distance culture, organisational structure always tends to be tall and rigid, and decision making remains mostly centralised. Respect for hierarchies hinders the development of individual responsibility and initiatives. The greater the power distance, the more difficult it will normally be to introduce considerable employee influence mechanisms. Career mobility and promotion from lower grades to higher grades are less appreciable and occupational segregation is more visible in that society.

The degree of individualism or collectivism of the society is assumed to have ramifications for the design of work system. When people are socialised in an individualistic self-reliant culture, they might not be enthusiastic to accept organisational rewards based on collective achievement. Ishida (1986) mentioned that while job analysis and sense of job ownership among employees play an essential role in many firms in Western countries, they are virtually non-existent in Japanese companies due to group orientation or collective behaviour of Japanese employees.

The motivational role of pecuniary rewards varies across cultures and may thus influence the design of incentive systems. This also applies to both extrinsic and intrinsic rewards. It has been believed that obtaining shares of the company will increase employee motivation and as a consequence, organisational performance would be enhanced. But due to cultural variations, these employee stock ownership schemes may be a means to motivate lower-level employees in Western countries, but at the same time is irrelevant to employees in many Eastern countries. Differences in general values also have impact on the efficiency of stock ownership as a means of creating motivation and commitment. Widespread authoritarian values strongly conserving the social order may represent an obstacle to employees becoming stock owners, i.e. 'crossing class boundaries'. Rubery (1993) pointed out that notion of stakeholder companies in which all involved in the company, including the workforce, are recognised to have stake in the survival and development of the company may be an idea more likely both to find favour and to have chance of working effectively in societies where there is a long established culture of co-operation and power sharing.

Though the cultural approach gives us a frame of reference to understand the organisational HRM practices, it has been criticised for not providing further explanatory framework why HRM practices vary between countries or regions. Child and Kiesser (1979) noted that in the cultural approach, variables have not been incorporated into a model that systematically links together the analytical levels of context, structure, role and behaviour. The Cultural approach focused mainly on differences between countries rather than looking at differences within the countries or regions. Within an organisation, people come from different social classes, religion and ethnic groups who have different values and norms. The Cultural approach fails to look into this issue. Based on national stereotyping, adoption of an formal organisational policy does not necessarily mean that all groups or individuals

will accept that policy, because there is not just one set of cultural norms and values in a society (Rubery, 1993).

From the above discussion, it is clear that though cultural factors have influence on organisational HR policies and practices, we need to appreciate a wide range of societal elements, such as education and training systems, social stratification, division of labour, etc. for explaining differences in HRM policies and practices.

3. Institutional Context as Determinant of HRM

Institutional theorists believe that organisational processes such as training, work organisations, industrial relations, remuneration etc. should be considered as phenomena of a society. Their basic argument is that social institutions influence organisational practices in a systematic way that results in company's adopting typical patterns. This 'institutional argument' better known as the 'societal-effect approach' tries to determine how actors construct organisations, and how this constructive process is influenced by the societal fabric in which the actors operate (Muller, 1994). The societal approach is related to the isomorphism argument that views organisations as social entities integrated into the institutions and value structures constituting the culture of a society. In this view, work ethics and entrepreneurial spirit have been argued to be part of cultural identity of a nation and are directly relevant to the HRM system. Political, social and economic institutions, such as economic structure, trade unions, social stratification, educational systems, and various pressure groups can exert their influences on organisational and national HRM policies and practices (Tayeb, 1995:590). It is therefore, necessary to examine the role of social institutions to know why HRM practices vary from country to country as well as within the sector or industry in any particular society.

Components of HRM

Dessler (2000:2) asserted HRM as the synonyms of staffing and personnel management and mentions various elements that encompass HRM. They are: 1) conducting job analysis -determining the nature of each employee's job; 2) planning labour needs and recruiting job candidates; 3) selecting job candidates; 4) orienting and training new employees; 5) managing wages and salaries; 6) providing incentives and benefits; 7) appraising performance; 8) communicating(interviewing, counseling, disciplining) ; 9) training and developing; and 10)building employee commitment. All these functions have been grouped into four broad functional categories: (i) recruitment and selection- job analysis, personnel planning and recruitment, employee testing and selection, interviewing candidates; (ii) training and development-orientation and training, developing managers, managing quality and productivity, appraising performance, managing careers; (iii) compensation-establishing pay rules, pay for-performance and (iv) financial incentives , benefits and services; and labour relations and employee security-labour relations and collective bargaining, guaranteed fair-treatment, employee safety and health(Dessler,2000). French (1997:6) described HRM from the systems view point that includes 1) human resource planning; 2) job and work design;3) staffing -recruitment, selection, career transitions; 4) training and development; 5) performance appraisal and review; 6) compensation and rewards-wage and salary administration, incentive plans, employee benefits; 7) employee protection and representation -labour organizations and unionization , negotiating and administering the labour agreement, employee rights, responsibilities and justice, safety and health management; and 8) organization improvement-participative strategies, building interpersonal skills and team work while solving problems, inter-group problem solving and conflict management, comprehensive improvement strategies, legal aspects of employment improvement programs. The effective management of this process is planned, developed and implemented through the combined efforts of all managers, human resource specialists and frequently all

employees in an organization (French, 1997). It always has been an integrated part of every line manager's responsibility, from top executive down to the lowest level supervisors, but now they need the assistance, specialized knowledge and advice of a separate human resource staff (Saltonstall, 1995).

HRM takes place within a complex and ever-changing environmental context and therefore, needs to consider the strategic, legal and social environment of HRM while designing its integral components (Griffin, 1998). According to his suggestion, HRM consists of 1) human resource planning – job analysis, forecasting human resource demand and supply, matching human resource supply with demand; 2) recruiting; 3) developing –training and development, performance appraisal; 4) maintaining human resources-compensation, career planning ; and, 5) managing labour relations. Bateman and Snell (1996) observed the integral constituents of HRM as 1) human resource planning – demand forecasting and job analysis; 2) staffing- recruiting, selection, outpacing and legal issues; 3) developing the workforce-training and development; 4) performance appraisal- gathering performance appraisal information, sources of appraisal information, giving performance appraisal feedback; 5) designing reward systems- pay decisions, incentive system and variable pay, benefits and legal issues, health and safety; and, 6) labour relations –labour laws, un-unionization, collective bargaining. Cascio (1986) mentioned five functions of HRM. They are: 1) attraction-identifying the job requirements within an organization, determining the number of people and the skills mix necessary to do these jobs, and providing equal opportunity for qualified candidates to apply for jobs; 2) retention- sustaining employees' motivation to perform their jobs effectively an maintaining a safe, healthy work environment; 3) development- preserving and enhancing employees' competence in their jobs; 4) assessment –observation and evaluation of attitudes relevant to jobs, job performance, and compliance with organizational personnel policies; 5) adjustment-maintain required number and skills levels of employees .

The contents of HRM are categorized in a different form in a text edited by Beardwell and Holden (1994). This includes 1) resourcing the organization-labour market analysis, human resource planning, job design, recruitment and selection; 2) development relations-legal issues, collective bargaining, remuneration and reward and employee involvement. Sloane (1983) used five broad categories to identify the HRM components. The components are: 1) procurement-manpower planning, equal employment opportunity issues, recruitment, and selection; 2) training and development-employee training, management development, performance evaluation; 3) compensation-wage and salary administration, incentive pay and employee benefits; 4) security-pension and retirement , safety and health and discipline ; 5) labour relations. American Society for Training and Development (1983) identified nine human resource management areas: 1)human resource planning; 2) organization and job design; 3) selection and staffing; 4) personnel research and information systems; 5) training and development; 6) organization and development ; 7) compensation/benefits; 8) employee assistance ; and 9) union/labour relations. This classification is organic and too broad.

DeCenzo and Robbins (1997) classified the areas of HRM in four broad categories that they call "a more manageable form". These include 1) acquisition- human resource planning, recruiting, employee socialization; 2) development- employee training, management development, and career development; 3) motivation-job design, performance evaluation, rewards, job evaluation, compensation or benefits, and discipline; and, 4) maintenance-safety and health, employee or labour relations. In this arrangement, job design is placed in the motivation that comes in stage three in the process. It should be done at the stage of acquisition because manpower planning needs jobs to be filled up. Hellriegel, Jackson and Slocum (1999) also grouped the elements of HRM into 5(five) categories involving 1) legal and regulatory issues-equal employment opportunity, global awareness competency, compensation and benefits, employee health and safety, labour relations and

collective bargaining and independent contractors; 2) staffing- human resource planning, recruiting, selection and hiring, orientation; 3) training and development- teamwork competency, training and development; 4) performance appraisals -methods of performance appraisal, choosing right appraisal; 5) total compensation systems-base wage or salary, incentive pay, benefits.

Heneman III, Schwab, Fossum and Dyer (1983) delineated the components of HRM into two major classes: support activities - analyzing individuals and jobs-rewards and employee motivation ; assessing outcomes-performance appraisal, satisfaction, attention, and retention; personnel and functional activities-external staffing, internal staffing and development, compensation, labour relations and work environment- work design and changes, occupational safety and health and work hour. Bartol and Martin (1994) suggested HRM as a process containing five elements- human resource planning- job analysis, demand and supply analysis of human resource, staffing-recruitment, selection, development and evaluation; training and development, performance appraisal , compensation-designing pay structure and employee benefits, and maintaining effective workforce relationships - labour -management relations, current employee issues.

Stoner, Freeman and Gilbert (1997) prescribed seven basic activities of HRM that includes human resource planning, recruitment, selection, socialization (orientation), training and development, performance appraisal, promotions, transfers, demotions and separations of human resource. Devanna, Fombrum and Tochy (1981) identified five functions of HRM; they are employee selection/placement, rewards (pay and benefits) appraisal, development and career planning. Torrington and Hall (1995) arranged the functions of HRM in five order of (i) resourcing -strategic aspects, employment contracts, recruitment; selection- methods and decisions, ending the employment contract; interactive skills- selection interviewing; (ii) performance- strategic aspects, performance management: individual and team performance,

managing diversity-managing employee movement within the organization-transfer, promotion gender equality etc.; (iii) development –strategic aspects, competence basis, management development, career development, teaching; (iv) involvement-strategic aspects, team and total quality management aspects of employee involvement, trade union issues, health, safety and welfare, grievance and discipline handling; (v) pay -strategic aspects of employer-employee objective interface and approaches to payment administrations, job evaluation, incentives, performance pay and fringe benefits, pensions and sick pay , negotiation.

The purpose of human resource management is to improve the productive contribution of people to the organization in ways that are strategically, ethically and socially responsible (Werther and Davis, 1996:8). Keeping this in view they suggested certain activities of HRM that includes (i) preparation and selection- job analysis and design, human resource planning, recruitment, selection; (ii) development and evaluation-orientation, placement, and separation, training and development, career planning and performance appraisal; (iii) compensation and protection-wages and salaries, incentives and gain sharing, benefits and services, and security, safety and health; (iv) employee relations and assessment- employee relations challenges, union-management relations, assessment and prospects-scope of human resource audit, human resources research tools, audit report and future prospects of human resource. Ivancevich (2001) developed 5(five)categories of HRM activities under which various other tasks are involved. He started with compliance with equal employment opportunity that includes legal and environmental issues; acquiring human resources- human resources planning, job analysis and design, recruitment and selection; rewarding human resource- performance evaluation and management, compensation methods and policies and employee benefits and services; development of human resources- training and development, managing employee discipline; maintaining and protecting human resources- labour relations and collective

bargaining, employers' safety and health, measuring human resource activities and career planning.

Milkovich and Boudreau (1997) have structured the components of HRM activities in 5(five) categories too but in different form. There are similarities in titles in few cases but in majority they are different. They categorized activities are: work structure-job analysis, teams, performance management and employee involvement; staffing- recruiting, selection, separations and diversity; training and development- careers, continuous learning and mentoring; compensation-base pay on markets, pay for performance and benefits or non-financial benefits; employee relations- communications, grievance or dispute resolution, union relations, and safety/health.

Above discussions about the components or elements of functions of HRM exhibits a fairly long list of functional elements devoting HRM. Various terms have been used for mentioning a particular function. For example, staffing (Wehrich and Koontz, 1995, Bartol and Martin, 1994, French, 1997, Bateman and Snell, 1999, Hellriegel, Jackson and Slocum, 1999, Heneman III, Schwab, Fossum and Dyer, 1983) is used to denote recruitment, selection, career transition, legal issues relating to staffing, human resource planning, and orientation; though Bartol and Martin (1994) have identified human resource planning a separate important element of HRM. Others have taken a different outlook to cluster these functional activities. Torrington and Hall (1995) and Beardwell and Holden (1998) used resourcing the organization; Sloane (1983) used placement; DeCenzo and Robbins (1997) used acquisition of human resource to describe the same functional activities. Dessler (2000) attempted to incorporate those elements into three categories, namely conducting job analysis, planning labour needs and recruiting job candidates and selecting job candidates. French (1997) though uses staffing term but he did not place human resource planning, and job and work design into it. He only placed recruitment, selection and career transition under the category of staffing. He then included the whole function in the category of recruitment and selection.

Griffin (2005)) opined human resource planning and recruiting are the elements that entail all above mentioned functional activities that are included into staffing. Bateman and Snell (1996) though used staffing but they excluded human resource planning from it and have shown it a separate important element of HRM. Cascio (1986) takes the shelter of two different components attraction and selection to denote the same functions. Other components are unanimously placed as separate categories by all writers with a very few exception. They are training and development, performance appraisal, compensation and reward, employee protection and industrial relations. DeCenzo and Robbins (1997) saw job design, performance evaluation, rewards, job evaluation, compensation/benefits, and discipline as motivation and safety, and health and employee or labour relations as 'maintenance of human resources'. Dessler (2002) mentioned labour relation issues, counseling, and disciplining employees as building employee commitment and communicating respectively. However, for the purpose of the research, a compromised working description of components constituting HRM has been taken as following:

1. Resourcing

- Human resource planning
- Job analysis
- Recruitment
- Selection
- Movement-promotion, demotion and transfer
- Separation
- Socialization/orientation of employee

2. Training and Development

- Career planning
- Training

- Development
- Disciplining

3. Pay and Performance

- Wages and salary administration
- Incentives and gain sharing
- Benefits and services
- Performance appraisal

4. Security, Safety and Health

- Financial and non-financial security
- Safety measures
- Health protection measures

5. Employee/Labour relations

- Communication
- Grievance and dispute handling
- Union relations

Resourcing Organisation

'Right man in the right place at the right time' is the guiding philosophy of all HRM. Matching the size and skills of the work force to the productive requirements of the organization and raising the quality of individual employees' contributions to production, organizations can make significant improvements to their performance (Breadwell and Holden, 1995:74). Neither organizational effectiveness nor individual satisfaction can be achieved unless there is a better matching of what the organization needs and what the individuals who spend their working lives in those organizations need (Schein, 1978:243). This matching is a dynamic process. A thorough

understanding and analysis of the impinging factors would make such a matching effective and productive. Human resources are key organizational assets as organizational performance depends on the quality of employee effort and hence, on their ability and motivation. It is the only 'crucial asset' that activates all other assets of the organization. Human resources (People) design and produce goods and services, control quality, market the products, allocate financial resources, and set overall strategies and objectives for the organization (Milkovich and Boudreau, 1997). Without effective people, it is impossible for an organization to achieve its objectives, not to speak of HRM Objectives. Therefore, resourcing or manning organization with 'right persons' and place them in their 'right positions' is the central task of HRM. Resourcing organization involves with 1) Human resource planning, 2) Job analysis, 3) Recruitment, 4) Selection, 5) Socialization or Orientation, 6) Separation.

The next part will contain a theoretical description of these elements.

Human Resource Planning

HR Planning is the process of determining future human resource needs relative to an organization's strategic plan and devising the steps necessary to meet those needs (Walker, 1980, Lengnick-Hall and Lengnick-Hall, 1988). Human resource planning goes hand in hand with an organization's strategic planning. Strategic planning refers to an organization's decision about what it wants to accomplish (its mission) and how it wants to go about accomplishing it (Scharf, 1991). Once the strategy is set, the HRM function must do its parts to ensure the strategy's success, and thereby help the organization to achieve its objectives (Kane and Palmer, 1995). The acknowledgement of strategic view that HR policies and practices have critical linkage with an organization's overall strategy is termed as strategic human resource management (SHRM) and acts as central philosophy (Torrington and Hall, 1995, Ivancevich 2001). Merging strategic and human resource planning

activities has become a critical source of competitiveness for all organizations. (Ulrich, 1992:47). Stuart (1992) pointed out this while he quotes Chuck Nielson, the vice-president of Texas Instruments. "The fact is, the only thing that differentiates us from our competition is our people. The equipment, the building- they're all the same. It's the people who make the difference". In the wake of increasing globalization, and technological similarities, human resource (HR) is becoming the only resource that can bring about competitive advantage for an organization. HR planning is also perceived in the context of organizational need for and supply of people or employees. 'Armed with information about jobs and their design, HR planning systematically forecasts an organization's future demand for and supply of employees (Werther and Davis, 1996:155). French (1997:129) perceives HR planning as "the process of assessing the organization's human resources needs in the light of organizational goals and making plans to ensure that a competent, stable workforce is employed". Walker (1980:177) adds "under-changing conditions' to fulfill the needs for human resource. Cascio (1982:145) sees the HR planning as "an effort to anticipate future business and environmental demands on an organization and to provide personnel to fulfill that demand". DeCenzo and Robbins (1988:79) emphasize on the "insurance of the right member and kinds of people at the right places at there right time and effectively and efficiently completing those tasks that will help the organization achieve its overall objectives". Dessler (1997: 119) terms HR planning as "employment planning" and states it as "the process of formulating plans to fill future openings based on an analysis of the positions that are expected to be opened and whether these will be filled by inside or outside candidates". Thus, human resource planning translates the organization's objectives and plans into the number of workers needed to meet those objectives (Decenzo and Robbins, 1988). It has direct effects on an organisational profitability (Werther and Davis, 1996). One thing should be kept in mind that the effectiveness of HR planning practices depend largely on how relevant they are to practical managerial concerns and prevailing

demands on an organization (Walker, 1983). Human resources are considered the most valuable yet the most volatile and potentially unpredictable resource, which an organization utilizes (O'Doherty, 1995). If an organization fails to plan and direct human resources in the right areas of the business at the right time and at the right cost (Bramham, 1990: Smith, 1971), serious inefficiencies are likely to arise creating considerable operational difficulties and likely business failure. Management can avoid the shock of unexpected shortage of labour, inefficient and costly surpluses and needless redundancies (O'Doherty, 1995). Planning for human resource needs is more than a set of techniques and a system that is part of the human resource management functions.

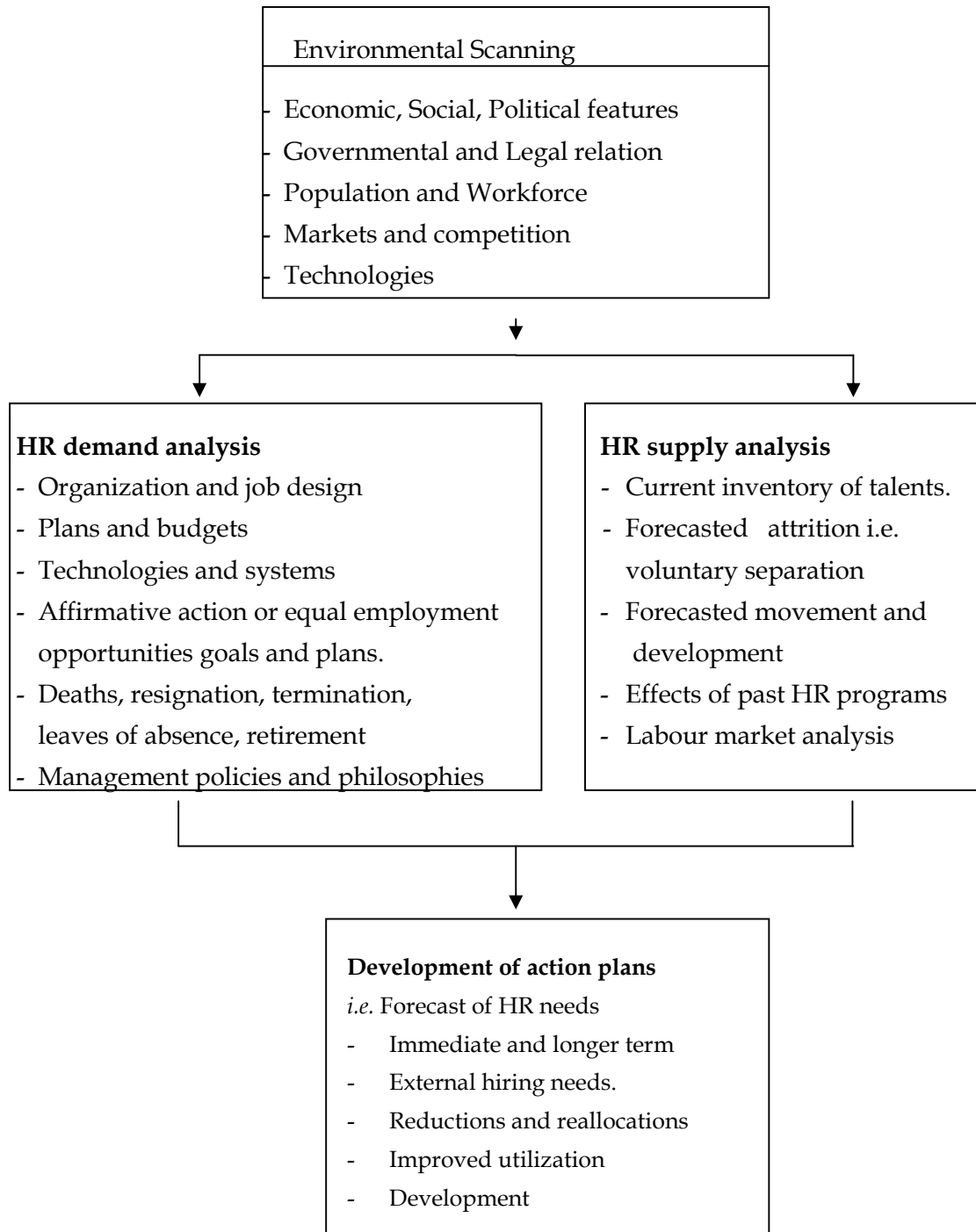
Human resource planning is both a process and a plan (Ivancevich, 2001). It is how organization assesses the future supply of and demand for human resources. Human resource planning allows the organization to get the following benefits:

- 1) Provides mechanisms to eliminate any gap that may exist between supply and demand for manpower.
- 2) Integrates organizational strategy with HR strategy as HR must 'fit' strategically with the mission of the organization, (Milkovich, 2001).
- 3) Matches HR activities and future organizational objectives efficiently.
- 4) Achieves economy in hiring new workers/employees.
- 5) Expands the HR information base to assist other HR activities and other organizational units.
- 6) Coordinates different HR programs such as affirmative action plans and hiring needs.
- 7) Ensures more effective and efficient use of HR.
- 8) Brings about more satisfied and better developed employees.
- 9) Ensures more effective equal opportunity planning.

HR planning is the on going planning that will work under the dynamic of organization's human resources philosophy, policies and programs in the context of the overall strategies, plans and the changing conditions within and outside of the organization (French, 1997).

All effective HR planning shares certain features. It is generally agreed that HR planning involves four phases or stages (Page and Van De Voort 1989, French, 1997, Walker, 1980). They are: 1) Situation Analysis or environmental scanning; 2) Forecasting demand for human resources; 3) Analysis of the supply of human resources; 4) Development of plans for action. Milkovich and Boudreau (1997), Bartol and Martin (1994), and Werther and Davis (1996) suggest three basic phases of employment planning similar to above.. They are 1) analyzing HR demands, 2) analyzing HR supply, and 3) reconciling important discrepancies between demand and supply by maintaining and changing HR activities. All these phases of the HR planning will try to answer the following questions: where are we now? Where do we want to be? How do we get from here to there? How many employees, on an average, leave the organization every year?

The chart in the next page exhibits the HR planning process with essential components. Human Resource Planning is done under the umbrella of macro environmental factors. One has to adjust /adapt its HR plan with the given macro conditions. Social, political, legal challenges are easier to predict but their implications are seldom clear (Werther and Davis, 1996). Economic conditions determine the skills and education level of a country. Legal situation may affect HR plan because it can restrict the capacity of the organization from many directions, such as, the recently declared minimum wages of workers in Bangladesh would affect the hiring capacity of small businesses.



Technology may radically alter strategic situation and therefore, HR plan. It may also reduce the employment in one area and may increase in another area. Downsizing, amalgamation, layoff, refreshment etc. may happen due to unpredictability of the technological changes. Same is the case of market and competition. All these conditions will affect both demand and supply of the HR. The problems associated with changing environments are greater today

than ever before because success now depends on the ability of environmental scanning of a firm -national and global.

Demands for HR will be affected by organizational strategies, plans, budgets, sales and production forecast, new ventures, organization and job design as well as employees' actions such as retirements, resignations, terminations, deaths, and leaves of absence etc. Management policies and philosophies regarding growth, expansion, new product, customer service, market -all will dictate the number and types of employees needed in the future. Affirmative actions, voluntary or legal obligations will create new requirements for HR. Existing technologies and production systems and the potential expansion, obsolescence, renovation, and Balancing -Modernizing- Rationalizing (BMR) are another key contributors to the requirements of numerous skills and abilities that count the number of HR requirements. Budget increases or cuts have got significant short run influence on HR need (Werther and Davis, 1996).

Once the future demand for Human resources is projected, the next concern is filling projected openings. There are two sources of supply: internal and external. The internal supply consists of present employees who can be promoted, transferred, or demoted to fill expected opening. This is a case for an old on -going firms. A new firm will have only external sources of supply at its very inception. Internal supply may be estimated from current inventory of talents, forecasted movements and development of employees, succession planning i.e. the process that HR planners and operating managers use to convert information about current employees into decisions about future internal job placements (Werther and Davis, 1996). External supply is estimated from labour market analysis to ascertain the availability of the skills being sought.

Comparison of demand and supply can produce three outcomes: (1) demand and supply are closely matched; (2) demand exceeds supply indicating

possible shortages; (3) supply exceeds demand indicating possible surpluses (Milkovich and Bondream, 1997). From this comparison, qualities of employees, their competitive diversity, cost levels and other related factors would come out. Immediate and long-term plans are needed to make adjustments of HR situations. HR shortages give planners very little flexibility in the short run and put them in external staffing process to decide upon new employees. These include recruiting from new sources, more aggressively pursuing job candidates, lowering entrance requirements, expanding the use of temporary or older workers, and expanding the level of productivity per employee or time worked through training, job design, compensation, benefits and employee relations (Milkovich and Boudreau, 1997). This decision can also include recalling employees who were previously laid off (Ivancevich, 2001).

Intense global competition, rapid technological change, and fear caused by recent workforce reductions have also led many organizations to increase their use of part time workers, subcontractors, and independent professionals in response to changing demands (Ivancevich, 2001). The policy of using contingent workers gives many organizations more flexibility in dealing with temporary shortages of labour than maintaining more traditional full time employees. Existence of HR surplus would be handled with encouraging attrition, early retirement on a voluntary basis, layoff -a measure of short-range surplus, demotions, terminations, reducing overtime or work hours, sabbaticals, reducing hiring for the vacant positions, using less costly temporary employees, formal outplacement system (Werther and Davis, 1996, Ivancevich, 2001, Milkovich and Bondream, 1997, Decenzo and Robbins, 1997, French, 1997, O' Doherty, 1995). These action plans will guide the organization to adjust the futures situations. Even if in the situation of 'no difference', HRM will prepare the contingency HR plans to accommodate any future unforeseen changes in any facet of HRM scenario. HR planning

requires preparing action plans of job analysis, recruitment, selection, HR movements -promotion, demotion, transfer.

Job Analysis

Resourceing organization involves with job analysis for getting job information. A job is a group of positions that are similar in their duties (Bureau of Inter departmental personnel Programs, 1973). The U.S. Department of Labour (1997:3) views a job as a collection of activities or tasks that comprise the work assignment of one or more workers. A different view has been expressed by Wrether and Davis (1996:117). Their view is “a job is a pattern of tasks, duties, and responsibilities that can be done by a person”. DeCenzo and Robbins (1997:100) take a job as “a type of position within the organization”, while describing a position as “one or more duties performed by one person in an organization” (DeCenzo and Robbins, 1997:99). Sociologists view a job as “a status placing the performer within a hierarchy of statuses comprising the social structure (Merton, 1968). Industrial engineers frequently use the term in a ‘job shop sense, i.e. as a piece of work to be done or a part of a product to be made’ (Davis and Taylor, 1979:39). In this dilemma we have taken a working definition of job as ‘the tasks, duties and responsibilities that are required to perform by a person in a position of an organization’.

Job analysis is a purposeful, systematic process for collecting information on the important work related aspects of a job (Gatewood and Field, 1994:285). The focal point here is the ‘collection of job information’ that perhaps confines the job analysis into a very narrow field of operation. Focusing the decisional aspects, Dessler (2000:83) opines, “Job analysis is the procedure for determining the duties and skill requirements of a job and the kind of person who should be hired for it”. It emphasizes upon the determination of not only job contents but also the characteristics of the person who would better do these tasks and activities well and should be the person to be hired. Milkovich

and Boudreau (1997:79) view job analysis as something centers around the job content only and say “job analysis is a systematic process of collecting data and making judgments about the nature of specific job”.

Thus, job analysis is a systematic exploration of the activities within a job (Decenzo and Robbins (1997:98). Job analysis /study is done to determine the tasks, duties and responsibilities needed for each job (Werther and Davis, 1996). The term job analysis describes the process of obtaining information about job (Cascio 1986). These definitions may be put in two categories - one focuses only on job information and job characteristics determination and the other focuses job information and the man information i.e. required qualities of the person who will do that job. For the practical purpose job analysis should be termed as the procedure for determining the content of the job as well as the qualities required to be possessed by the person who should be hired for doing the job. Generally, the following information is more or less collected through job analysis (Milkovick, 1976):

Work activities. Information is usually collected on the actual work activities performed, such as cleaning, selling, teaching, or painting. Such a list may also indicate how, why, and when the worker performs each activity.

Human behaviours. Information on human behaviors like sensing, communicating, decision-making, and writing may also be collected. It includes also information regarding human job demands such as lifting weights, walking long distances, and so on.

Machines, tools, equipment, and work aids used. It includes information regarding products made, materials processed, knowledge dealt with or applied (such as finance or law), and services rendered (such as counseling or repairing).

Performance standards. It includes information about such matters as physical working conditions, work schedule, and the organizational and

social context – for instance, in terms of the number of people with whom the employee would normally have to interact. Also included here might be information regarding incentives for doing the job.

Human requirements. Finally, information is usually compiled regarding human requirements of the job, such as job-related knowledge or skills - education, training, work experience, and required personal attributes- aptitudes, physical characteristic, personality, interest.

Job analysis is the cornerstone of HRM that influences most HR activities (Howe 1988:66-73) such as organization structure and design, human resource planning, job evolution, recruitment, selection, placement, performance, training and development, performance appraisal, career path planning, labour relations, engineering design and methods improvement, job design, safety, vocational guidance and rehabilitation counseling, job classification system, (Cascio,1986) matching job applicants and job openings, compensation, discovering job elements that help or hinder the quality of work life (Werther and Davis, 1996), evaluating environmental challenges affecting individual jobs.

Job analysis process involves a number of steps. A general consensus is found about six steps involved with job analysis (Werther and Davis 1996, Dessler, 2000), Ivancevich 2001), though little variation is found in the activities and sequence of the process tasks. Six step process of job analysis are: 1) Identification of the use of the job analysis information since this will determine the type of data to be collected , 2) Review of the relevant background information from organization charts, process charts and other organizational documents to know how each job fits with the total fabric of organization; 3) Selection of representative positions to be analyzed; 4) Collection of data on job activities, required employee behaviors, working conditions and human traits and abilities needed to perform the job, 5) Review of the information with job incumbents to make the information

factually correct and complete; 6) Develop a job description and job specification, the two concrete products of the job analysis.

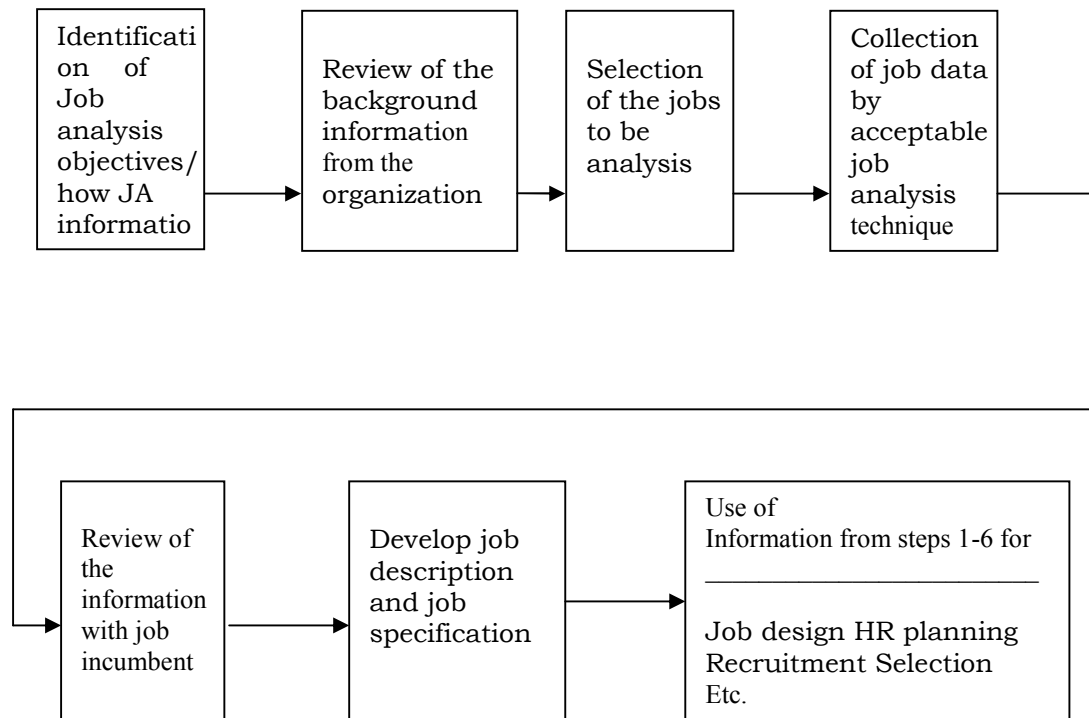
The job description is a written statement that explains the duties, working conditions and other aspects of a specified job (Delapa 1989, Griffin, 1998, French, 1997). It should accurately portray job contents, environment and conditions of employment. There is no standard format for writing job description. Generally either of the stated two approaches may be used. One approach is to write a narrative description in a paragraph and another approach is to breakdown the description into several subparts, such as job title, job code, job grade, job location, date, author, status, supervisor, job summary, job duties and working conditions (Werther and Davis, 1996). However, typical job description contains three sections: (Milkvich and Bondream, 1997: 84). They are:

- 1) *Identification*: It may contain job title, number of incumbents, location of the job, job number/ code, job grade and salary grade. Its purpose is to clearly identify the job and to distinguish it from those with similar job titles and duties.
- 2) *Job activities/ performed*: It shows the reasons for its existence. It contains relationship how it fits in with other jobs and with the organization, responsibilities and duties, behaviours of the incumbent, standard of performance etc. It ought to provide an accurate literary picture of the job. For managerial jobs, the size of the budget, people under the incumbent's supervision and reporting relations with other managers both higher and lower organization levels are mentioned.
- 3) *Working conditions*: It contains the context in which the action takes place. Clear statement of tools, equipments, hazards and noise levels, physical conditions of the workplace, working hours, and other relevant information about working conditions.

Job specification is a written explanation of the knowledge, skills, abilities, traits, and other characteristics necessary for effective performance in a given job (Bureau of Intergovernmental personnel programs, 1973). It states the minimum acceptable qualifications that the incumbent of a given job must possess to perform the job successfully (DeCenzo and Robbins, 1997). These requirements may include basic education, physical and health conditions, appearance, mental ability, previous work experience, maturity, human relation/ contact, special training, trade skills etc. Some experts argue for behavioral specifications, particularly for managers, suggesting job descriptions that focus on the varied behavior needed (Fondas, 1992: 47-58). When positions cross national boundaries, linguistic, legal, and cultural familiarities may become an important addition to the specifications (Werther and Davis, 1996: 131).

Job description and job specification may be prepared in two different sheets or in a single statement containing two separate part – upper part is job description and lower part is job specification. Both of the statements should be clear, specific, and brief. The methods usually used to determine job elements and the concomitant knowledge, skills and abilities necessary for successful performance are: observation, individual interview, technical conference, employee dairy, or employee log, performance, critical incidents, and work sampling. Either method or a combination of methods may be used depending on the nature of the job under study. Job analysis is a complex task. Only a person who has a good grasp of the nature and functions of organization in a modern society, a working knowledge of the existing methods and tools, a sound conceptual background on the relevant field can do the job analysis successfully (Ghorpade and Atchison, (1980)). Organizations may take any of the three options: (1) hire specialized job analyst from outside, (2) employ full time job analysis experts, or (3) use supervisors, job incumbents or some combination of these (Ivancevich, 2001, Ghorpade and Atchison, 1980). The choice of who should analyse a job

depends on the location and complexity of the jobs, how receptive incumbents might be to an external analyst; the ultimate intended purpose of the results of the analysis (Ivancevich, 2001), the financial capacity and the scope of the organization.



Steps in job Analysis and its relationship to other HRM activities.

The traditional concept of job, which is an outgrowth of the industrial revolution's efficiency demand is undergoing dramatic changes due to accelerating product and technological change, globalize competition, deregulation, political instability, demographic changes and trends toward a service society and the information age (Dessler, 2000). These forces have changed the playing fields of the competing firms, especially rapid changes, have increased the need for capable firms to be responsive, flexible, and capable of competing in global market (Dessler, 2000: 109). It is gradually difficult to define the jobs of HR engaged in an organization due to enormous flexibility, dynamism and unforeseen character of the specific future

conditions. It is a particular situation for managerial people and production and marketing people in particular.

Job less or de-jobbed organizations are becoming a reality today. However, it is not altogether departure from job description but open statement of positional boundaries delineating least specific mention of activities. Workers still have been assigned to jobs and these jobs require job descriptions.

Recruitment and Selection

Requirement is the next logical step of the resourcing the organization. It is one of the first active stages of the resourcing process of the organization that attempts to deal with shortages in its human resources needs. Recruitment is the process of finding and attracting capable applicants for employment (Werther and Davis, 1996, Douglas, Klein, and Hunt, 1985.) to fill the positions in the organization structure (Wehrich and Koontz, 1994). It refers to organizational activities that influence the number and types of applicants who apply for a job and whether the applicants accept jobs that are offered (Ivancevich, 2001:186 Milkovich and Boudreau, 1997:181). Recruitment is directed to develop a pool of applicants for a job (Bateman and Snell, 1996, Stoner, Freeman and Gilbutor 1997). Dowling and Schuler (1990) describe recruitment as “searching for and obtaining potential job candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs”. Griffin (1996:391) terms recruitment as “a process of attracting individuals to apply for jobs that are open”. DeCenzo and Robbins (1997) opine that recruitment is an exercise for not only filling the existing vacancies but for discovering of potential candidates for actual or anticipated organizational vacancies too. Hellriegel, Jackson and Slocum (1999:399) view recruitment as a process of searching candidates from both inside and outside the organization, to fill vacant positions. Bartol and Martin (1994:350) state recruitment as a process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies.

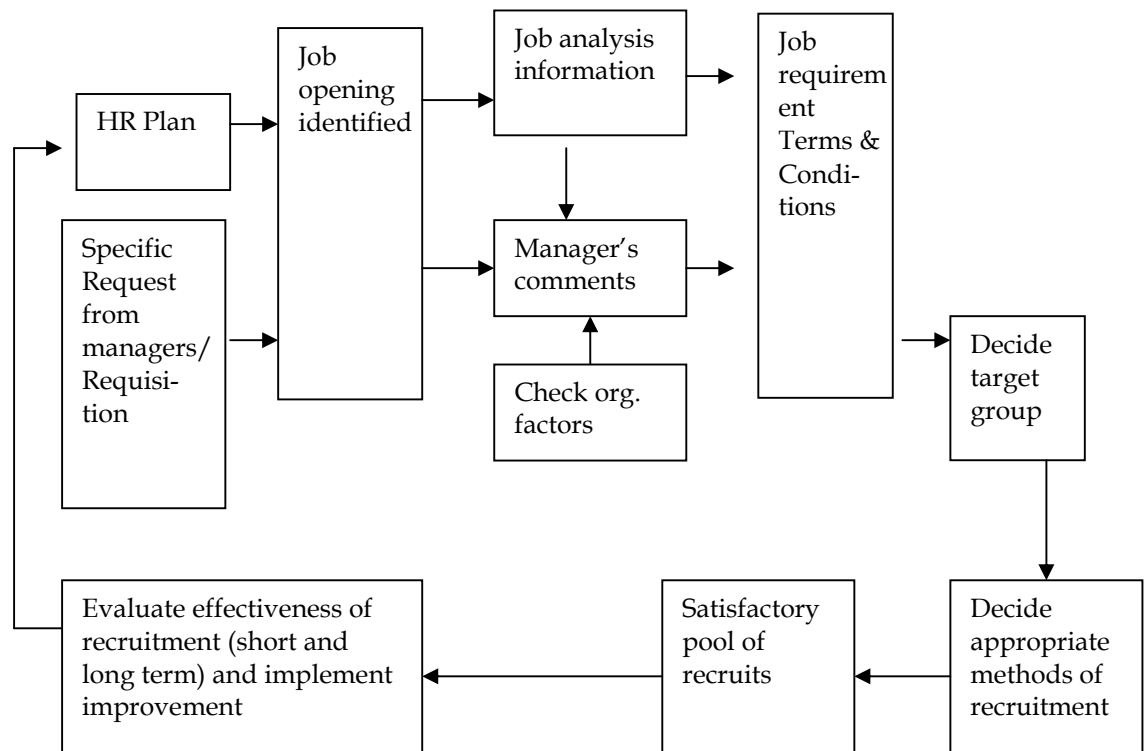
Therefore, recruitment is a process of searching, finding, identifying and attracting capable and qualified candidates sufficient in number for applying for the present or future job vacancies so that organization can select the appropriate people to fill job needs. Thus, recruitment plays a linking job – bringing together those who seek jobs and those who want to fill jobs. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected. Enterprises with a favourable public image find it easier to attract qualified candidates but small firms, which often offer excellent growth and development opportunities, may have to make great efforts to communicate to the applicant, the products, services and opportunities they offer (Wehrich and Koontz, 1993).

Recruitment is a two way communication process. It's the front end' of the employer- employee relationship. Both desire accurate information about one another and send signals about the employment relationship. Applicants signal that they are attractive candidates and should receive job offers and try to get organizations to give them information to determine if they want to join organizations. Organisations, on the other hand, want to signal that they are good places to work, they want to get signals from applicants that give true pictures of their potential values as employee (Milkovich and Boudreau, 1997). Both parties to the relationship will attempt to influence each other's expectations through a process of mutual exchange of negotiation (Herriot, 1989). Certain elements of the organization may limit the capacity of the organization to influence prospective candidates. These constraints may be roughly categorized as social system constraints, policy constraints, financial constraints, legal constraints (Douglas, Elein and Hunt, 1985), job requirements and incentives (Werther and Davis, 1996) union requirement (DeCenzo and Robbins, 1997). Social system constraints are the values, attitude and norms as well as organizations self-concept that critically limits the choice of recruitment source. Policy constraints includes compensation

policies, employment status policies, promote from within policies, hiring part time temporary employees only etc. that may deter potential candidates not to apply for the vacancies. The cost of identifying and attracting recruits is an ever-present limitation (Werther and Davis, 1996). Study reveals that the average cost of employment is over \$7000 per new employee, even college recruiting can cost as much as \$ 6000 per hire, higher level recruiting cost \$ 30,000 per hire (Hallett, 1986:22). Laws have become increasingly restrictive with respect to an organizations ability to recruit. Quota, equal opportunity legislation and others constraint the options available to recruiters. Incentives -special offers as inducements- also act as deterrent. Job requirements, some time, restricts many from applying. Unionized organizations may have the union screening and approval for asking prospective job applicants to apply. This situation seriously restraints management's freedom to open vacancies for a wide range of applicants.

Recruitment is a process that starts with specific requisition from departmental managers or execution of HR plan that will identify the job openings. Job analysis information from job description and job specification will be verified and updated with comments of manager's to incorporate revised expectations. A concrete form of job requirements will be set and that will be projected through communication. At these points, terms and conditions relevant to inducement shall be agreed upon. Survey reveals that 64% of respondents do not apply to an advertisement that does not state a salary (Golzen, 1988). The next step is the deciding target group of applicants who fulfills the expected qualities for the job openings. Deciding appropriate method (s) or source(s) of recruitment would pinpoint the target potential applicants. Then, effective communication will make a satisfactory pool of applicants. The last stage actually is an administrative exercise by which management evaluates the effectiveness of its recruitment along with their short and long-term implications. On that basis, new course of action would

be developed, the implementation of which will improve the recruitment process by modified HR plan. (Douglas, Klein and Hunt, 1985:211).



Recruitment Process

Organization may tap many sources for getting sufficient job applicants to get a satisfactory pool of recruits. Most organizations have to use both internal and external sources to generate a sufficient member of applicants (Ivancevich, 2001:193). Internal sources are the potential candidates for the vacancies within the existing employees of the organization. The use of this source depends on organizational policy for recruiting from within the firm. If organizational policy does not permit, internal sources may not be of use. If there is a union, and the jobs are covered under union contract, the situation is routine- notification among the current employees is given for application;

otherwise, the procedure is more complex and varies considerably from organization to organization (Douglas, Klein and Hunt, 1985).

However, there are four methods used for searching internal candidates. They are: 1) Job posting: Informing employees about openings and required qualifications and invites qualified employees to apply. Bulletin board notices or printed bulletins can be used for this purpose (French, 1997). Any employee who is interested may bid on the job i.e. enter the competition for the job. 2) Employee referrals: Informal communications among managers can lead to discover the best candidate for a job already working in a different section of the organisation. 3) Skills inventories: Internal employee records are used in developing inventory of talents within the organization. Today computerized skills inventories of employees are used for this purpose. HRM searches this inventory to identify most qualified job candidates. 4) Inside moonlighting: Enticing people by offering bonus, overtime etc. to take up the additional job or second job. Thus, some people will clearly be motivated to accept the additional work if they are fairly compensated (Ivancevich, 2001).

External recruiting is for getting people from outside the organization to apply for jobs (Griffin 1998:391). It is the process of finding potential external candidates and encouraging them to apply for and /or be willing to accept organizational jobs that are open (Bartol and Martin, 1994:351). There are many external sources used by various organizations. The sources are: 1) **Advertising:** It is the most familiar form for attracting job seekers. Normally, the most useful advertisement is one that specifies the exact nature of the job, the qualification required and the salary range (French, 1997:217). As a source of recruitment, advertising has got many attractive merits but it is not free from drawbacks (table ...). However effective job/employment advertisement must be attractive, interesting, desire creating, prompt action generating and non-discriminatory and legal. (2) **Placement agencies:** They are the head hunters acted on behalf of the appointing firms. Today educational institutions, ranging from high schools to universities, generally have

placement offices to assist their graduates in finding work (French, 1997:217). There are various placement agencies engaged in clientele service. They are public agencies, private agencies, management consultants, temporary help services, schools, colleges and universities, professional organizations, executive recruits.

Public placement agencies are also known as employment exchange, unemployment office, employment service or employment security agency, act as job bank and provide service with little or no charge. These agencies suffer from a poor image (Werther and Davis, 1996:195) as a source of unskilled or poorly qualified works. But study in USA reveals that more than 70 percent of the company surveyed made use this service (Lynton, 1979, Bureau of National Affairs, 1988). **Private Placement Agencies** receive requests from the employer and search capable candidates and send them to the employment organization for interview with or without any screening. They are paid either by employer or by job seekers. **Management consultants** are executive search firms supply executive on a continuing basis under contract. They undertake screening tasks too. They are specialized in searching. **Schools, Colleges or universities** have their own placement offices where prospective employers can review credentials and interview graduates (DeCenzo and Robbins, 1997). Vocational technical schools provide lower level applicants; business or secretarial schools provide administrative staff personnel, while graduate schools and universities provide managerial level personnel. Organization may directly contact with these academic institutes for the applicants for their vacancies. **Temporary Help Service (THS)** is a viable source of employees when individuals are needed on a temporary basis. It is useful to meet short-term fluctuations in personnel needs. Many employers today are supplementing their permanent employee base by hiring contingent workers i.e. temporary workers, part time workers, just in time employees, badli workers etc and thus, the contingent work force is big and growing (Thomson, 1995: 45). Survey reveals that 84% employers under study

use such agencies or services (Bureau of National Affairs, 1998: 1 -10) and part-time workers numbered 21 million or about 17% of the U.S labour force in 1993 (Thomson, 1995:46). This reflects that benefits of contingent workers are obviously are higher than the difficulties involved with it. **Professional organizations** like Institute of cost and Management Accountants of Bangladesh (ICMAB), Institute of Chartered Accountants of Bangladesh (ICAB), Institutes of Personnel Management Bangladesh (IPMB), Engineers Institute of Bangladesh, Labour organization, Military organization and other like organizations in Bangladesh and elsewhere of the world act as standing source of supply of qualified professionals to their respective disciplines. **Internship** is a part of academic programme in which students are placed in an organization on temporary basis under part-time or full-time employment in a job of interest to the students. Both organization and student exposed one another through this internship and organization may use it as a strong source of qualified applicant for the vacancies open or to be opened. **Unsolicited applicants** such as walk-ins, write-ins through letter ,e-mail etc are one of the major sources of recruitment. Usable applications are kept in an active file until a suitable opening occurs. A high proportion of firms consider walk in applicants an important source of recruits, particularly for office- clerical and production positions (Bureau of National Affairs, 1988:6-7). **Relatives and friends** are also a very intimate source of recruitment. It is a very old and traditional source for getting qualified job applicants. Employers are turning to relatively non-traditional sources of applicants (Wender, 1990:6-15). The table contains some of those innovative external recruiting methods generally are used for screening and attracting people to apply for the vacancies (Fyock, 1991:32-35).

Both of the sources of recruitment are of use depending on circumstances. Organizational policy, philosophy as well as reality of the organization are the determinants for the selection of internal or external sources. A comparative

picture is presented below to indicate such conditions (Bartol and Martin, 1994: 351).

Telerecruiting Phone calls to potential candidates, with names obtained from mailing lists of professional associations, schools, and mailing list companies.

Direct Mail Using lists from above sources.

Point of Sale Recruiting Messages Posters, literatures, messages on the back of cash register are useful if customers are potentially qualified applicants.

Talent Scout Cards A card containing job information is given to managers to distribute it to exceptionally friendly, helpful customer service personnel, they encounter while doing their own shopping.

Posters Displayed on community bulletin boards, parks, Laundromats, banks, etc.

Door Hangers Useful for recruiting in a specified geographical area.

Radio Refer candidates to open houses or large newspaper advertisements.

Billboards Fixed highway displays or electronic billboards with varying messages. **Hotlines and 800 Numbers** Telephone lines with either recorded job vacancy messages or live interviewers. Live lines are increasingly being made available on Sunday, when most newspaper advertisements appear and candidates have the time to follow up on openings.

Information Seminars It is for hunting skills or on topics specific to one's industry, such as new developments in artificial intelligence. The latter may attract qualified professionals who would be reluctant to attend an open house or job fair, where the recruiting purpose was more explicit.

Welcome Wagon, Relocation consultants, Realtors Organizations are aware of newcomers to the community. Increasingly, spouses of individuals transferred into the community are seeking work, and can be located through these sources.

Referral Programs Employee referral systems are common, but now some firms are encouraging their customers and suppliers to refer candidates as well.

Outplacement Firms and Local Layoffs Skilled employees who have lost their jobs through no fault of their own may be found by contacting outplacement firms and by monitoring the local paper for layoffs at other establishments in the community.

Innovative External Recruiting Methods

Comparative Advantages and Disadvantages of Internal and External Recruitment

Advantages	Disadvantages
<p>INTERNAL RECRUITMENT</p> <ol style="list-style-type: none"> 1. Candidates are already oriented to the organization. 2. Reliable information is available about candidates. 3. Recruitment costs are lower. 4. Internal morale is increased due to upward -mobility opportunities. 5. Good performance is rewarded. 	<p>INTERNAL RECRUITMENT</p> <ol style="list-style-type: none"> 1. There may be fewer new ideas. 2. Unsuccessful contenders may become upset. 3. Selection is more susceptible to office politics. 4. Extensive training may be necessary. 5. Candidates' current work may be disrupted.
<p>EXTERNAL RECRUITMENT</p> <ol style="list-style-type: none"> 1. Candidates are potential sources of new ideas. 2. Candidates may have broader experience. 3. Candidates may be familiar with competitors. 4. Candidates may have new specialties. 	<p>EXTERNAL RECRUITMENT</p> <ol style="list-style-type: none"> 1. the probability of mistakes is high because of less reliable information. 2. Potential internal candidates may be resentful. 3. The new employee may have a slower start because of the need for orientation to the organization. 4. The recruitment process may be expensive.

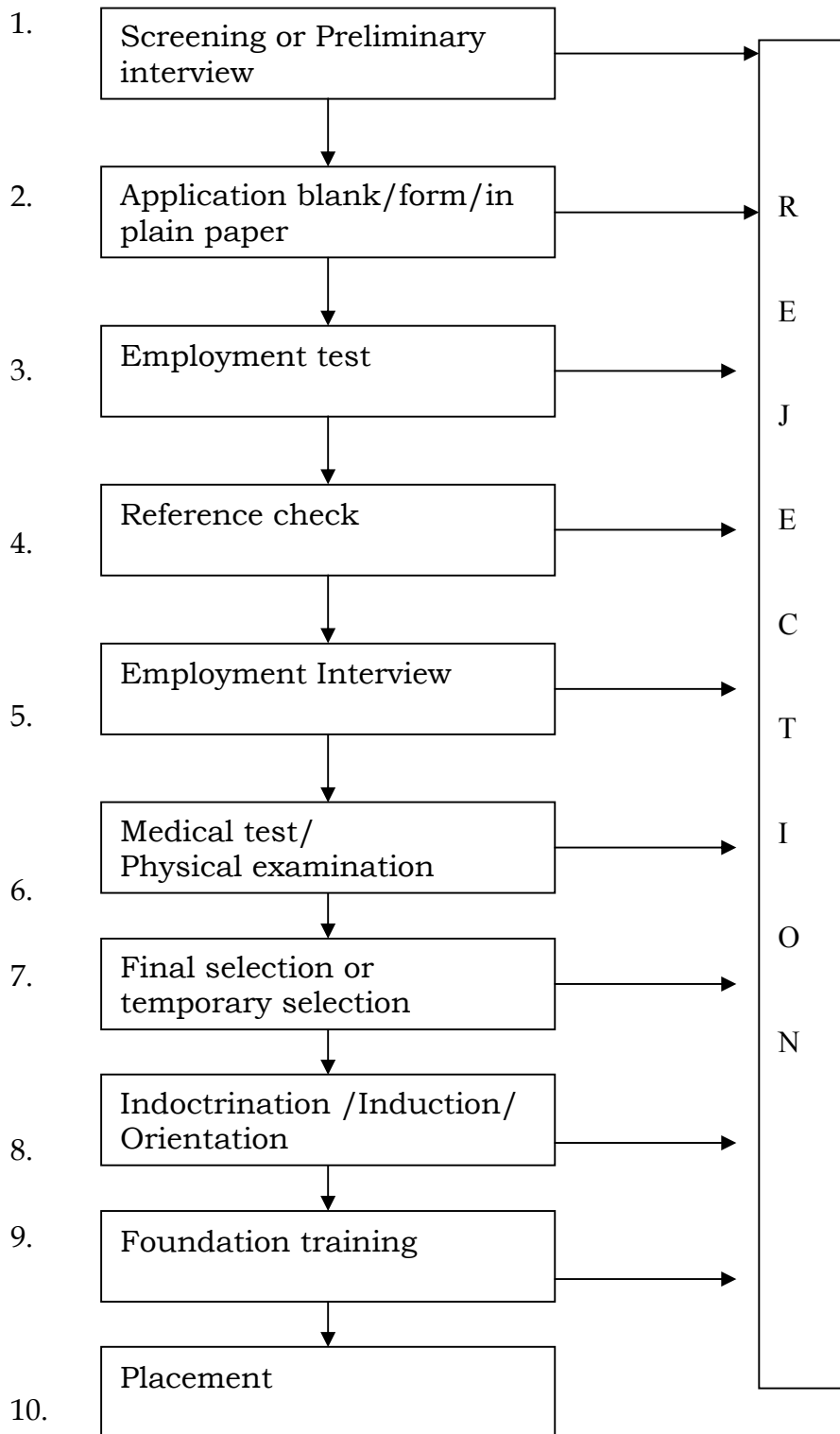
SELECTION

Once an effective recruitment programme has supplied enough job applicants, the organization faces the task of choosing the best ones for specific jobs (French, 1997:221.) The choosing is the selection of applicant to be

appointed in the vacant positions. Milkovich (2001) views selection as the process by which an organization chooses from a list of applicants the person or persons who best meet the selection criteria for the position available considering current environmental conditions. The selection process involves judging candidates on a variety of dimensions, ranging from the concrete and measurable to the abstract and personal (French, 1997). A number of selection devices are used in this purpose to identify the applicants who have the highest chance of meeting or exceeding the organization's standard of performance. Generally, a selection process involves a series of steps, which applicants pass. A typical set of steps is shown in figure The sequence of steps may vary from firm to firm, with some steps taking place simultaneously (Werther and Davis, 1996). Such as step 3 and 4 may be performed concurrently or at about the same time or some firm may start with step 2, thus this series is not universal (Ivancevich, 2001:219). Each of these steps represents a decision point requiring some affirmative feedback for the process to continue.

Each step in the process seeks to expand the organization's knowledge about the applicant's background, abilities and motivation and it increases the information from which decision makers will make their prediction and final choice (Decenzo and Robbins, 1997).

- 1) Initial screening or preliminary interview is an opportunity to the organizations which have formal application blank or form for the vacancies to screen out at the first instant at this stage without further cost on the part of the organization and of the individual applicants. Candidates with inadequate or inappropriate experience and /or education can be eliminated. Moreover, this interview allows sharing and/ or discussing job description information and of salary with the potential applicants which helps organization to modify or improve the initial proposal and the candidates to reconsolidate their interests to apply



The Selection Process

- 2) Application blank or form is now given to the candidates passed the preliminary interview or initial screening of enquires. If organizations do not have any such form, ask directly the job candidates to apply on plain paper or send bio-data or curriculum vatae (CV) or resume, stating personal information. Sometimes, the required information are disclosed in the job openings - advertisement or circular. Its purpose is to supply the organization with basic information about the candidate's work experience, previous salary and so forth (French, 1997). This makes the selection process far more efficient first, by reducing the number of applicants that need to be interviewed as some of the candidates will screen out due to unfavourable personal data and, second, by allowing interviewers to focus on other kinds of information e.g. personality, communication skills etc. that is perhaps more difficult to obtain (Ivancevich, 2001). Care must be taken to design application blank, as it is subject to the legal standards, violation of which may bring about legal suit or punishment. Only those information can be asked that will help the organization to make a better job-related assessment of the applicant. Applicants also like application blank as it is free from inappropriate questions; they feel more positively about pursuing the job; it exhibits the fairness of employee treatment; and they can recommend the organization to friends (Saks, Leck and Saunders, 1995 : 415-430). The traditional application blanks are replaced by two new forms: biographical information blank (BIB) and weighted application blank (WAB). The first one is designed to have more information about prior behaviour and experiences believing that these will be strongly related to an applicant's future behaviour (Nickels, 1994). The second is designed to be scored more systematically and is more like the BIB (Ivancevich, 2000:221). Applicants who will pass the stage of screening and found minimally

qualified will then proceed to the text phase of the selection process – the employment test.

- 3) An employment test is a mechanism that attempts to measure certain characteristic of individual applicants such as aptitudes, intelligence, etc. Though it is costly and difficult to design and develop a valid test for a particular job vacancy, it is widely used selection device. Written tests are most widely used but reliance on it has decreased significantly in recent years in developed nations (DeCenzo and Robbins, 1997). In our country, it is used by almost all organizations particularly large private and public organizations. It is favoured because test results seem to be objective, free from personal bias; and they are usually expressed numerically, so that they lend themselves to statistical analysis and thus can be validated (French, 1997:232). Various kinds of tests are used for selecting employees. The types of test or a combination of tests that is ultimately used will depend on a number of factors, including the budgetary constraints of the organization, the complexity and difficulty of the job, the size and quality of applicant population and of course the knowledge, skills, abilities, and other characteristic required by the job (Ivancevich, 2001:224). The various tests are: (1) Achievement or proficiency or knowledge test – to measure the depth of job relevant knowledge possessed by the candidates; (2) Aptitude or potentiality test – to assess the candidate’s ability to learn new skills which includes short term memory test, spatial perception test, discrimination test, and motor ability test. (3) Mental ability or intelligence test – to assess person’s abilities with words, numbers, logical reasoning and spatial relationships. Generally it is known as intelligence quotient (IQ). (4) Personality test – to construct a profile of a person’s attitudes, behaviour and habits (French, 1997:232). A subset of personality measurement is the use of polygraph or honesty tests, which attempt to measure truthfulness. It gives candidates level of introversion,

stability and motivation. (5) Interest test- to discover a person's likenesses and dislikenesses and gives an interest profile of the candidate that enable the recruiter/management to place him in best-fit position. This also ensures success of the candidate in his new job (6) Physical ability test- to assess the static strength, dynamic strength, body coordination, stamina, reaction time and other body traits. (7) Substance abuse test- to measure the presence of illegal or performance affecting drugs into the candidates. In recent years, more and more organizations have required applicants to be tested for substance abuse (French 1997:233). (8) Work samples - to measure the practical work performance ability of the candidate in a real world situation. Work samples are miniature replicas or simulations of actual on- the- job behaviour such as shorthand, work processing (Milkovich and Boudreau, 1997:271). This improves selection and also provides a realistic preview of the job and saved training cost to a large extend. Organization may select the test method or methods on the fair analysis of the job requirements, company policy and financial capacity. Whatever the selection method is or methods are; it is wonderful mechanism to identify the right traits of the candidates that fulfills the job specification.

- 4) Reference check: The candidates who withstand the employment test will be selected for the interview subject to favourable reference information. Reference check is done to verify the background information that the applicant has given to the organization. Most employers try to check and verify the background information and references of the job applicants (Beason and Belt, 1974, Bureau of National Affairs, 1976). Study reveals that on an average 87 percent of the surveyed companies checks dates of recent job, reasons for leaving the job, the past salary and position, and professional references/ referees (Bureau of National Affairs, 1988; 22). Reference check may be done directly through personal call, telephone, face-to-

face contact, e-mail etc or by sending a structured reference form to the referee requesting him/her to fill up the form. One survey reveals that about 80% uses telephone inquiries to verify the reference (Beason and Belt, 1974) and another reveals that 72% favoured the telephone reference (Embase and Wyse, 1985: 42-46), since it allows a more candidate assessment and provides a more interpersonal exchange. Reference check is a very useful means to confirm the given information. Studies reveal that organizations found discrepancies between given and actual reality in many occasions (Hershey, 1971, 36-39, Goldstein, 1971:491-92, Lefkuwitz and Katz, 1969:445-55). A built-in bias in favour of the applicant is precisely the reason for criticizing the reference check as a source of useful information (Ivancevich, 2001:229). Moreover, law suits against this sort of enquiry have made it increasingly difficult to obtain information about applicants beyond simple factual data (Fritz, 1988:8 Collyer and Eastus, 1991:1-4). This dilemma puts the reference check into a big question as to its effectiveness in getting valid and required information about the candidates.

- 5) Interview: The candidates who got the favourable reference will be asked for interview. An interview is a procedure designed to solicit information from a person's oral responses to oral inquiries (Dessler, 2000:217). Werther and David (1989) express the view that the selection interview is a relatively formal, in-depth conversation conducted for the purpose of assessing a candidate's knowledge, skills, and abilities, as well as providing information to the candidate about the organization and potential jobs. Thus, the interview offers a chance for the managers to fill in gaps in the information provided by application forms and tests (French, 1997:235). It may lead to completely new types of information as well. In particular, interviews are used to assess intangible enthusiasm that can't be shown on an application form (French, 1997:235). Selection interviews are most

widely used selection technique. A survey reveals that 90 percent of the responding organizations place more confidence in the selection interview than in any other selecting method (Bureau of National Affairs, 1976, Hakel, 1982). From 70% to 99% of organizations under study use interviews as a selecting tool (Dipboye, 1992, Ulrich and Trumbo, 1965). The popularity of interviews stems from their flexibility (Werther and Davis, 1996:225). They can be used for the selection of unskilled, skilled, semi-skilled managerial and staff employees. They also allow for two-way exchange of information: interviewees learn about the applicant, and the applicant learns about the employer (Werther and Davis, 1996). In spite of its wide application, interview has low validity (Bureau of National Affairs BNA, 1976 Hakel, 1982, Arvey and Campion, 1982, Mayfield, 1964, Schmitt, 1976). However, recent studies indicate that the key to an interview's usefulness is the manner in which it is administered (Dessler, 1997: 223). Interview can be taken in various ways such as one to one interview, panel interview and group interview. One-to-one interview between the applicant and the interviewer is the most common interview (Werther and Davis, 1996:225). Panel interview where one candidate meets with a panel of two or more representatives of the firm (interviewers) is also widely used (French, 1997, Werther and Davis, 1996). Group interview in which a number of candidates are interviewed at once by one or more observers. Generally, interviewers are allowed to discuss job related matters among themselves and observers rate their performance. This saves time and permits the answers and interactions of different applicants to be compared immediately (Werther and Davis 1996:225). This type of interview is usually considered most appropriate in the selection of managers (French, 1997:236).

The most common interviewing techniques are the structured interview, the unstructured interview and the situational -problem interview (French, 1997:236). In the structured interview, the interviewers have a standardized list of questions to ask to all applicants (Ivancevich, 2001). The technique produces uniformity of data and guarantees that all applicants are treated in the same way (French, 1997, Ivancevich 2001 Milkovich and Boudreau, 1997 Dessler 2000). On the other hand, unstructured interview has no predetermined script or protocol i. e questions are not prepared in advance; there is no similarity among questions asked to the candidates (Ivancevich, 2001, Dessler, 2000). There are strong evidences in support of the view that structured interviews are more valuable than unstructured interview (Carlson, et. al. 1971: 1972). Situational- problem interview offers the candidate a specific problem to solve or a project to complete (French, 1996:237). This interview seeks to identify whether an applicant possesses relevant job knowledge and motivation, quality of ideas, leadership capacity and the ability to work with others. Sometimes, hypothetical questions or situations, which they might encounter in future, are asked or given. Research shows that questions about past experience have higher validity than the future oriented questions (Pulako and Schmitt, 1995:269-308) but the proper use would make future - oriented questions a useful mechanism to identify the desired quality into the candidates (Campion, Campion and Hudson Jr. 1994:998-1002). However, interview provides a solid body of information on which the candidates are selected and passed on to the next phase of selection - the medical or physical examination.

- 6) Physical or medial examination provides health information such as height, weight, disease, defects, drug habits etc of candidates that help the organization to screen out unfit candidates, place candidates in suitable jobs, and to reduce future compensation liability/ claim

against the organization. Selection process includes this medical evaluation of the applicants before the hiring decision is made.

- 7) The qualified candidates are finally selected for employment. Telephone, letter or face- to –face conversation are used to convey the appointment message to the selected candidates. Others, not selected are also communicated through general notice or personal letter. The candidate is often offer probationary appointment and not be eligible for permanent appointment and all the benefits of the organizations until the expiry of a stipulated probationary period. The applications of rejected candidates are retained (panel of candidates) either for future job openings or for the same vacant post if the finally selected candidate does not accept the employment offer or goes away after certain period of service. If some recruits prove to be unsatisfactory after they are hired, the candidates are chosen from this panel.
- 8) The appointed candidates are then placed in the orientation programme before placement in the assigned job. Orientation is also known as indoctrination, induction or socialization. A few experts separate socializations from orientation and make it a small part of the socialization (Dessler, 2000:247, Werther & Davis 1997, DeCenzo and Robbins 1997:213). The actual meaning of the orientation is acquainting with the existing situation or environment (Sloane, 1983: 167). Orientation or socialization is designed to provide new employees with the information needed to function comfortably and effectively in the organization (Stoner, Freeman and Gilbert, 1997:389). It covers the activities involved in introducing a new employee to the organization and to his or her work unit (DeCenzo and Robbins, 1997:213). Socialization is the ongoing process through which an employee begins to understand and accept the values, norms and beliefs held by others in the organization (Oldfield, 1989:53-59, Chao et al, 1994:743). The socialization process helps the

organization meet its need for productive employees while enabling new employees to meet their needs (Werther and Davis, 1996: 255). Keep aside the debate that whether employee orientation is a part of the socialization or an independent programme, it is well recognized that orientation helps reduce the new employees first-day jitters and the reality shock (Dessler, 2000, French, 1997).

Orientation programmes may range from brief informal introduction to lengthy formal programmes (Dessler, 2000). Systematic orientation programme may last only a few hours or may extend over several weeks. Information may be given through interviews, group meetings and discussions, handbooks, videotapes, tours or combinations of these or other methods (French, 1997:249) as well as informal lecture by the supervisor or HRM manager or chief executive. Sometimes, a follow up programme is included into the orientation programme. In most small firms, new employees received their entire orientation from their supervisor (DeCenzo and Robbins, 1996:213). In many small organizations, orientation may mean that the new member reports to his /her supervisor, who then assigns the new member to another employee who will introduce him /her to those persons with whom he/she will be closely working. This may then be followed by a 'quick' tour to show where the lavatory is, how to make his/her way to the cafeteria and how to find the coffee machine. Then, the new employee is shown his/her desk and left to fend himself or herself (DeCenzo and Robbins, 1996:213). A typical orientation provides new employees information about benefits, compensations, securities facilities, vacations, working hours, office time, daily routine tour, organizations and operations, personnel policies, promotion methods, safety measures and regulations (Famularo, 1970, Smith, 1984, French 1997, Werther and Davis, 1996). Well-oriented newcomers need less attention from

coworker and supervisors, perform better and are less likely to quit. (Gomarsall and Myers, July-August, 1966, 66-72).

- 9) **Foundation Training:** Elementary training is provided to the selected candidates to make them fit with the jobs of the organization as well as to identify their most potential placement. This is also used for screening least motivated candidates. In some organizations, it is an essential part of the selection process and in some, it is not.
- 10) **Placement:** Placement is the assignment of an employee to a new job. After general orientation and /or foundation training, new recruits are placed to the position where he/ she will work which is normally the opened vacancy. Then they are posted /placed to that section. The decisions of placement are made by line managers. The HR department advises the line managers about the company's policies and provide counseling to the employees (Werther and Davis, 1996:261).

Employee Movement

Employee movement involves with the movement of human resources within an organization and with the separation of human resources from the organization. Sometimes, it is called internal staffing (French, 1996, Cascio, 1986) or employee placement (Werther and Davis, 1996). There are four broad types of internal moves in any organization: up, down, over and out, the corresponding titles are promotion, demotion, transfer and relocations and separation- lay offs, retirements, discharges dismissals and resignations (Cascio, 1986, French, 1996, Werther and Davis, 1996 Dessler, 2000). These are the activities through which an adjustment in the size of work force of an enterprise is made to cope with the changing situations; it calls for a careful planning and use of fair and systematic procedures. Inadequate or shortsighted attention can have negative effects on morale and productivity,

which in turn can seriously impair the organization's ability to attain objectives (French, 1996:253)

a) Promotion: A promotion is a movement of an employee from a job to another job-position that is higher in pay, responsibility privileges, benefits, potential opportunities and / or organizational level (Werther and Davis, 1996, Cascio 1986, French 1996, Dessler 2000). It is given as recognition to person's past performance and future promises. Promotion helps satisfying needs for security, belonging, and personal growth. It will affect the employees' motivation, performance and commitment (Dessler, 2000:398) Promotions are usually based on seniority, merit or performance and on mixed criteria i.e. merit and seniority together are used.

Seniority based promotions occur when an employee is promoted because of his longest length of service with the organization (Werther and Davis 1996). This is an objective basis. It eliminates biased promotions. Labour organizations often seek this type of promotion to prevent employers from discriminating among union members (Werther and Davis, 1996:262) and believe that it is the most objective and observable factor (Mikovich and Boudreau, 1997:382). Yet evidence suggests that job security may not predict future performance and training times as well as the similarity between past and future jobs and performance (Gorgon and Fitzgibbon, 1982: 311-19, Gordon and Johnson, 1974: 255-80, Gorgon, Coffey, McCullough, 1986: 518-21). In unionized situations, the collective bargaining contract/agreement will determine the relative importance of the bases for promotion.

Merit based promotion is gradually getting popularity among organizations due to its inherent qualities of promoting excellence. There are diversified methods used to identify promotable employee on the basis of merit. How merit/ competence will be defined and measured is a critical task. Past performance and potential will determine the competence. Past performance is used as the basis for extrapolating potential or tests are administered to

evaluate promotable employees (Dessler, 1993, 144-149) and to identify those employees with executive potential (Dessler, 1993,144-149), or assessment centers are used to assess management potentials. The problems are to distinguish strong performance from weak ones objectively and to get rid of the 'Peter Principle' which states that in a hierarchy, people tend to rise to their level of incompetence i.e. good performance in one job is no guarantee for good performance in another (Peter and Hull, 1969). However, merit based promotion (a) brings rewards for meritorious work, extra competence, achievement, and initiative; (b) encourages an employee to work hard so that he can get early opportunity for advancement; (c) leads to increased productivity, nay increased output for the organization.

Mixed based Promotion integrates the seniority and merit standards into one unified standard to get benefits of both and to eliminate demerits of both. It is the most widely used basis for promotion. Here, with the equal seniority, merit should be the deciding factor, and with the equal merit, seniority should be the factor upon which promotional decisions would be taken. This policy is satisfactory to both the management and the union or employees.

Separation: A separation is a decision that the individual and the organization should part (Werther and Davis, 1996,264). Employees may leave the organization voluntarily i.e. attrition or involuntarily i.e. lay off, discharge, dismissal, retirement with the fixed age limit of the service. Employees may take early retirement voluntarily. Attrition is the normal separation of people from the organization as a result of resignation, retirement, or death (Werther and Davis, 1996, 265, French, 1997). Resignation is costly from the point of view of investment made after the employee in recruiting, selecting and training and the cost of the impact on efficiency, morale and output. This may offset by taking exist interview or post employment survey (French, 1996) that help the organization to identify the mistakes and to correct it with a qualified staffing. Retirement is the natural exit but layoff, discharge, dismissal, termination and death are unnatural exit

/separation. A layoff frequently called downsizing is the temporary or indefinite removal of employees from the payroll (French, 1996,260). It entails the separation of employees from the organization for economic or business reason (Werther and Davis, 1996, 266). According to the Bangladesh Labour Code 2006 (GOB) lay off means the failure, refusal or inability of an employer on account of shortage of coal, power or raw material or the accumulation of stock or the break-down of machinery or for any other reason, to give employment to a worker whose name is borne on the muster rolls of his shop, commercial establishment or industrial establishment. It is resorted to as a result of such bonafide reasons, which are beyond the control of the employer, and that operation of the organization has to be stopped. Layoff may last from few days to few months or years. In the case of restructuring such as down sizing or mergers and acquisitions, a 'temporary' layoff may become permanent (ELSOA, 1965). The section 9(nine) of the aforesaid Act (ELSOA, 1965) contains that workers shall be paid half of the total of basic pay, dearness allowance and the full amount of housing allowance; for the next 15 days and onward, the laid off workers shall be paid one fourth of the total of basic pay and dearness allowance and the full amount of house allowance; and for any subsequent period, the employer may pay on such manner or may retrench the workers. Layoff may also be done for white-collar salaried employees. For white-collar employees, the organization goes for golden parachute -a lump sum payment at the time of permanent separation or may pay subsistence salary for temporary layoff.

Downsizing may adopt 'a policy of golden handshake' - a way of early retirement with a lump sum amount of payment at an agreed upon terms and condition. Besides, bumping- permit employees with greater seniority to accept a demotion in a place from where less senior employees have been laid off. Generally the lay off is based on 'reverse seniority' but inverse seniority is gaining some support as a way of the dilemma between reverse seniority and affirmation action (French, 1996,260-261). 'No layoff' policy is no more a

tenable option (Miller, May, 1993, 74, Pollack, November, 1993). However, layoff is demoralizing and therefore, handle tactfully to reduce its effects and to keep experienced workforce with the organization after the expiry of the layoff period. Most developed nations cushion the blow of layoffs and terminations with unemployment insurance (Werther and Davis, 1996, 268). Termination is forced separating from the organization on the ground of violation of the code of conduct or economic or business reasons or any other unfavourable conditions. The termination of services made for reasons of physical or mental incapacity or continued ill health or such other similar reasons not amounting misconduct is discharge and for the misconduct is dismissal (GOB, 2006). Termination may be made for closure of shift of business or reduction of operation on economic reason. In this case, the workers / employees are paid severance pay or outplacement assistance. This effort not only helps the former employee but also assure remaining employees of management's commitment to their welfare. The discharged employees are also to be paid severance pay along with other benefits as per Bangladesh Labour Code (GOB, 2006)). Study reveals that this scheme has gained widespread support and a large number of employers under study offer this new benefit (Duffy et, al, March, 1988, 28-33, Foxman and Polsky, February 1990, 30, 36-37).

Training and Development

Employee capabilities are balanced through training and development. With ongoing trends toward greater workforce diversity, flatter organizations, and increased global competition, training and development efforts enable employees to assume expanded duties and greater responsibilities (Werther and Davis, 1996, 282). Training and development are processes that attempt to provide an employee with information, skills, and understanding of the organization and its goals (Ivancevich, 2001, 379). Wexley and Latham (1981), and Hall and Goodale (1986) opine that training and development is a

planned effort to facilitate employee learning of job-related behaviours in order to improve employee performance. Though the terms 'training' and 'development' frequently used as synonyms or mutually exclusive, (Goss, 1994), experts and practitioners separate and treat them as two distinguished terms having different connotations (Bartol and Martin, 1994, 356). Training denotes efforts to increase employee skills on present jobs while development refers to efforts relevant to future jobs (Schuler and Huber, 1990). Therefore training is both a part and a precondition for development. Goss (1994: 62) rightly argues that the connection between training and development must be regarded as highly interactive, each facilitating the other, in what may be thought of as a dialectical relationship. However, HRM literatures present training and development separately (Werther and Davis, 1996, French, 1997, DeCenzo and Robbins, 1997, Ivancevich, 2001, Dessler, 2000, Goss, 1994, Douglas, Klein, Hund, 1985, Cascio, 1986, Beardwell and Holden (ed), 1995, Jucius, 1979) and thus the presentation follows this convention.

Training

Long Young, Secretary of State for Employment, UK (1986) states, "Training should be an integral part of the work and development of any company or organization, large or small. After all, a company's human resources are among its most important assets and the skills and motivation of its workers can be crucial to success. We all need to recognize that training is not a luxury, but a necessity." The essentiality of the training in organization is not over stated in any point of direction. Training is a learning experience in that it seeks a relatively permanent change in an individual that will improve his or her ability to perform on the job (DeCenzo and Robbins, 1997, 240) Similar opinion has been expressed by Jucius (1979, 221), "any process by which the aptitudes, skills, and abilities of employees to perform specific jobs are increased"; Ivancevich (2001, 380) "helps employees to do their current work better." Douglas, Klein and Hunt (1985:282) "teaching specific skills and

behaviour"; Stoner, Freeman and Gilbert Jr. (1997: 390) "maintaining and improving current job performance;" Bateman and Snell (1996:300) "teaching-employees how to perform their present job;" Dessler (2000:248) "skills they (employees) need to perform their jobs." The Manpower Services Commission (1981) defines training as "a planned process to modify attitude, knowledge, or skill behaviour through learning experience to achieve effective performance in an activity or range of activities."

Few experts and writers have emphasized upon the instilling of skills for behavioural changes that will make a best match between person and job. Milkovich and Boudreau (1997), opine that training is a systematic process to foster the acquisition of skills, rules, concepts, or attitudes that results in an improved match between employee characteristics and employment requirements, French (1997) maintains the same view with little variation. They add with it that changing behaviour or attitude of employees to improve the organization's effectiveness or goals. Two views have been associated with training. One related training as 'instilling or teaching skills, attitudes etc. to perform a present job efficiently' and the other relates training with 'changing behaviour to improve organization's effectiveness or goals.' The enormous contribution of training to various facets can be best learnt from the panoramic exhibition of Tessin (February, 1978: 7).

The Benefits of Employee Training

How Training Benefits the Organisation

- Leads to improved profitability and / more positive attitude toward profit orientation.
- Improves the job knowledge and skills at all levels of the organization.
- Improves the morale of the workforce.
- Helps people identify with organizational goals.

- Helps create a better corporate image.
- Fosters authenticity, openness and trust.
- Improves the relationship between boss and subordinate.
- Aids in organizational development.
- Learns from the trainee.
- Helps prepare guidelines for work.
- Aids in understanding and carrying out organizational policies.
- Provides information for future needs in all areas of the organization.
- Gets more effective decision-making and problem solving.
- Aids in development for promotion from within.
- Aids in developing leadership skill, motivation, loyalty, better attitudes, and other aspects that successful workers and managers usually display.
- Aids in increasing productivity and/or quality of work.
- Helps keep costs down in many areas e.g., production, personnel, administration, etc.
- Develops a sense of responsibility to the organization for being competent and knowledgeable.
- Improves labour-management relations.
- Reduces outside consulting costs by utilizing competent internal consulting.
- Stimulates preventive management as opposed to putting out fires.
- Eliminates sub optimal behaviour (such as hiding tools.)
- Creates an appropriate climate for growth, communication.
- Aids in improving organizational communication.
- Helps employees adjust to change.

- Aids in handling conflict, thereby helping to prevent stress and tension.

Benefits to the Individual Which In Turn Ultimately Should Benefit the Organization

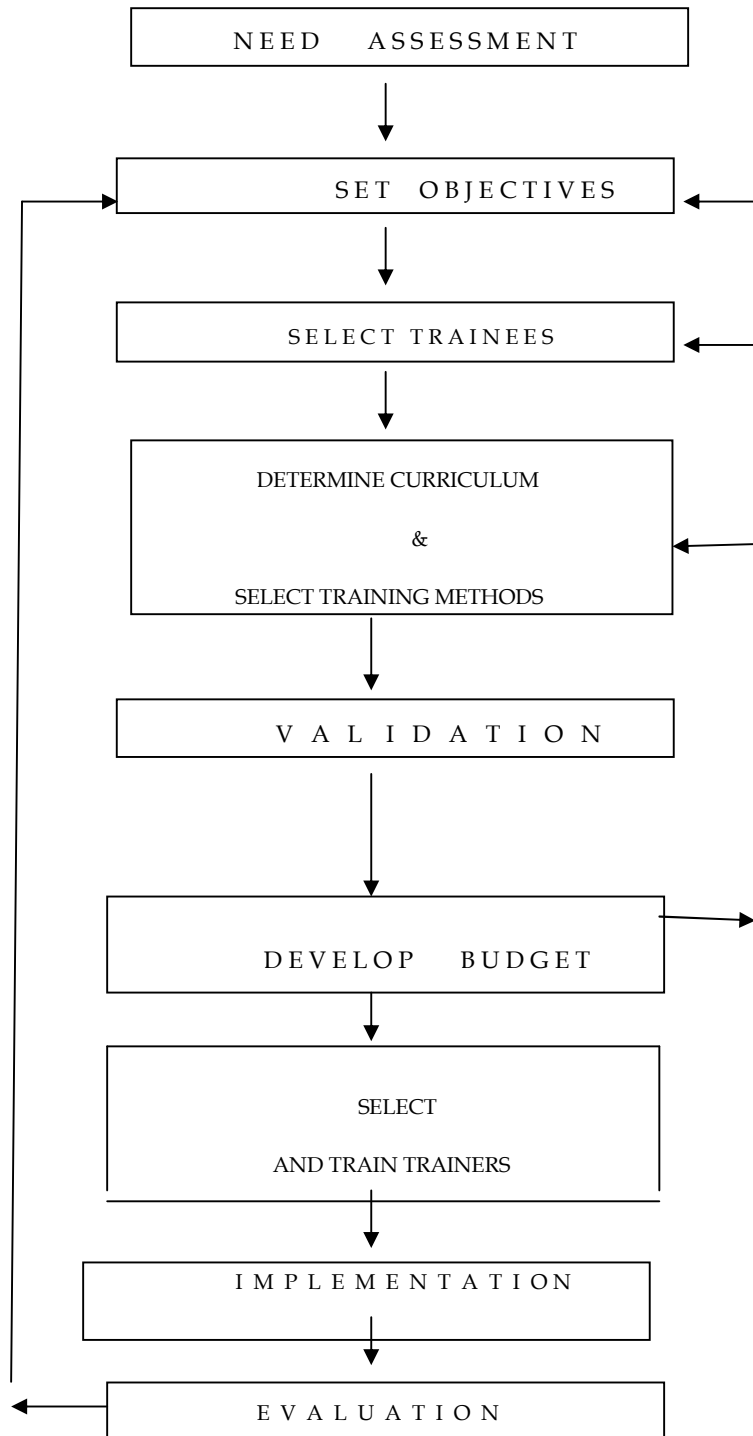
- Helps the individual in making better decisions and effective problem solving.
- Through training and development, motivational variables of recognition, achievement, growth, responsibility and advancement are internalized and operationalized.
- Aids in encouraging and achieving self-development and self - confidence.
- Helps a person handle stress, tension, frustration and conflict.
- Provides information for improving leadership knowledge, communication skills and attitudes.
- Increases job satisfaction and recognition.
- Moves a person toward personal goals while improving interaction skills.
- Satisfies personal needs of the trainer (and trainees!).
- Provides trainee an avenue for growth and a say in his/her own future.
- Develops a sense of growth in learning.
- Helps a person develop speaking and listening skills; also writing skills when exercises are required.
- Helps eliminate fear in attempting new tasks.

Benefits in Personnel and Human Relations, Intra- and Intergroup Relations and Policy Implementation

- Improves communication between groups and individuals.
- Aids in orientation for new employees and those taking new jobs through transfer or promotion.
- Provides information on equal opportunity and affirmative action.
- Provides information on other governmental laws and administrative policies.
- Improves interpersonal skills.
- Makes organization policies, rules, and regulations viable.
- Improves morale.
- Builds cohesiveness in groups.
- Provides a good climate for learning, growth, and coordination.
- Makes the organization a better placer to work and live.

Training is a process that involves various steps. The number of steps is being debated by writers and experts but it centers around 3 to 7 steps. French (1997) prescribes 7 steps: determining the need for skills training, translating skills needs into training objectives, selecting trainees, determining the curriculum and choosing training methods, formulating the budget, selecting and training trainers and establishing evaluation procedures. Carolane (April 1993:18) suggests five steps in training and development process: needs analysis, instructional designs, validation, implementation and evaluation and follow up. Werther and Davis (1996:287) maintain 5 steps: need assessment, training and development objectives, program content and learning principles, actual program, evaluation. Cascio (1986:224) points out

three phases with four steps: assess instructional need, select training media and learning principles, conduct training and evaluation. Ivancevich (2001) prescribes four steps: Determining needs and objectives, choosing trainers and training, developing instruction methods and providing training. It is designed for the study as under:



Training and Development Process

Need assessment diagnoses current problems and future challenges to be met through training and development (Werther and Davis, 1997:286). The purpose of the need assessment is to identify the specific job performance skills needed, to analyse the skills and needs of the prospective trainees. Ivancevich (2001) maintains that the needs assessment involves analyzing the organization's needs; the knowledge, skill, and ability needed to perform the job; and the person or jobholder's needs. Moreover, various objectives and strategies of the organization are to be matched with the firm's human talents, structure, climate and efficiency. In this respect, Breadwell and Holden (1995): 341) opine that the important consideration is the reconciliation of the training and development needs of the individual to that of the organisation. The training needs can be ascertained by (1) observation at the place of work i.e. the present skill levels of employees(examination of the job); (2) interview with the supervisors and employees; (3) comparative study of good versus bad employees with a view to identify the gap; (4) production reports; (5) personnel records; (6) review of the literatures on the jobs available in an organisation and the machines used;(Khanzode, 1992:66); (7) task analysis - an analysis of the job's requirements (Dessler 1996, Douglas, Klein and Hunt ,1985); (8) examine the problems that employees have (Khanzode, 1992:66) ; (9) employees' suggestions and (10) the organisational needs -the number of employees with various combinations of skills needed at each level and in every part of the firm for specified period (French, 1996). In essence, any gaps between expected and actual results suggest a need for training (Kirkpatrick, January, 1996: 54-59).

Once training needs have been determined, concrete, measurable training objectives should be set. Training and development or instructional objectives are defined as ' a description of a performance you want learners to be able to exhibit before you consider them competent (Cample et al., 1986:100). It is a translation of skills needed into specific training objectives or desired

outcomes of training activities. Objectives specify what the trainee should be able to accomplish after successfully completing training program (Cicero, 1973, 28: 14-17, Hales, July 1986: 87-92, Wensky and Legendre, April 1989:102-108). Training objectives should include such matters as the specific skills to be taught, the number of people to be trained, and from which units, and the period within which such training should take place. Objectives for the training program that do not relate directly to specific job skills such as employee health and safety guidelines, promotional opportunities, and self-study opportunities (Hoffman, August 1985, Carnevale, Gainer and Meltzer, 1988) should also be considered. Milkovich and Boudreau (1997) opine that good objectives are measurable, specific, set a deadline, and reflect outcomes important to key constituents. Objectives, thus, provide a focus for the efforts of both the trainee and the trainer and a benchmark for evaluating the success of the training program (Dessler, 2000:255).

The next logical step of the training programme is the selection of right person/employee for the programme. Both the organization and the individual would benefit if a deserving employee were chosen for the training programme. Organizations will provide the right training to the right people to create and maintain a well-trained and stable workforce. The individuals will receive higher pay, additional prestige and greater opportunities for promotion. There are at least four considerations important in selecting trainees: (1) Legal guidelines, (2) employee needs and motivation, (3) skills obsolescence and retraining, and (4) multiskilling (French, 1997: 287). Any sort of discrimination in the selection of trainee because of race, sex, age, disability status and the like will affect the morale of the workforce. Moreover, lawsuit may cause financial and other damage of the organisation. Employee needs and motivation for the training, though difficult to measure, can be determined by previous performance evaluation, individual interview and by supervisors' comment. Rapid escalation of technological change pushes organisations to give higher and higher priority to worker retraining

(French, 1997). This also means that individual workers themselves must seek out training opportunities to avoid having their skills obsolete. Multiskilling is very much useful for self-managed teams or for firms wanting greater flexibility in the case of absences due to illness or family emergency or in sudden shift in productions requirements (French, 1997. Ivancevich, 2001, Cascio, 1986).

The next phase would be getting training materials ready and training method finalized. The curriculum must meet the needs of the organisation and the participants i.e. must be consistent with training objectives. The materials should not be beyond the trainees' level of sophistication, nor should they be too elementary. There should be sufficient pertinence to create optimum motivation. The training method should fit the characteristics of the target group, the kinds of things that need to be taught, and the organisational resources that are available for training (Douglas, Klein and Hunt, 1985: 291). There are various methods of training grouped into two broad methods: on - the -job and off -the-job training. On- the- job training is a primary skills training approach. It is the most widely used method of training. One estimate shows that more than 60 percent of training occurs on -the- job (Ivancevich, 2001: 393). Under this method, the employee is placed into the real work situation and shown the job and the tricks of the trade by an experienced employee or the supervisor (Ivancevich, 2001, Werther and Davis, 1996, Milkovich and Boudreau, 1997, French, 1997, Dessler, 2000, Breadwell and Holden, 1998, DeCenzo and Robbins, 1997, Cascio, 1986). It is learning by doing (DeCenzo and Robbins, 1997). On-the-job training virtually automatically creates the same environment, cues, and rewards in the training that the individual experiences when actually doing the job (Milkovich and Boudreau, 1997). Realism is maximised in this training. It is least costly or virtually inexpensive. The drawbacks of the method are low quality output, damage of machinery by the novice trainee, low quality or defective product etc. (DeCenzo and Robbins, 1997, Milkovich and Boudreau, 1997, French,

1997). There are several types of on-the-job training. They are: i) apprenticeship training -employees are placed in the actual job temporarily under the guidance of a master worker and become skilled workers through a combination of classroom instruction and on-the job training by experienced supervisor, managers or other in-house experts. Successful completion of training would make employees permanent; ii) coaching -coach (supervisors and/or managers) attempts to provide a model of work for the trainee to copy; iii) pre-employment training -job seekers are tested and instructed in employment fundamentals without pay by the organization and they are rated on their willingness to work as well as on-the- job aptitude; iv) vestibule training-giving skills training to individuals after they are hired but they are assigned to specific jobs (French, 1997:292); 4) job instruction training (JIT) -preparing supervisors to train operatives.

Off-the-training covers a number of techniques: i) lecturers and conferences-quick and simple way of providing knowledge to large number of trainees particularly in giving rules, procedures or methods. 2) programmed computer-assisted instruction-complex computer modeling is used to initiate some of the realities of the job and used in giving training without any risk; 3) audio-visual based training-materials like videodiscs, videocassettes, and films are used in skills training with the limitation that there is no interaction between the trainer and the trainee. Videoconferencing is a growing technique for skills training today; 4) programmed instruction- a systematic method for training job skills involving presentation of questions or facts, allowing the person to respond and giving the learner immediate feedback on the accuracy of his or her answers (Dessler, 2000:260); 5) interactive video-training--combines a computer and key-board, a video screen material stored on a video disc, and video camera and tape into one system with a 'doctor' who comes at interval with questions and with correct answer after being answered by the trainee on the screen from among options. The trainee can repeat the exercise until he or she is satisfied. (French, 1998:295); 6) simulation

exercise-explicitly places the trainees in an artificial environment that closely mirrors actual working conditions. Simulation activities include case studies, experimental exercises, complex computer modeling, and vestibule training. Other than these training, there are training for special purpose such as literacy training, AIDS education, values training, diversity training, customer service training, teamwork and empowerment training, international business training that prepares employees for special situations.

Whatever method or a combination of methods are being chosen for the training, that must meet the minimal conditions for effective learning to take place. That is, as Cascio (1986:238) suggested, the training method should:

- Motivate the trainee to improve his or her performance;
- Clearly illustrate desired skills;
- Provide for active participation by the trainee;
- Provide an opportunity to practice;
- Provide timely feedback on the trainee's performance;
- Provide some means for reinforcement while the trainee learns;
- Structured from simple to complex tasks;
- Be adaptable to specific problems;
- Encourage positive transfer from the training to the job.

Validation of the training programme would be made to make it effective and result oriented. It should be listed before a representative audience. Based on final revisions of pilot results a budget is prepared for the training programme. It is an interactive process with other steps in the training programme development process. Budget constraints may limit the human resources manager's alternatives and must therefore be considered during all phases of the development process (French, 1997:295). Training generally involves with costs of staff planning time, trainee wages, trainer wages, and direct expenses for materials, accommodations and meals (French, 1997:295).

Effective trainer is one of the fundamental prerequisites for the successful training. Organisations may use their own staff or may bring trainers from outside under contract or may use a combination of both the options for giving training. Staff trainers are full-time specialists on the organisation payroll and part-time training are less expensive than trainers hired from outside (French, 1997). Selecting right individuals and providing him with the tools he needs for the training are essential for success. Once selected, the trainers must be educated in the overall process of training and in the specific training programme in which they will be involved. This could not be done in the case of contract trainers. But care must be taken to evaluate both the individual trainers and the training organisation to ensure quality training. The use of outside trainers has several advantages: productive employees are not taken off the job, specialized and experienced training can be given, costs of many facets have been saved, wider range of choice in selecting trainers can be exercised and the firms have more control over the trainers in that they can be easily replaced by more qualified external trainers (French, 1997).

Training programme is now ready for implementation. All physical facilities are to be arranged and make fit for the trainees and trainers. People must feel comfort, interested and committed while they are in their desired training. The whole environment should be conducive to effective learning.

Training must be evaluated by systematically documenting the outcomes of the training in terms of how trainees actually behave back on their jobs and the relevance of the trainees behaviour to the objectives of the organisation (Snyder, Raben and Farr 1980:5: 531-444). Effective criteria that are used to evaluate training focus on outcomes. Experts agree on four outcomes of the training programme (Kirkpatrick, 1997, 34, 9-12, Carolan, April, 1993,). They are: 1) Reaction-feeling of trainees to the training programme; 2) Learning or knowledge-acquired knowledge through training experience. It uses feedback devices or pre-and post-tests to measure what learners have actually learned; 3) Behaviour- change in behaviour resulted from the training; and 4) Results: -

level of improvement in job performance and in organisational productivity, quality, turnover or accident reductions etc. There are several methods available for measuring the effectiveness of the training (Beardwell and Holden, 1995:351). They are:

- 1) Questionnaire (Feedback form) or happiness sheets are a common way of eliciting trainee responses to courses and programmes.
- 2) Tests or examinations are common on formal courses, which provide a certificate, (test-retest method).
- 3) Projects are initially seen as learning methods but they can also provide valuable information to instructors.
- 4) Structured exercises and case studies are opportunities to apply learned skills and techniques under the observation of tutors and evaluators.
- 5) Tutor reports: Report of the trainers' about trainees' containing valuable assessment from a different perspective.
- 6) Interviews of trainees at post-course or instruction period may be taken informally or formally, individually or in group or by telephone.
- 7) Observation of courses and training by those devising training strategies in the training department and received information would be compared with trainee responses.
- 8) Participation and discussion during training needs.
- 9) Experimental control group method: two groups are established which are comparable as to skills, intelligence, and learning abilities and evaluated on their actual job performances.
- 10) Pre-post performance method: Each trainee is evaluated prior to training and rated on actual job performance. After instruction is completed the trainees are reevaluated.

- 11) Test-retest method: Trainees are given a test before they begin the programme and trainees retake the same test after completion of the training. The resultant figure would exhibit the contribution of the training.

For complicated training evaluation it is recommended that a combination of these approaches be used (Beardwell and Holden, 1998: 351)

Management Development

Managers today are to face various kinds of changes. Organisations and their environment are dynamic and constantly changing, because new technologies are developed, competitors enter and leave markets, inflation increases and productivity fluctuates (Ivancevich, 2001:405). Therefore, development of managers is a continuous process in the most successful firms (Ivancevich, 2001:405). Thus, management development has become a strategic goal for organisations today (Doyle, 1998: 375 Beardwell & Holden, 1998). Success depends upon the way organisations choose to approach development. Organizations must be prepared to develop individual managers and management teams that are not only flexible, adaptable and innovative in technical, financial and business issues, but skilled in human resource management as well as in order to achieve success. To achieve this, organisations are to establish, as a strategic imperative, greater investment in continuous management education and development (Coulson-Thomas, 1989: 4). Organisations that fail to make this type of investment are unlikely to exploit future opportunities and potential; adapt successfully in the face of major changes; develop new markets and products; retain and motivate employees; create and sustain an effective management team; and survive and prosper (Doyle, 1998:374, Beardwell and Holden,, 1998).

Molander (1986) defines management development as 'a conscious and systematic process to control the development of managerial resources in the

organization for the achievement of goals and strategies. Dessler (2000:280) mentions that management development is any attempt to improve managerial performance by imparting knowledge, changing attitudes or increasing skills. This definition emphasizes upon specific organizational goals and strategies attainment but achieving managerial ability that contribute equally to the development of organisation too. Same idea has been expressed by Mumford (1987). He says, "Management development is an attempt to improve managerial effectiveness through a planned and deliberate learning process." French (1997: 305) says, "Management and career development programs represent efforts to increase the organisation's present and future ability to meet its goals by providing educational and developmental experiences for managers and all employees above and beyond the immediate technical requirements of their jobs." The concept explicitly expressed that the management development is meant for non-operative employees or incumbents and the goal is to increase the effective of the organization through their development. Instead of managers being fed information on a course, their managerial capacity and potential would be developed by a wide variety of experiences, through which they would acquire greater understanding, awareness, sensitivity self-confidence and those other aspects of effectiveness that are regarded as most important but which could be inculcated (Torrington and Hall, 1995). Management development can be differentiated from other types of training in four important ways: 1) Management development is a broader concept and is more concerned with developing the whole person rather than emphasizing the learning of narrowly defined skills; 2) It emphasizes the contribution of formal and informal work experiences; 3) The concept of management development places a greater responsibility on managers to develop themselves than is placed on most employees to train themselves; and 4) Managers are developed as much for jobs that they will be doing as for the jobs that they are doing (Torrington and Hall, 1995:420).

Management development facilitates organisational continuity by preparing managers for the current and future jobs so that they can assume future positions smoothly and also socialises management trainees by developing in them the right values and attitudes for working in the firm (Dessler, 2000). Management development helps developing the skills that managers need to respond faster to changes. It is an effective way to meet challenges from managerial obsolescence, international and domestic workforce diversity, technical changes, affirmative actions and employee term over. Management development is a mean to make managers versatile for the higher hierarchy.

Success of management development depends on variety of forces of factors (Fenwick-MacGrath, July 1988; Carnevale 1991; Dessler 2000; French 1997:305). s. They are: (1) extensive and visible involvement of chief executive officer or top management support, by educating senior executives about the program, and involving them at every stage, and frequently publicizing successes and positive results of the program; (2) a clearly articulated and understood development policy and philosophy; (3) careful blending of new ways of doing things with organizational norms to make the program polished and professional; (4) linkage of development policies and philosophies to the business strategies, objectives and challenges; (5) ensure compatibility between individual training and organization structure and systems to make it adaptive; (6) use existing resources, including training programs, information systems, and people to control costs and builds a supportive climate; (7) create multiple feedback loops to make it more effective; and (6) promote volunteerism and choice to ensure employee more committed to the program.

There are certain dimensional changes took place in the organisational environments that prompted training and development activity in all business organisations intend to survive and prosper in today's economy. Survey (1991) reveals those challenges that are quality improvement, technological changes, customer service, corporate culture, new market

strategies, centralization of authority, productivity improvement, staffing, decentralization, succession planning, merger or acquisition, remedial or basic education and international competition.

Management development can be approached in a number of different ways. Mumford (1987) describes three types of approach as below:

1) A Piecemeal Approach

Management development is either an accidental or planned process. It may be informal managerial or formalised development programme. This approach is chosen for resource constraints and for having lack of awareness about linking development to business strategy. It has no management development infrastructure. Development is largely defined in terms of a range of universal, off-the-shelf internal or external courses and is often focused on the needs of the organization and fails to meet the leaning needs and aspirations of individuals and groups. There is a lack of common vision among those responsible for management development. It is difficult to evaluate the effectiveness of a piecemeal approach because it lacks clear direction and established objectives.

2) An open system approach

Management development is an integral part of a wider organizational system and is linked to the reality of managerial work. It is planned and structured by the boss and subordinate with clear developmental objectives. Its explicit intentions are both task performance and development and it occurs within managerial activities. Management development is at one and the same time a system and a process. It is composed of identifiable parts or components, which act together in an organized way. It is integrated with, and mutually dependent upon other organizational subsystems, activities and processes. This approach makes management development more acceptable, flexible, responsive and proactive in the face of organizational change and

turbulence. An open system view identifies the way management development contributes to overall organizational effectiveness.

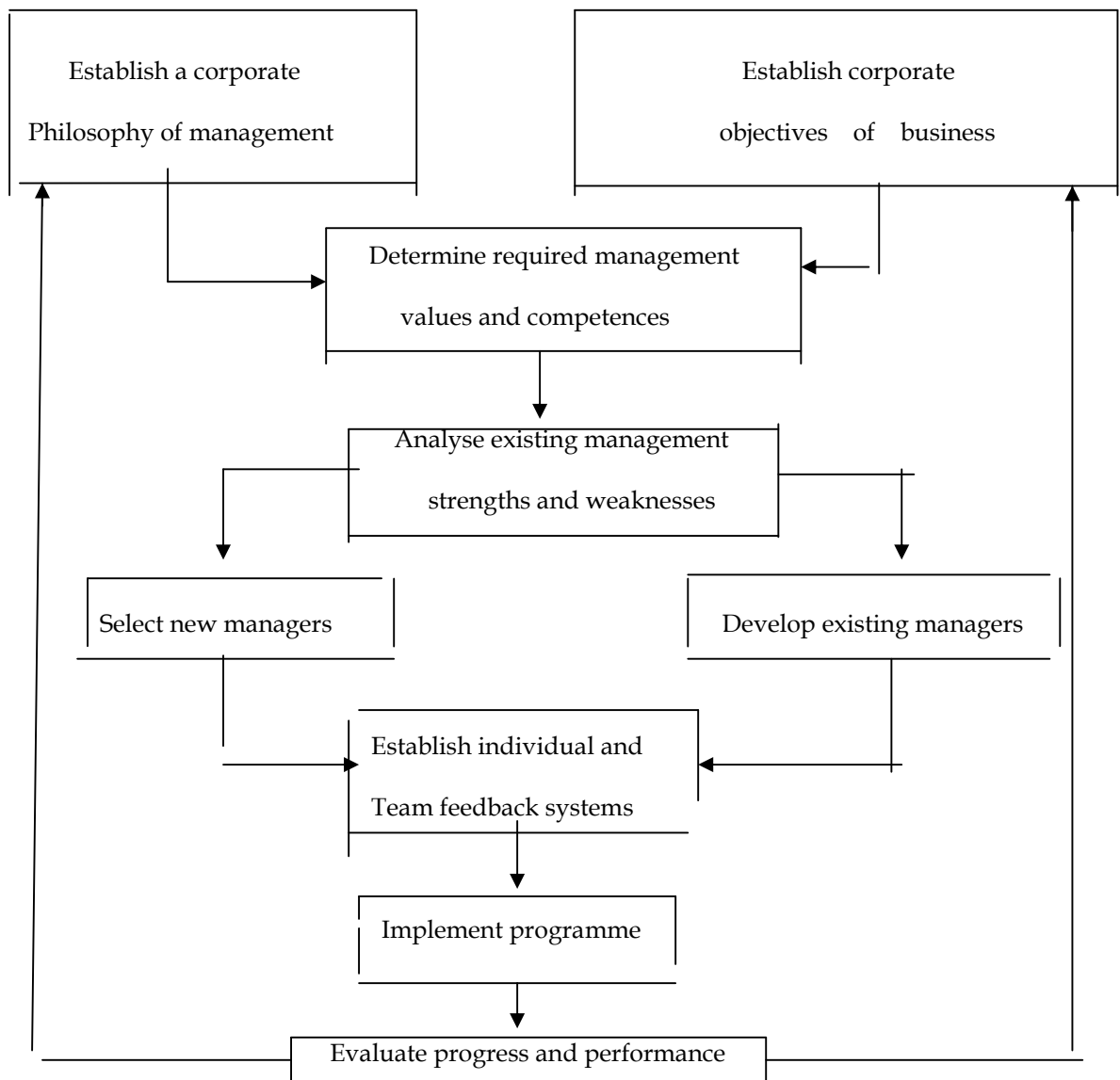
3) A unified approach

Management development is located at the very heart of the organization's philosophy, mission, business goals and human resource strategy. The process is integrated and coherent across all functions and hierarchies. Manager performance is measured and development activity can be linked clearly to the organizational values and the achievement of strategic goals.

Management development is a systematic process that is implemented step-by-step. Ivancevich (2001:405) prescribes 4 (four) step process that he calls 'diagnostic steps in development program' containing (1) determine short - and long-term goals of the organization; (2) examine work requirements, specifications, and changes in work, (3) determine behaviours needed to perform work and performance standards, and (4) develop behavioural objectives to be accomplished through development programmes. Hilt (1987) prescribed another development model, which is termed as 'unified management development programme'. This model is built on open systems principles, which is very much adaptive in the present context of complex socio-economic situations. The model is shown in the next page.

Creating a framework of values, beliefs and ethical standards is vital to an effective management development programme. But creating a system of espoused values is not enough. They must be embedded in formal and informal philosophical statements, which are then communicated to their wider organization.

Corporate objectives provide vision and direction and map where the organization is going over the next 3-5 years (Doyle, 1998). Integrating the human resource with corporate objectives is often seen as a low priority item on the strategic agenda. People are expected to accept and adapt to the requirements of corporate objectives.



Management Development Model

Organisation is now in a position to decide and prioritize the values and competences it requires from its managers. It, then, must analyse its current management team to determine individual and team strengths and weaknesses. It can use various techniques and methods for this purpose such as review of personal files, records, performance appraisal documentation, workshops and seminars with managers, assessment centers and psychometric tests.

The analysis of existing strengths and weaknesses and a comparison with required competencies and values would provide the organization inputs to decide its strategy for management development. It can take the course of recruiting new managers or investing in existing managers. It may require restructuring and reorganizing its management team. A set of development plans would be prepared on the basis of requirements in consultation with managers to take account of their personal ambition and needs.

An effective performance measurement and feedback systems need to be created and introduced that will serve the individual and team objectives as well as involve a system of individual and team appraisal on both formal and informal basis. With the support and commitment of top management and participants, the programme will now be implemented with the utilization of different learning methods. The evaluation of the management development programme would be made with an open system approach instead of piecemeal approach.

There are many methods and approaches in use today for developing managerial and supervisory abilities and for meeting the developmental needs of the employees and of the transitions. The available techniques may be grouped for convenience in two categories: On-the-job and off the-job development methods. The major on-the-job management development methods are:

- 1) **Coaching:** Coaching is an informal approach to management development based on a close relationship between the developing manager and one other person usually their immediate manager, who is experienced in management (Torrington and Hall, 1995: 427). Coaching involves frequent helping activities on the part of a supervisor toward a subordinate (French, 1997). Coaches are managers who help employees grow and improve their job competence on a day-to-day basis. Coaches set challenging goals,

inform employees what is expected of them, evaluate progress toward those goals, appraise performance in a regular and objective manner to prepare them for promotion (Shore and Bloom, August, 1986, Evered and Selman, Autumn, 1989).

- 2) **Job Rotation:** Moving management trainees from department to department to broaden their understanding of all parts of the business (Yoder et. al. 1958, Rothwell, Kazemas and Haines, 1992).
- 3) **Understudy Assignment:** Assigning an inexperienced manager to work for more experienced managers, often on an 'assistant to' basis (French, 1997: 312). The understudy relieves the executive of certain responsibilities, thereby giving the trainee a chance to learn the job (Wexley and Latham 1981: 207). Eventually, he will be capable to perform at the same level as the experienced managers and to assume the key positions in due course.
- 4) **Mentoring:** Mentoring is a role filled by someone other than the immediate supervisor (French, 1997: 313) who guide, encourage, and support young and less experienced employees or protégés (Clutterbuch, 1991; Collin, 1988; Hunt and Michael, 1983; Kram, 1985; Megginson, 1988). A mentor is wise and trusted, counselor or teacher (American Heritage Dictionary, 1992). Mentoring facilitates the learners to learn of their employees, contributes to the process of meaning-making in the organisation and hence to its responsiveness to its environment, while meeting the developmental needs of employees (Collin, 1998).
- 5) **Committee Assignment/Junior Board:** Assignment to a committee or junior board provides an opportunity for the employees to share in managerial decision making, to learn by watching others, to investigate special organizational problems, and to make recommendations on overall organizational policies.

- 6) **Action Learning:** Action learning gives managers released time to work full time on projects, analyzing and solving problems in departments other than their own (Fox, Sept-Oct. 1997). Management trainees work together as a project group to compare notes and discuss each other's projects.

Off-the-job management development techniques are wide in variety. Few of the popular methods are discussed in a nutshell below:

- 1) **Lectures and Conferences:** Lecture courses offer an opportunity for managers or potential managers to acquire knowledge and develop their conceptual and analytical abilities. Conference and seminar are structured around a small-group meeting in which a leader trained in group decision methods, helps the group to identify and define a problem, guides the discussion so that it is constantly directed toward the problem, and summarizes the principles or explanations that reflect the consensus of the group in dealing with the problem.
- 2) **Computer-assisted Instruction:** A business problem is given to the participants and they analyse the situation and makes a decision with the help of computer. The trainer ascertains the correctness of the simulation and provides feedback to the participants. Computer models can provide participants with sufficient realism to allow practice applications without undue risk that the organization's operations will be disrupted or that the firm will lose money.
- 3) **Seminar:** Participants take part in a discussion where a person present the keynote paper and some selected discussants participate in the discussion on the issues specified in the paper. Participants may also take part in the discussion. Participants will be enriched with the documents and discussions.

- 4) **Laboratory Technique:** This is experienced based learning workshops that utilize one or more approaches such as case discussions/studies, incidence process, role playing, computer simulations, management games or problem solving exercises, and/or relatively unstructured group discussions (French, 1997: 315). Managers learn from the dynamics of the sessions and from the application of specific managerial and supervisory techniques in simulated work situations. **Case Discussions/studies** present a trainee with a written description of an organisational problem. The person then analyses the case in private, diagnoses the problem and presents his/her findings and solutions in a discussion with other trainees (Wexley and Latham, 1981). It provides stimulating discussion among participants, as well as excellent opportunities for individuals to defend their analytical and judgmental abilities, thus improving decision-making abilities within the constraints of limited information (DeCenzo and Robbins, 1997, Ivancevice 2001, Cascio, 1986). The **incident process** requires trainees to read individually a briefly sketched incident and then, as a group, to assume the role of a specific person in the situation (Pigors and Pigors, 1955). It is a specialized form of case method in which the leader presents a problem or dilemma and the participants have the task of drawing out the relevant facts by questioning the leader after which a decision is made (Pigors and Pigors, 1961). **Role-playing** is a device that forces trainees to assume different identities (Werther Jr. and Davis, 1996: 294). All participants by playing given roles experience the realistic variability that managers actually encounter in real job situations (Pere, October: 1984, Robinson, May-June: 1987). It is frequently used to teach skills such as interviewing, grievance handling, performance review, leadership styles, and effective communication. (Cascio, 1986: 274). **T-groups:** It is a derived term from training groups' usually

involves small groups, of approximately ten to twelve participants, meeting under the guidance of a trainer (French, 1997:315-316). The unconstrained group has a very flexible agenda and a minimum formal leadership.

- 5) **Transactional Analysis:** It is highly participative development technique focuses on viewing the interactions between individuals and between groups as interactions (French 1997). Transactional analysis is based on the concept that each person has a three-dimensional behaviour pattern based on three ego states-parent, child and adult (Berne, 1964). It helps managers understand others better and assists them in altering their responses so as to produce more effective results.
- 6) **Behavioural Modeling:** This technique of development focuses on learning through observation or imagination. It consists of presenting or showing participants a particular behaviour or way of doing something and then having the participants practice the behaviour through role playing (French, 1997:318). Thus, modeling is a 'vicarious process', which implies sharing in the experience of another person through imagination or sympathetic participation (Sims, Jr. and Manz, 1982: 58).
- 7) **In-basket Training:** This development method consists of giving trainees a set of memos, letters, and other items that a manager might find in the basket upon arriving at work (French, 1997:318). The response of the participant is analyzed by the trainer and the group to see the scope of improvements. It helps the management trainees determine which decisions can be made quickly, which must be or should be delayed and which should be referred to others.

- 8) **University-related Programme:** Many universities and colleges provide group, individualized and degree programmes related to business and management. These programmes provide opportunities to the working managers to have wide variety of knowledge for enhancing their efficiency.
- 9) **In-house development center:** This is a organization/enterprise-based development method for exposing prospective managers to realistic exercises to develop improved management skills (Dessler, 2000: 292). It offers both general management programs and the professional management programmes stress solving concrete business problems.
- 10) **Programmed Instruction or Manual:** It condenses the materials to be learned into highly organized, logical sequences, which require the trainee to respond.
- 11) **Experimental Exercise:** Experimental exercises are usually short, structured learning experiences where individuals learn by doing. It is used to create a conflict situation where employees have to experience a conflict personally and work out its resolution. The facilitator or trainer typically discusses what happened after completing the exercise and introduces theoretical concepts to help explain the members' behaviour during the exercise.
- 12) **Management Games:** Management games describe the operating characteristics of a company, industry or enterprise. These descriptions take the form of equations that are manipulated after decisions have been made. Management games emphasize development of problem-solving skills.
- 13) **Behaviour Modeling:** A developmental approach for improving interpersonal skills is behaviour modeling which is also called

interaction management or imitating model (O'Donohue and Krasner 1995). The key to behaviour modeling is learning through observation or imagination. Thus, modeling is a "vicarious process" that emphasizes observation. There are four steps in the process: 1) Modeling of effective behaviour- often by use of films; 2) Role playing planning; 3) Social reinforcement- trainees and trainers praise effective role playing; 4) Transfer of training to the job.

Evaluation of management development program normally is carried out at three stages- input; process and output stage (Rae 1986). Multiple criteria are being used for this purpose (Kirkpatrick, January, 1996). To conduct evaluation effectively, a range of methods can be employed. They are:

- 1) **Test-retest method:** Participants are given a test before they begin the programme and the same test is being conducted after the development programme. The difference between results will be the measure of result of development programme. This could be done also by taking interview or asking participants to fill up a questionnaire before and after the programme.
- 2) **Pre-post performance method:** This method is directly related to job behaviour. The participants are rated on his /her work behaviour by the immediate supervisor or by the 360-degree methods before and after completion of the programme in the actual work/job in the organisation. The positive outcome will exhibit the effectiveness of the development program.
- 3) **Experimental control-group method:** This is a method to compare the performance of the trained group with non-trained group. The result of the performance in the same type of job would be the effect of development program.

- 4) **Attitudes surveys and psychological tests:** An attitude survey is conducted after the development programme to mark the attitudinal changes that have been brought about into the person by the programme. This could be done by the standard psychological tests too.
- 5) **Observation Method:** The participants are observed during the process of development program by the trainer and are evaluated by him about his level of improvement. The managers and others could do this too in the jobs in and out of the organization. Their comments about the participants would be a good measure of the effectiveness of the development programs.

Management development is a continuing process. The qualities required for effective managing in the context of a particular organizational situation are not easily developable. Sisson (1994) suggests that some of the desirable indicators for managers in the future are being an active analyst, willing to take risks, strong personal goals and wide vision. Kanter (1989) believes that the organization of the future will require seven particular qualities from managers- the ability to operate without relying on hierarchy; competing in a way that enhances rather than undercuts co-operation; a high standard of ethics; humility to learn new things; a process focus; to be multifaceted and ambidextrous and to gain satisfaction from results rather than contribution. Thus, a wide range of methods would be required to develop managers' under this complicated future conditions and expectations.

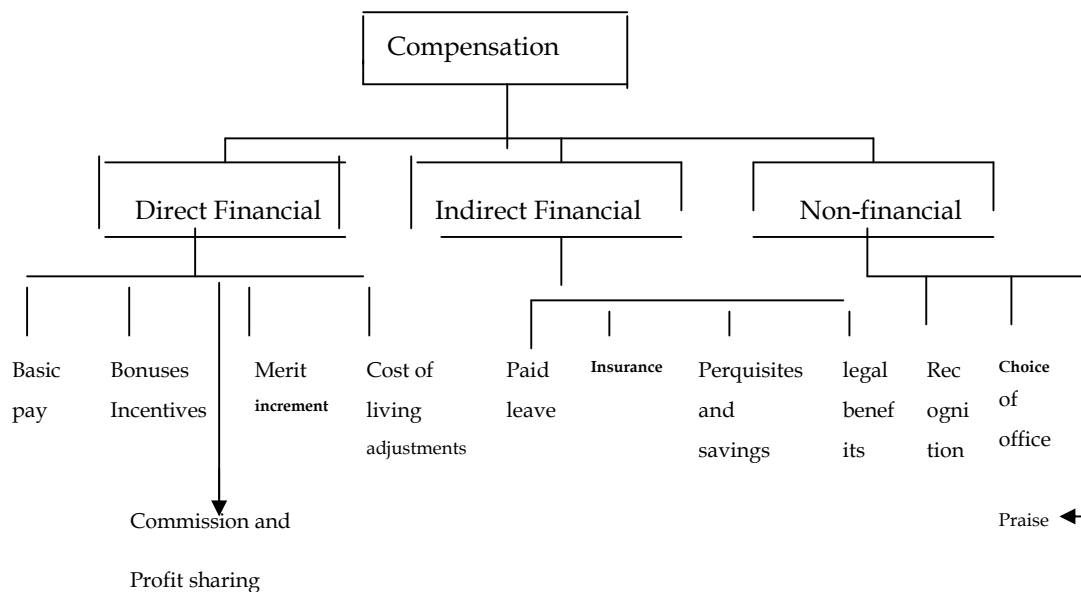
Compensation Management

Various terms have been used to denote payments to the employees of the organization for their work. 'Pay', 'remuneration', 'compensation', 'wage and salary' are terms with narrow and broad meanings used for the purpose. 'Pay', 'wage and salary' carry a narrow meaning than that of other terms. Pay

is the money paid to somebody for regular work (Oxford Dictionary, 1999: 857). Wage and salary also denote 'the payment received for performing work (French, 1997:364) One thing should be made clear here that 'wage' and ; 'salary' have slightly different in their meanings. Wage refers to an hourly rate of pay and is the pay basis used mostly for production and maintenance employees (blue-collar workers) and salary refers to a weekly, monthly or yearly rate of pay to clerical, professional, sales and management employees (white-collar workers) (French, 1997, 365). On the other hand, compensation deals with every type of reward individuals receive in exchange for performing organizational tasks (Ivancevich, 2002):) Pattern Jr. (1977 : 01) opines that employee compensation refers to all forms of pay or rewards going to employees and arising from their employment. Similar opinion has been expressed by McCaffery (1988), Fay (1989) and Milkovich and Baudreanu (2000).

They comment that compensation consists of wages paid directly for time worked, as well as more indirect benefits that employees receive as part of their employment relationship with an organization. So, compensation includes two things (i) direct financial compensations which is typically made in cashable form that reflect direct work related compensation such as base pay, wages and salaries, merit increases or increments, bonuses-festival or incentive, commissions; 2) indirect financial compensation or benefits that consists of all forms of compensation beyond direct financial compensation such as (a) paid leave-vacations, holidays, sick leave, other leave; (b) supplementary pay-shift pay, non-productive bonuses; (c) insurance-life insurance, health insurance, sickness and accident insurance, long-term disability insurance; (d) retirement and savings -defined benefit pension, defined contribution pension; (e) legally required benefits-provident fund, social security, preparatory leave for retirement, medicare, workers compensation; (f) other benefits -stock ownership etc. There are non-financial rewards like praise, self-esteem and recognition (Ivancevich, 2001) that affect

employee motivation, productivity and satisfaction, not included in remuneration. This also includes other forms of rewards and returns that employee may receive such as promotions, recognition for out standing work, feeling of accomplishment, choice office location and like (Milkovich and Boudreau, 2000). All these elements constitute an organization’s reward system. The diagram below shows the forms of compensation in a classified manner:



Various Forms of Compensation

Pay is a necessity of life of working people and a strong tool for attracting and motivating working people for more effective performance (Ivancevich, 2001, Milkovich and Boudreau, 2000,) Pay is meaningful to the employees in four dimensions (Thierry, 1992: 146-47). They are: 1) salient motives-pay is meaningful because the employee expects that it will allow him or her to satisfy important motives and to reach relevant goals; (2) relative position-pay provides feedback on how the employee's task performance is progressing with respect to the goals or targets set and about the employee's effectiveness in comparison with others in the organization; 3) control- pay is meaningful

because it signifies to the employees the extent to which she or he has been successful in influencing others during task performance in order to reach his/her goals; 4) spending-pay is meaning because it reflect the products and services that the employee can afford to purchase, thus it is perceived in terms of individual welfare. Thus, pay helps organization achieve its objectives, and obtain, maintain, and retain a productive workforce (Werther and Davis, 1996: 379). Pay dissatisfaction or inadequate compensation will cause absenteeism, excessive turn-over, job dissatisfaction, strike, poor performance and will make replacement difficult. Therefore, it has to be managed efficiently so that an all-party acceptable compensation package can be developed and implemented. It is true that there is no all time adaptive compensation. It has to change with the changes of the micro and macro environmental factors/ forces.

Compensation has to be managed in a systematic and efficient manner in order to make it attractive to job seeks as well as incumbents and accommodative to future situations. Khanzode (1992) opines that wage and salary administration refers to the establishment and implementation of sound policies of employee compensation (see also Mamoria 1987: 482). It includes such areas as job evaluation, development and maintenance of wage and salary structures, compensation surveys, incentives, profit sharing, compensation changes and adjustments, supplementary payments, control of compensation costs, and other related pay items. The goals of an effective compensation management, as Werther and Davis (1996: 381) point out, are to acquire qualified personnel, retain current employees, and ensure equity. They opine that pay is to be related to the relative worth of a job so that similar jobs get similar pay (internal equity) and what comparable workers are paid by other firms in the labour market (external equity), reward desired behaviour (pay should reinforce desired behaviours and act as an incentive for those behaviours to occur in the future such as favourable work performance, loyalty, experience, responsibility and other behaviours),

control costs, comply with legal regulations of the government, facilitate understanding among human resource specialists, operating managers and employees and to further administrative efficiency. Compensation management is to create a system of rewards that is equitable to the employer and employee alike (Ivancevich, 2001 : 287). Patton (1977) suggests that in compensation policy seven criteria should present to ensure effectiveness. They are:

- 1) **Adequate:** Minimum governmental, union, and managerial levels should be met.
- 2) **Equitable:** Each person should be paid fairly in line with his or her effort, abilities, and training.
- 3) **Balanced:** Pay, benefits, and other rewards should provide a reasonable total reward package.
- 4) **Cost-effective:** Pay should not be excessive, considering what the organization can afford to pay.
- 5) **Secure:** Pay should be enough to help an employee feel secure and aid him or her in satisfying basic needs.
- 6) **Incentive providing:** Pay should motivate effective and productive work.
- 7) **Acceptable to the employee:** The employee should understand the pay system and feel it a reasonable system for the enterprise and himself or herself.

Torrington and Hall (1995: 562) point out two-dimensional objectives- Employee objectives and employer objectives-that people want to achieve through the contract for payment. The employee objectives are: 1) to have purchasing power that determines the standard of living of the recipients; 2) to have 'felt-fair' about the payment that it is fair for the job; 3) to have the 'rights' on the share of the organization's profits; 4) to have 'relativities' of the pay in relation to what others are getting in the similar jobs; 5) to have

'recognition' for their personal contribution to the job or the organizational efficiency and effectiveness; 6) to have a favourable composition of pay package. The other side of the picture is the thinking of the employers about the range of objectives to be achieved through a compensation policy. They are: 1) to maintain the 'prestige' i.e. pride at doing better than others; 2) to have a sufficiently 'competitive' pay to sustain the employment of the right numbers of appropriately qualified and experienced employees to staff the organisation, 3) to have control over cost that will facilitate control of operations and potentially save money: 4) to have a motivational and performance generating pay: 5) to have a "cost effective" pay policy. Experts here emphasized upon such a remuneration policy that will match successfully the demands of both the participants of the organization.

HRM has to take into account the intricate and interrelated factors affecting the pay structure of an organization and the pay scale determination for given jobs (French, 1997, Dessler 2000, Ivancevich 2001, Werther and Davis, 1996, DeCenzo and Robbins, 1997, Khanzode, 1992, Beardwell and Holden, 1998, Mamoria, 1987). The impinging factors for compensation determination are:

- 1) Worth of the job -the relative influence of the size, responsibility, requirements and objectionableness of duties differ worth of one job from other.
- 2) Worth of the individual characteristics-the influence of age, experience, seniority, general qualifications, special skills, contribution, performance and potential of the incumbent which cause variance in individual pay.
- 3) Labour market - the supply and demand of the required skills in the labour market will dictate pay rate. Scarcity will shoot the pay high, and surplus will lower the pay. The market will cover local and national and often international.

- 4) Economic realities - the ability to pay of the organization and the inflation situation of the country.
- 5) The cost of living- the cost of living index calls for pay adjustments and determination of basic pay.
- 6) Prevailing wages and salaries-the going pay rate in the market, particularly in the industry wherein the firm is operating.
- 7) Government intervention-the government directly affects compensation through wage controls and guidelines, which prohibit an increase in compensation for certain workers at certain times. The Bangladesh Labour Code 2006 establishes minimum wages, work hour, regular and over time, deductions from wages, medical allowances, provident fund, and compensations for injuries and deaths, and often income taxes, social security taxes etc. The government may influence compensation in many other ways too (Ivancevich 2002). If the government is the employer, it can legislate pay levels by setting statutory rates, and employment-level policy.
- 8) Union influences: Unionized workers have tended to be pay setters in demands for pay, benefits and improved working conditions. There is reasonable evidence that unions tend to increase pay levels (Ivancevich, 2001). Other issues including time off with pay, income security, cost of living adjustment, and various benefits like health care are also important bargaining elements of unions (Henderson 1980 : 88-99). The Bangladesh Labour Code 2006 and associated legislation and court decisions legitimized the labour union's influential participation in this matter in Bangladesh.
- 9) Internal Influence: In addition to the external influences on compensation, already discussed, several internal factors affect pay: the size of the organization. Labour budget, remuneration policy

and strategy of companies, and who is involved in making pay decisions for the organization (Ivancevich 2001: 297).

- 10) Equity: The need for equity is a crucial factor in determining pay rates, specially external equity and internal equity (Dessler, 2000: 425) Externally, pay must be comparable favourably with rates in other organizations and internally, pay rates must be such that each employee may view his or her pay equitable as other pay rates in the organization. Adam (1963) suggests that individuals can change inputs i.e. can reduce effort, if underpaid; try to change their outcomes, i.e. ask for a pay rise or promotion; psychologically distort their own productivity ratios or those of others by rationalizing differences in inputs and outcomes; change the reference group to which they compare themselves in order to restore equity. Hyman and Brough (1975) have outlined some subjective notions that influence the perception of equity. They are customs and tradition- occupational parochialism leading to differing frames of reference; differences between manual and non-manual workers; the pervasive concept of 'responsibility' as assessment criteria within a job; the distinction between those employees with organization -specific skills and those with transferable skills.

Organizations establish pay rates taking into account all above-mentioned issues and follow five steps (Dessler, 2000: 425):

- 1) Conduct a pay survey of what other employees are paying for comparable jobs (to help ensure external equity).
- 2) Determine the worth of each job in own organization through job evaluation (to ensure internal equity).
- 3) Group similar jobs into pay grades.

- 4) Price each pay grade by using wage curve.
- 5) Fine-tune pay rates.

Other experts and scholars have also suggested similar process. French (1997:367-376) has suggested 1) job evolution; 2) wage and salary surveys; 3) determining pay rates; 4) adjusting the pay structure; 5) as the process for determining pay of the employees. This adjustment is made to eliminate unwanted distortions and to maintain adequate pay differentials between jobs at different levels in the organizational hierarchy. Cascio (1987: 369) has mentioned pay setting process as a result of 4 (four basic tools: i) job analysis and job description, (2) a job evaluation plan, (3) pay surveys, and (4) a pay structure. Werther and Davis (1996) have recommended 3 (three) major phases of compensation determination. They are (1) evaluation of every job, using job analysis information to ensure internal equity based on each job's relative worth, (2) conduction of wage and salary surveys to determine external equity based on the rates paid in the labour market, and (3) price each job to determine the rate of pay based on internal and external equity. Ivancevich (2001) has opined that pay for a particular position is set through various decisions. They are 1) pay-level decision to keep the organization competitive in the labour market by choosing among three pay level strategies-high, low or comparable. High pay strategy refers to a pay at higher than average levels, 2) pay surveys in order to collect valid and reliable data about compensation paid to employees by employers in a geographical area, an industry, or an occupational group to gauge the exact market rates for various positions. (3) pay structure decision that ensures a systematic comparison of the worth of one job with that of another using job evaluation eventually results in the creation of a wage or salary hierarchy unique to the organization and 3) individual pay decision that encompasses issues relating to recognition of individual differences and separations to be incorporated into individual pay rate. Pay policy decisions requires to design a pay system as it is envisaged by Milkovich and Boudreau (1997) that includes 1) external

competitiveness that refers to the pay relationships among organizations, 2) internal alignment that focuses on similarities and differences among jobs within a single organization, and the relative contribution of the jobs to organization objectives, 3) employee contributions that refer to pay relationships among employees performing the same work within a single organization and using pay to affect employee's work behaviours, and 4) implementation policies that refer to proper and fair administration of pay system that must gain employee acceptance and ensure legal compliance. Lumpton and Boway (1983: 104), Jucius (1979:305-321), Douglas, Klein and Hunt (1985:), Torrington and Hall (1995), DeCenzo and Robbins (1997) have also suggested the similar line of action.

The most critical stage of pay determination is job evaluation that is determining relative worth of jobs in the organization. Ivancevich (2001) and Milkovich and Boudreau (1997) have included job evaluation in pay structure decision and internal alignment but all other experts have mentioned job evaluation directly as a stage/step in determining pay. Job evaluation is a formal and systematic process by which the relative worth of various jobs in the organization is determined for pay purpose (Werther and Davis (1996:382), French (1997: 369), Ivancevich (2001: 305), Dessler (2000:428), DeCenzo and Robbins (1997:426). Job evaluation involves gathering information about jobs and then comparing them, using specially constructed scales. Although different approaches exist, each one considers the responsibilities, skills, efforts, and working conditions inherent in the job (Werther and Davis, 1996: 382) as the compensable factors for comparing several jobs. Job evaluation relates the amount of pay for each job to the extent to which that job contributes to organizational effectiveness (Ivancevich; 2001:305, French, 1997:367). The resultant hierarchy of jobs is used to establish and justify different levels of pay for the various positions within the organization. The job evaluation is usually performed by analyzing job descriptions, and occasionally, job specifications.

Four Frequently used methods of job evaluation are (1) Job ranking , (3) Point system, 4) Factor comparison, and 2) classification method. The following table exhibits a summarized description along with pros and cons of each method (Sikula, 1976; Werther and Davis 1979, Ivancevich, 2001, French, 1997, DeCenzo and Robbins, 1997, Milkovich and Boudreau 1997) :

Description of method	Discussion of pros and cons
<p>1. Ranking method</p> <p>Jobs in an organization are ranked highest to lowest subjectively by a committee of raters in terms of total job or task complexity and working conditions. It is a non quantitative judgmental system. No attempt is made to determine the critical factors in each job. Instead, an overall judgement is made of the relative worth of each job and the job is ranked accordingly. Decisions are made about the relative worth of only two jobs at a time.</p>	<p>a) Relatively easy and simple to do. It takes less time to accomplish task. Suitable for a less- job firm.</p> <p>b) There is no agreed upon yardstick, thus leads to erroneous measures. Unmanageable when there are a large number of jobs. Because of these problems, ranking is probably the least frequently used method of job evaluation.</p>
<p>2) Classification Method</p> <p>This method categorizes a job into groups. The groups are called classes if they contain similar jobs, or grades if they contain jobs that are similar in difficulty but otherwise different. Each class or grade is defined and jobs are assigned to a grade classification according to their respective level of compensable factors. Then a job within a grade is ranked.</p>	<p>a) 1) Can handle more jobs than the ranking method</p> <p>2. Provides specific standard for compensation and accommodates any changes in the value of individual jobs.</p> <p>3. Can be constructed quickly, simply and cheaply.</p> <p>4. Easy to understand and communicate to employees.</p> <p>b. 1) It is subject to the limitations like ranking method.</p> <p>2. Assumes a rigid relationship between job factors and value that force the jobs to fit into categories for which feeling of inequity can result.</p>

<p>4.0. Factor Comparison Method</p> <p>The job evaluation committee compares critical or compensable job factors- responsibility, skill, mental efforts, physical effort, and working conditions- common to all the jobs being evaluated. A factor-by-factor comparison is performed after key jobs are initially rated and judged. The key jobs serve as standards for other jobs. The involved steps are:</p> <ul style="list-style-type: none"> i) determine the -critical factors ii) determine key jobs, iii) apportion current wages for key jobs, iv) place key jobs on a factor comparison chart, v) evaluate other jobs on the basis of factor comparison chart as the bench mark. <p>Here, final total numerical ratings are attained for each job in terms of money value, not points.</p>	<ul style="list-style-type: none"> a) 1) Custom built for each organization not based on some fixed standard. 2) Relatively reliable and internally valid. 3) Flexibility and instability with a firm. <ul style="list-style-type: none"> b) 1) Complex and less understandable. 2. Pay rates are subject to constant adjustments to reflect market value change. 3. Assumes 'universal' job factors exist; can be misleading. 4. Key jobs can change over night.
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Comparative Profile of Various methods of Job Evaluation

Once the job evaluation is completed, its data become the nucleus for the development of the organizations pay structure (Henderson 1982: 262-301). Any of the four job evaluation methods can provide necessary input for developing the organizations overall pay structure.

Pay survey is then conducted to collect data about compensation practices within specific communities and among firms in an industry or an

occupational group. It helps managers to gauge the exact market rates for various positions. To ensure external equity, the pay structures developed through job evaluation, are adjusted with the fair wages paid by other employer in the same area of operation.

A pay grade is developed by assigning similar jobs in terms of their ranking or number of points. Then assign pay rates to each of pay grades to develop a wage line to identify the target wages or salary rates for the jobs in each pay grade. Although, it is possible for a pay class to have a single pay rate, the more likely condition is a pay range (Ivancevich, 2001: 309). Various pay rates may be fixed within each pay grade. Wage structure in another way to depict the pay ranges for each grade (Dessler 2002: 485). This is known as fine-tuning the pay rates that accommodate variations of the tasks nature into the pay rates.

Employees can be paid for the time they work, the output they produce, skills, knowledge, and competencies or a combination of these factors. They may be paid daily, weekly or monthly basis wages and salary pay may also be paid on flat or straight rate basis, incentive basis or a combination of straight/flat and incentive basis.

The majority of employees are paid for time worked i.e. hour, day, week, and month in the form of wages or salaries (Ivancevich, 2001: 122). This basis for payment may be daily, weekly or monthly. The wages and salaries are typically adjusted at some point during the year, normally at the end of stipulated period. These adjustments have historically resulted in pay increases due to cost of living, seniority, merit increase or a general for all employees. The straight time-based system is used due to its attempt to encourage cooperation among employees and recognise peoples desire for a constant and predictable income (Shaw and Shaw, 1982:300), non measurability of performance of many occupations, the changing need for reliable monitoring using cognitive and judgemental skills for the advance of

more highly mechanised and automated technologies (Child 1984: 192), and due to the confinement of conflict over pay rates to certain mechanisms such as collective bargaining, and certain periods of the year (Roberts, 1998: 511).

The flat rate or straight basis of pay is common in unionized firm where wages are established by collective bargaining (Milkovich and Boudreau, 1997:501, Ivancevich, 2001: 322). For example, all clerk typist might be paid Tk. 10 per hour, regardless of their seniority or performance. Flat rates/straight basis pay corresponds to some midpoint on a market survey for a given job. Existence of flat rate does not mean that performance or experience variation does not exist. It means that parties do not recognise these variations with pay.

Incentive basis pay which is also known as variable pay, merit-based pay or skill-based pay is a compensation plan that ties pay to productivity or some other measure of the firm's profitability (Dessler, 2000:472). Gross and Bacher (1993) define variable pay as any compensation plan that emphasized a shared focus on organizational success, broadens opportunities for incentives to non traditional groups and operates outside the base pay increase system". Incentive schemes may be categorised into four broad types (Casey et al. 1992):

1) Bonus schemes which directly reward the performance of an individual such as-

i) Piecework: A system of pay based on the number of items processed by each individual worker in a unit of time, such as items per hour or per day. There are two types of piece rate plan. One is straight piecework plan that pays a set payment for each piece produced or processed in a factory or shop and another is guaranteed piecework plan that pays a minimum hourly wage plus an incentive for each piece produced above a set number of pieces per hour. Taylor's differential piece rate. Merrick's differential piece rate plan, and Emerson efficiency plan are the popular incentive piece rate plan.

(ii) Output and target-based bonuses: Pays an employee an hourly rate plus a bonus when the employee exceeds the standard output target. The bonus usually equals approximately 50 percent of the labour saved. Halsey premium plan and Rowan premium bonus plan are such incentive schemes. This is also known as production bonus.

iii) Commission bonuses based on sales: A commission is paid on a percentage of sales in units or taka. It may be paid as a flat amount for each unit sold. When no base compensation is paid, total earnings come from commissions. A sales variation of the production bonus system pays the sales person a small salary and a commission or bonus when he or she exceeds the budgeted sales goals; and

iv) Measured day work: Pays an employee a day wages plus a bonus for excess output produced or processed in that day. The output range or level is predetermined. Spot bonus is awarded to individual employees for accomplishments that are not readily measured by standard (Dessler, 2000:471).

Individual incentives are used in situations where performance can be specified in terms of output. In addition, employees should work independently of each other so that individual incentives can be applied equitably (Ivancevich, 2001: 326).

2) Collective bonus schemes based on output, productivity of group/section/department or the whole company. Team or group incentive plan is a plan in which a production standard is set for a specific work group and its members are paid incentives if the group exceeds the production standard (Dessler 2000:474). This might be done when it is difficult to measure individual output, when cooperation is needed to complete a task or project, and when management feels that this is a more

appropriate measure on which to base incentives (Ivancevich, 2001:327). Small-group incentive plans are one of the newest and fastest growing reward strategies.

3) Collective bonus schemes based on profits generated. This is a much more common incentive reward than individual or group incentives (Ivancevich 2001:328). These organization-wide payments are usually based on one of two performance concepts: a sharing of profits generated by the efforts of all employees altogether and a sharing of money saved as a result of employees' efforts to reduce costs (Wallace and Fay 19088:257, Zingheim and Schuster 1995:6-10). Three approaches to incentive plans are used at the organization-wide level:

- 1) Suggestion scheme
- 2) Gain sharing
- 3) Profit sharing

A suggestion scheme is a formal method of obtaining employee's advice about improvements in organisational effectiveness; it includes some kind of reward based on the successful application of the idea (Ivancevich 2001: 328). French (1997:408) opines that a suggestion plan is an incentive system under which employees are rewarded if they offer useful ideas for improving organizational effectiveness. All employees' share the cost saved and productivity gained. Scanlon plan, Quality circle etc. are well known suggestion systems. Research shows that about 80 percent of the suggestions prove practical and are adopted (DeCenzo and Robbins 1997:437). Gain sharing plans are company- wide group incentive plans that, through a financial formula for distributing organization-wide gains, unite diverse organisational elements in the common pursuit of improved organisational effectiveness (Gowen III 1991: 77:99). The system share the benefits of

improved productivity reduced costs, or improved quality in the form of cash bonuses (Ross and Hatcher November 1992: 81-89). Studies reveal that gain sharing improves productivity at a faster rate, lowers labour costs and grievance rates as well as gets favourable employees acceptance (Schuster 1984:23-28, Wagner, Robin and Callahan 1988:47-72, Welbourne and Cable 1993, O'Dell and McAdams March 1987:32, Owens December, 1988:19-28). Profit-sharing plans allow employees to share in the success of a firm by distributing part of the company's profit to the employees in the form of cash bonuses or deferred bonus amounts (Ivancevich, 2001:333, DeCenzo and Robbins, 1997: 437, Werther Jr. and Davis, 1996:421, Milkovich and Boudreau, 1997: 313). A percentage of profits usually 15% to 20% is distributed as profit shares at regular interval (Dessler, 2000: 484). Profit sharing is more common among senior managers (Werther Jr. and Davis, 1996: 421). There are two systems of paying (compensation/pay) individual employee: open system and secret system. Traditional practice is open system i.e. co-workers know what others are getting. The secret pay system is a recent phenomenon in which pay is regarded as privileged information known only to the employee, his or her superior, and staff employees. Generally, unionized organizations follow open pay system. Secret pay system is questionable for its discriminating treatment and therefore, in many countries it is declared as not a legitimate policy (Ivancevich, 2001: 337).

New phenomenal changes have been going on in the factors considered in the determination of pay today. The hanging trends in the determination of pay (Roberts 1995:-516) are mentioned below:

Present view of pay	Changing view of pay
External determination i.e. trade unions, government	Internal influences i.e. profit, performance, value added
Collective determination	Emphasis on the individual

Pluralism	Unitarism
Measurement of personality	Measurement of performance
Short- term emphasis i.e. bonuses for certain levels of production	Long-term emphasis i.e. profit sharing, PRP related to long-term organisational objectives
Input measures qualities such as loyalty, hard work, length of service	Input measures such as skills, competencies, and commitment to organisational objectives
Output measures 'hard' objective measures of performances such as measured output in terms of product made or service given	Output measures 'softer' subjective criteria, measurement of effectiveness/contribution
Manual workers measuring tasks	Manual workers measuring output
Measuring pure output	Measuring output plus quality and, where appropriate, customer service

Changing Determinants of Pay

Performance Appraisal

Performance appraisal is an integral part of every organisation. It helps an organisation achieve its goals by developing productive employees through measuring the degree of success that individual employee has in reaching their individual goals. Therefore, performance appraisal is a critical part of human resource management (HRM).

Performance appraisal is a process of evaluating an employee's job performance (Werther and Davis 1996: 341, Milkovich and Boudreau, 1997: 100). French (1997:331) calls it a formal, systematic assessment of how well employees are performing their jobs in relation to established standards and the communication of that assessment to employees. Thus, performance appraisal is a process of estimating or judging the value, excellence, qualities or status of person. There are many terminologies used to denote performance appraisal: merit rating, employee evaluation, personnel review, performance evaluation, personnel appraisal, staff assessment, behavioural assessment, service rating etc. Some experts use them interchangeably, while others interpret some of these phrases differently. However, the term performance appraisal/evaluation is most widely used.

An effective performance appraisal system should have a precise definition of excellent performance, mechanism to measure performance of employees and to provide feedback to employees about their performance (Dessler 2000: 342, Ivancevich 2001: 213). It is important to integrate employee performance with organisational performance goals to achieve strategic and competitive advantage. Most experts believe that a firms' strategy must be aligned with employees' competencies and performance if profitability, growth, effectiveness and valuation are to be achieved (Kay, 1999: 2-4). Performance appraisal and system defines, measures, monitors, and gives feedback to management and the employees that help establish congruency with short- and long-term survival of the organisation.

Performance appraisal can be used to improve current performance, provide feedback, increase motivation, identify training needs, identify potential, let individuals know what is expected of them, focus on career development, award salary increases and solve job problems (Torrington and Hall 1995: 319, Dessler 2000, Khanzode 1992: 104-105). Beer (1985: 315) has grouped the

various purposes of performance appraisal into two broad categories: evaluation goals -giving feedback to employees, developing valid data for pay and promotion decisions and providing a means for communicating these decisions, and helping the managers make retention and discharge decision; and coaching and development goals-counseling and coaching employees in order to improve their performance and develop future potential, developing commitment to the organization, motivating employee through recognition and support, strengthening superior-sub-ordinate relations, and diagnosing individual and organisational problems. Randell, Packard and Slater (1984) suggest the uses of appraisal into three broad categories: reward reviews, potential reviews and performance reviews. Though Randell et al. (1984) believe that the greatest advantages will be gained by the use of performance review, others are equally useful. Werther and Davis (1996 :342) describe a long-list of uses of performance appraisal (box below) without making any category but include organisational, group and individual dimensions of its application.

Uses of performance appraisal

Performance improvement. Performance feedback allows the employees, the managers, and personnel specialists to intervene with appropriate actions to improve.

Compensation adjustments. Performance evaluations help decision makers determine who should receive pay raises. Many firms grant part or all of their pay increases and bonuses on the basis of merit, which is determined mostly through performance appraisals.

Placement decisions. Promotions, transfer, and demotions are usually based on past or anticipated performance. Often promotions are a reward for past performance.

Training and development needs. Poor performance may indicate a need for retraining. Likewise, good performance may indicate untapped potential that should be developed.

Career planning and development. Performance feedback guides career decisions about specific career paths one should investigate.

Staffing process deficiencies. Good or bad performance implies strengths or weaknesses in the personnel department's staffing procedures.

Informational inaccuracies. Poor performance may indicate errors in job analysis information, human resource plans, or parts of the personnel management information system. Reliance on inaccurate information may have led to inappropriate hiring, training, or counseling decisions.

Job-design errors. Poor performance may be a symptom of ill-conceived job designs. Appraisal help diagnose these errors.

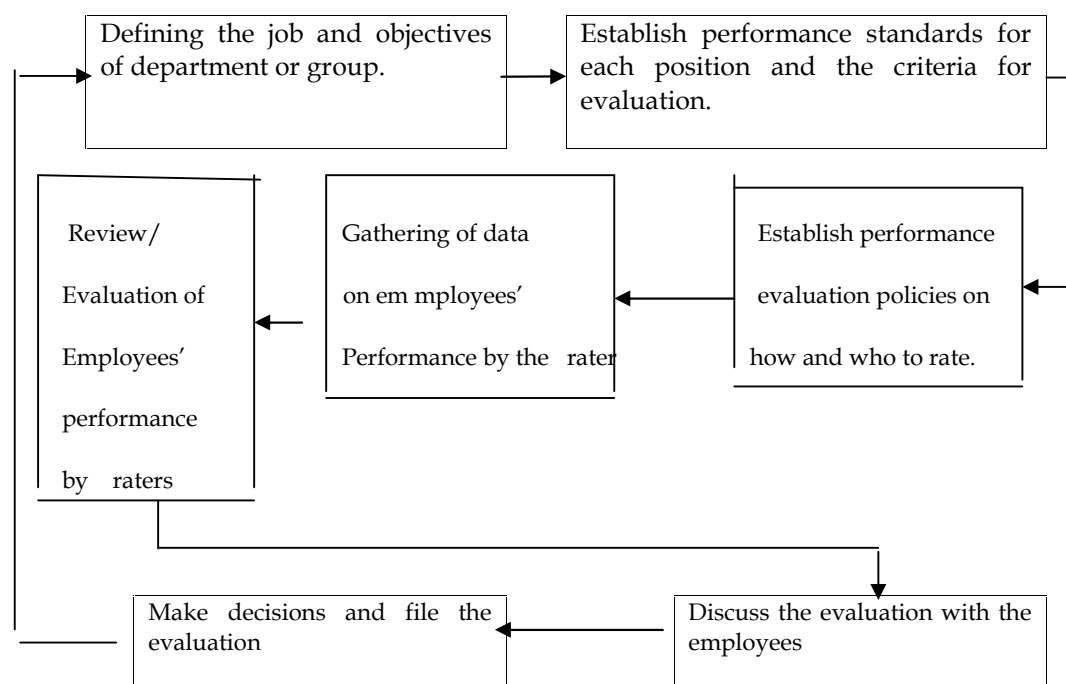
Equal employment opportunity. Accurate performance appraisals that actually measure job-related performance ensure that internal placement decisions are not discriminatory.

External challenges. Sometimes performance is influenced by factors outside the work environment, such as family, financial, health, or other personal matters. If these factors are uncovered through appraisals, the human resource department may be able to provide assistance.

Feedback to human resources. Good or bad performance throughout the organization indicates how well the human resource function is performing.

Ivancovich (2001: 246) points out the potential contributions of a well-designed formal evaluation system in the field of developing manpower and human relations, motivating employees, planning human resource and employment, communicating job related matters to employees, maintaining legal compliance and researching HRM. Torrington and Weightman (1989) suggest that from the individual's point of view appraisal may be seen as a time when they can gain feedback on their performance, reassurance, praise, encouragement, help in performing better and some guidance on future career possibilities. This implies that HR managers need to think more carefully about the primary purpose of their appraisal system and make sure that procedures, training, and individual expectations of the system are not in conflict (Torrington and Hall 1995: 320).

The purposes of the performance appraisal are best achieved if the system generates accurate and reliable data and this would only be achieved when a systematic process of performance appraisal is designed, executed and faithfully followed. With little variations, experts have suggested the following steps in its designing and implementing (Ivancevich 2001: 249, Torrington and Hall 1995: 329; French 1997: 336-338, and Dessler 2000: 313):



Steps of Performance Appraisal System

Performance Appraisal System

Performance appraisal requires dependable performance measures, the ratings used to evaluate performance. To be helpful, they must be easy to use, be reliable and report on the critical behaviours that defer from desired performances. Dependable measurers also allow others to reach the same conclusion about performance adding to the reliability of the performance system. Performance measures also may be objective or subjective (Werther and Davis, 1996: 346). Objective performance measures are indications of job performance that are verifiable by others and are usually quantitative. Subjective performance measures are ratings that are based on the personal standards or opinions of those doing the evaluation and are not verifiable by others. These measures are qualitative, and indirect and thus less accurate. Human resources specialists always prefer objective and direct measures of performance (Bernardin 1989: 239-250).

Performance criteria selection is a very critical aspect of the process. It may include quality of work, quantity of work, cost of work, behaviour of the incumbent or a measure of personality. Whatever the criteria, it should have the quality of reliability, relevance, sensitivity, and practicality (Ivancevich 2001: 249, French 1997). Establishment of performance evaluation policies will deal first with selecting person/persons to evaluate employee performance. Variety of people may appraise individual performance. They include (a) employees' immediate supervisor (line manager), (b) employees' peers/co-workers, (c) employees' subordinates, (d) employees' customers or some one outside the immediate work situation, (e) self-evaluation/ appraisal (f) committee appraisal (committee of several supervisors). (g) 360-degree appraisal -a combination of approaches i.e. peer, supervisor, and subordinate appraisal.

Appraisals by the immediate supervisor are the most common (French 1997: 337, Torrington and Hall, 1995: 320). Ivancevich (2001: 250) and Dessler

(2000:366) opine that this system is relatively easy and makes a great deal of sense. Peer appraisal is considered as acceptable, reliable and valid and has the advantage of a more comprehensive view of the appraiser's job performance (Latham and wexly, 1981). It is found very useful in predicting candidates for promotion (Karant, 1975, Mount 1984: 687- 702, Barclay and Harland, 1995: 39-60). Saavedra and Kwun (1993: 450-462) comment that this approach may be useful when the tasks of the work unit require frequent working contact among peers. The only potential problem of peer appraisal is logrolling i.e. all the peers simply get together to rate each other high (Dessler 2000:360). Sub-ordinate appraisal is also not widely used like peer appraisal. This appraisal is especially valuable for developmental rather than evaluative purposes (London and Wohlers, 1991: 375-390). Its use is restricted to people-oriented issues that are less easily observed aspects of the manager's performance (Grote, 2000:21). Redman and Snaple (1992: 32-46) argue that asking for the information related to management style and people management skills from subordinates facilitates empowerment.

Customer appraisal is regarded as useful source of appraisal information. Customer may be from internal and external sources. This appraisal is a costly and less reliable because outsiders do not have much data as evaluators in any other approaches. Self-evaluation or appraisal is system where employee evaluates herself/himself with the techniques used by other evaluators (Ivancevich, 2001: 251). Will individuals rate themselves fairly? This question gives shade on the rightness of the appraisal method. Fletcher (1993) argues that there is little doubt that people are capable of rating themselves, but question is whether they are willing to do this. Meyer (1980) reports that when employees were asked to compare themselves with others they tended to overrate themselves. Therefore, this approach seems to be used more often for developmental aspects of performance evaluation (French, 1997, Kirkpatrick, 1985: 52-56 Ivancevich, 2001: 251). It is also used to evaluate an employee who works in physical isolation (Ivancevich, 2001: 251).

Self-appraisal is relatively new and not heavily used at present. It has often been met with skepticism by organizations because the self-interests of the employee could outweigh an objective evaluation (Yu and Murphy, 1993: 357-363). Group/ committee Appraisal is made by group of supervisors who have a close contact with the employees. This approach has the advantage of off-setting bias on the part of a superior and adding additional information to the evaluation (Pray, 1987:67-72, Ivancevich 2001: 251). 360-degree performance appraisal uses multiple appraisers, including supervisors, subordinates, and peers of the target person. In some cases, it also includes self-appraisals. This is a growing appraisal system to have information about a person in full circular fashion to have all side information about the job incumbent.

Performance criteria may be set by various ways: a) It may be set by the owner or owner manager or manager through a careful analysis and thoughtful exercise of their judgement; (b) A committee of experts may be engaged to set the criteria for evaluation (c) An outside consultant may be engaged to develop rules and standards for the performance measures; (d) What others' in the same field of operations are using could be employed as the measure of performance i.e. adopt local or indigenous practices; and (e) Performance criteria developed by intuition of the evaluator, no standard performance measure is set.

Performance appraisal is done by the use of many approaches; it depends on the nature of work to be measured and the philosophy of the management. No single technique is perfect; each has advantages and disadvantages (Levy, 1989: 76-83). The most commonly used performance appraisal methods are: 1) Graphical Rating Scale Method; (2) Paired Comparison Method; (3) Performance Check List Method; (4) Essay Appraisal Technique; (4) Critical Incident Technique; (5) Individual Ranking Method, (6) Group Ranking Method, (7) Forced Choice Rating Method; (8) Management by Objective (MBO) Method.

1) Graphic Rating Scale Method

Graphic rating scale method is the oldest, popular and the most commonly used method of performance appraisal (Ivancevich 2001, DeCenzo and Robbins 1997, French 1997, Khanzode 1992, Dessler 2000). It is thus, also called the conventional rating method (Cummings and Schward, 1973: 70). A scale that lists a number of traits and a range of performance of each trait is printed in a form and the employee is then rated by identifying the scores that best describes his or her level of performance for each trait. The traits are related to employee characteristics and contribution. Employee characteristics include such qualities as initiative and leadership, cooperativeness, dependability, honesty, integrity, industry, attitude, enthusiasm, loyalty, creative-ability, decisiveness, analytical ability, emotional state and coordination ability. Employee contribution includes the quality and quantity of work, the responsibility assumed, specific goals achieved, attendance, leadership offered, attitude towards supervisor and association, versatility, and initiative taken. The contemporary version of the graphic rating scale is more likely to use only characteristics that are closely related to actual job performance and to exclude such characteristics that are closely related to actual job performance and to exclude such characteristics as 'loyalty.' (French, 1997: 346). Though these scales do not provide the depth of information, the popularity gained due to the fact that they are less time-consuming to develop and administer, they permit quantitative analysis and comparison, and there is greater standardization of items, so comparability with other individuals in diverse job categories is possible (Henderson, 1984: 175).

2) Paired Comparison Method

This method ranks employees by making a chart of all possible pairs of the employees for each trait and indicates the best employee of the pair. Thus,

only the performance of two employees is being considered (Ivancevich, 2001: 259). The final ranking is determined by counting how many times a given employee was chosen as the better performer across all of the comparison. This method is tedious.

3) Performance Check List Method

In this method, the evaluator is presented with a list of positive or negative adjectives or descriptive behavioural statements and is asked to check off all these that apply to the employee being rated (French 1997: 346, Werther and Davis 1996: 352, DeCenzo and Robbins, 1997: 366). Originally, all items in the checklist approach are considered to be of equal value. Sophistication is made in this method with the use of weights to different items depending on each item's importance. This is called weighted checklist. Although, this method is practical, standardized, easy to administer and economy, but the use of general statements reduces its job-relatedness, and susceptible to rater biases.

4) Essay Appraisal technique or Method

In this method of appraisal, the appraiser is asked to write a free-form essay describing the subordinate's performance in a number of broad categories - the employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Henderson (1984) adds profitability and training needs of the employee with it. Question is raised about its accuracy and relevancy (Cascio, 1991: 85) but the simplicity and flexibility are assigned quality of the method.

5) Critical Incident Method or Technique

This technique requires the appraiser to maintain a log or record of behavioural incidents that represent either effective or ineffective performance for each employee being rated (French 1997: 346, Ivancevich, 2001: 255, Dessler 2000: 251 and Werther and Davis 1996: 352). These incidents are critical incidents. The strength of the method is that it judges behavioural performance and the weaknesses are costly and time consuming. Generally,

it is used in conjunction with other method where it provides factual records to support ratings.

6) Individual Ranking Method

This method requires the evaluator merely to list the employees in an order from highest to lowest on some overall criterion. Only one can be the best, it allows no ties (DeCanzo and Robbins, 1997: 371). The method is difficult and is used less frequent (French, 1997: 346).

7) Group Ranking Method

This method requires the evaluator to place employees into a particular classification, such as 'top- one-fifth' or 'second one-fifth". It prevents raters from inflating their evaluation. It is affected by the 'Zero-sum game' consideration.

8) Forced Choice Rating Method

This method is a special type of checklist where the rater has to choose between two or more statements, all of which may be favourable or unfavourable. The appraiser's job is to identify which statement is most descriptive of the employee being evaluated. This method reduces rater's bias and distortion (DeCenzo and Robbins, 1997: 368). Raters do not like to be fixed by force and thus they are frustrated with the method.

9) Management by Objective Method

This method requires managers to get specific measurable goals jointly set by the superior and the subordinates for a particular period and then discuss his or her progress toward these goals periodically. However, the term MBO almost always refers to a comprehensive, organization-wide goal-setting and appraisal programme that consists of six main steps: i) set the organization's goals; (2) set departmental goals; (3) discuss departmental goals with departmental subordinates; (4) set individual goals for specific period; (5) review performance periodically and (6) provide feedback to the performer

subordinates (Dessler, 2000: 357). MBO provides an objective, performance-based method of appraisal and at the individual level, it gives individual employee greater direction and self-control, build their self-confidence, motivate them, improve their performance, further their growth and development and provide them with full knowledge of all criteria on which they will be evaluated. The primary objections against the system are time consuming, short term oriented, too much emphasis on measurable quantitative objectives, inflexibility and multiplicity of goals. MBO is most likely to be used for managerial, technical and professional employees not productive and office personnel (Cardy and Dobbins, 1994: 25-61).

It is mentioned earlier that no one method is suffice to achieve the predicted purposes of the performance appraisal. Most firms combine several appraisal techniques (Dessler 2000:357, Werther and Davis, 1996, Ivancevice 2001). Researches show a very low percentage of firms use individual method (Cardy and Dobbins, 1994: 25-61). It depends on the qualities of the raters, nature of jobs and the incumbents, leadership style of the organisation, organisational climate, training of the appraiser etc. to determine which method is desirable for a specific situation.

The performance appraisal process and techniques are expected to be employed objectively in which the evaluator is free from personal biases, prejudices, and idiosyncrasies. Objectivity here minimizes the potential capricious and dysfunctional behaviour of the evaluator, which may be detrimental to the achievement of the organisational goals. It would be naive to assume that all practicing managers could impartially interpret and standardize the performance criteria. In the other, a completely error-free performance appraisal can only be an idealized model (Henderson, 1984: 1-18). With this context, studies identified a number of factors or errors that significantly impede objective performance appraisal (Henderson, 1984, Wherry. Sr. and Bartlett, 1982, Dipboye, 1985, Bernardin and Beatty, 1984). Leniency error occurs when the raters tend to be easy in evaluating the

performance of employees. Such appraisers give employees higher ratings than they deserve. They see everything as good and rate it favourably and they are lenient raters. Strictness error is the opposite to leniency error; it results from raters' being too harsh in their evaluation. Halo effect is the tendency of the raters to rate high or low on all factors due to the impression of high or low rating on some specific factor (Bernardin and Beatty, 1984: 140). It occurs when the rater's personal opinion influences the measurement of performance (Werther and Davis, 1996: 348). This problem is most severe when raters must evaluate personality traits, their friends or people they strongly dislike (Nathan and Tippins, 1990: 290-296). Personal prejudice or bias is a tendency to allow individual differences in terms of characteristics like age, race, and sex to affect the appraisal rates apart from each ratee's actual performance. Such prejudice prevents effective evaluations and may violate anti-discrimination law. Central tendency error is incorrectly giving all ratings near the middle of the scale despite large differences in individual performance of the ratees. Such error distorts evaluations and making them less useful for promotion, salary and counseling purposes (Dessler, 200: 360). Low appraiser motivation occurs when the evaluator is reluctant to give a realistic appraisal simply because there are so few benefits inherent in giving accurate ratings and so few penalties for assigning inaccurate ratings (Henderson, 1984:201-204, Decotiis and Petit, 1978: 635-46). Irrelevant or subjective standards are errors of the content of the appraisal form where such standards are set which have relevance with either performer characteristics, or behaviour or his/her job performance. Unclear standard occurs when given traits and degrees of merit are open to interpretation. Unrealistic standards are the error of the form design where such standards are set for the appraisal that could not be achieved within the given organisational context. This results in faulty evaluation. Failure to use appraisal data is a rater error. Here the rater has a mind to use the appraisal results in the actual operations of the organisation that resulted in frustration in appraisal. Lack of training on rating factors is a specific rater drawback to

understand correctly the factors used for rating due to lack of training about the factor characteristics. Poor feedback to employee affects the employees' moral to participate into appraisal activity due to insufficient feedback of appraisal results to the rated employees. Complex and time-consuming appraisal form frustrated the raters to appraise accurately and realistically. Fear of confrontation error occurs when appraiser restrains him or herself from accurate ratings just to avoid any un-call for situation with the ratees that he/she apprehend will occur if he/she rates correctly. This situation occurs when human relations are very poor and hostile.

The problems of performance appraisal have to be dealt with judiciously to improve the appraisal system of the organization. Rater training, selection of right appraisal tool, combination of absolute and relative standards, ongoing and regular feedback to the ratees, use of multiple raters, rewards to accurate appraisers, post appraisal interview etc are the few suggested steps to overcome the errors of the appraisal. Several reviews of the court cases suggest the following guidelines to make the performance appraisal effective (Barrett and Kernan 1987:489-503, Field and Holley 1982:392-406, Martin and Bartol 1991:257-286):

- 1) Base performance appraisal on job analysis.
- 2) Provide raters with written performance standards based on job analysis.
- 3) Train raters to use the rating instrument properly.
- 4) Provide a formal appeal mechanism and review of ratings by upper-level personnel.
- 5) Document evaluation and instances of poor performance.
- 6) Provide counseling and guidance to assist poor performer to improve.

Benefits and Services

Benefits represent an important part of every employee's pay today. Services are also in any form exist in organisations. Pam Farr (December, 1999:18-20) suggests that all employer-provided rewards and services, other than wages or salaries are benefits and services. In other words, all the indirect financial payments an employee receives for continuing his or her employment with the company or firm (Hills, Bergmann and Searpello 1994: 424, Beatty, November 1994: 63-68) are benefits. Milkovich and Boudreau (1997:541) call benefits as the indirect forms of total compensation. Because, these are usually extended as a condition of employment and are not directly related to performance (Werther and Davis, 1996: 432). Benefits and services represent an increasingly expensive as task and as costs. Administering benefits and services today require specialized skills and expertise. So far the cost is concerned; it varies from country to country. In 1993, USA chamber of commerce reported 41% of payroll as cost of benefits, as compared to 25.5% in 1961 (cited in Dessler, 2000: 503) . This increasing trend equally exists in all other countries including Bangladesh. Management is now highly concerned with controlling costs that prompt managers to examine their entire benefits portfolio to address whether the offerings are well managed and make strategic sense.

Benefits and services are aimed at achieving societal, organisational, and employee objectives (Werther and Davis, 1996: 432, Milkovich and Boudreau, 1997: 573, Mamoria, 1997: 531). Societal objectives are to conserve the precious human resource by guarantying against its unnatural erosion and providing the climate for its development in working conditions such as life insurance, health care, retirement benefits or benefits for accidents, ill-health and death. Organisational objectives are the insurance of more productivity from the employees through time off benefits and others that reduce fatigue, turnover, labour unrest, overtime costs and enhance satisfaction. Employee objectives denote the protection of employees from economic and other crises

through inflation protection, lowering tax burden, flexible work hour, cultural recreational facilities etc.

Service has got special connotation. Services are something of a catchall category of voluntary benefits (Milkovich and Boudreau, 1997:531). It includes benefits like cafeterias, saunas and gyms, free parking lots, child care assistance educational assistance etc. The following table contains the various types of benefits and services generally offered in business organisations (Ivancevich 2001:355, Werther and Davis1996, Milkovich and Boudreau, 1997, Dessler, 2000, French, 1997).

EMPLOYEE BENEFIT PROGRAM			SERVICES
Paid leave	Medical care	Long-term disability	Education program
Holidays	Employee coverage:	Wholly employer-financed	Tuition Reimbursement
Vacations	Wholly employer - financed	Partly employer-financed	Pre-retirement Programs
Sick leave	Partly employer-financed	Retirement	Child care
Rest time		Defined benefit pension	Elder care
Jury duty leave		Wholly employer financed	Financial services
Funeral leave		Partly employer-financed	Relocation services
Military leave	Dental care	Defined contribution	Social and recreational programs
Personal leave	Wholly employer financed	Savings and thrift	Other benefits:
Lunch time	Partly employer-financed	Deferred profit sharing	Bicycle parking

Maternity leave	Family coverage:	Employee stock ownership	Discount shop
Sabbatical leave	Wholly employer financed		Physical fitness program
Paternity leave	Partly employer-financed	Money purchase pension	Free coffee/tea and popcorn on work break
Unpaid-leave	Other insurance	Miscellaneous	Child development center
Maternity leave	Sickness and accident:	Reimbursement account	Severance pay
Sabbatical leave	Wholly employer financed	Flexible benefits plans	Subsidised transportation
Paternity leave	Partly employer-financed	Incentive schemes	Subsidized food
Life insurance		Festival bonus	Counseling service
Wholly employer financed			
Partly employer-financed			

Items of Employee Benefits and Service Programme

Benefits are expensive. But management is to maintain a reasonably attractive benefit package to recruit and keep qualified employees. How does a firm design attractive benefit package? It requires benefit survey -survey of the benefits offered by other firms, and identification of employee preferences through personal interviews with a cross section of employees, meetings with small groups of employees, and questionnaires, circulated among selected employees. Managing of an effective benefit and service programme involves five steps (Ivancevich, 2001; French, 1997). They are:

- 1) Set objectives and strategy for benefit from among pacesetter strategy, comparable benefit strategy and minimum benefits strategy. The decision about which strategy to use is made on the basis of managements' goals.
- 2) Involve employees and unions to make sense to find out desired in benefits and services. Interview, discussion reports, memos etc are the tools to know about their preferences.
- 3) Communicate benefits to employees so that they can understand the value and usefulness of the organization's benefit package. Most studies of employees and executives indicate that they are unaware of the benefits or significantly undervalue their costs and usefulness (Ivancevich, 2001: 368). Many communication media can be used: employee handbooks, company newspaper, magazines; news letters; booklets; bulletin boards; annual reports; payroll staffers; and reports to employees.
- 4) Monitor costs closely to administer correctly the benefit programmes. The aim is to control cost of benefits and services. Carefully developed rules and their implementation as well as periodical costs analyses of expenditures in each benefit area are helpful guidelines for cost containment (French, 1997: 440).

Statutory benefits in Bangladesh related to leave, retirement, death, festival etc are mentioned in the Bangladesh Labour Code, 2006. These are:

- 1) **Casual Leave:** Every worker shall be entitled to casual leave with full wages for 10 days in a calendar year, and if for any reason, he/she does not enjoy such leave, it will remain in his/her credit and leave admissible in one year can not be enjoyed in the following year. This section will not apply for tea plantation workers. (Sec. 115)

- 2) **Sick Leave:** Every worker, other than the newspaper worker, shall be entitled to sick leave for 14 days with full wages in a calendar year. Newspaper workers shall get sick leave for a period not less than one -eighteenth of the period of service with half wages. This leave shall not be accumulated.
- 3) **Annual Leave with Wages:** Every adult worker who completed continuous service for one year in any establishment shall be entitled to leave with wages during the subsequent period of 12 months for the service given during the preceding 12 months on the basis of the calculation made as per rule mentioned in this Code. (Sec. 117)
- 4) **Festival Holidays:** Every worker shall have to be allowed festival holiday with wages for a period of 11 days in a calendar year. If a worker is to work in festival holiday, he/she will get wages for 2 days along with a substitute holiday. (Sec. 118)
- 5) **Retirement benefit:** Any worker employed in any establishment shall retire on the completion of 60 (fifty seven) years of age and shall be paid all his/her dues payable to him/her. (Sec. 28).
- 6) **Provident fund benefit:** No worker who is a member of any provident fund shall be deprived, due to retrenchment, discharge, dismissal, retirement, termination or cessation of service, of the benefits which he/she is entitled as per provision provided for in the Provident Fund Rules including the employer's contribution. (Sec. 29).

The Section 30 of the Code mentions that the employer shall pay all the dues payable to a worker within 30 (thirty) working days from the date of cessation of his/her service due to retrenchment, discharge, dismissal, retirement and conclusion of service.

Maternity Benefits

Benefits and service programme positively affects employee attitudes about the fairness and adequacy of benefits. Research shows that the overall level of benefits is positively related to employees' satisfaction (Bretz, Ash and Dreher, 1989: 561-581).

Women workers as well as other types of women employees in Bangladesh will get six months maternity benefit as per Bangladesh Labour Code 2006 (GOB) and Government Officers Service Rules (GOB). The same is applied to all other autonomous and semi-autonomous organizations and all types of private organizations. So far the worker is concerned, it is mentioned that (i) no employer shall knowingly be able to employ a women in his establishment for a period of eight weeks immediately after the day of delivery of her child; (ii) no woman shall be able to work in any establishment within the period of eight weeks immediately after the day of delivery of her child; (iii) every woman worker shall be entitled to get the maternity benefits from the employ for the period of preceding 8 (eight) weeks immediately after the date of delivery and her employer shall be bound to pay her such benefit; (v) no woman shall be entitled to such benefits if her two or more than two children are alive at the time of her delivery; (vi) any employer shall pay maternity benefit in accordance with the desire of the concerned woman ; (vii) the maternity benefit shall be paid at the rate of daily, weekly or monthly average wages as the case pay be; (viii) if a woman entitled to maternity benefit dies on the day of her delivery or during the period of eight weeks thereafter, the employer shall pay the maternity benefit due, if the new born child scurvies her to the person who undertakes the responsibility of taking care of the child and if the child does not survive her, to the person nominated by her ; (ix) if a woman dies during the period for which she is entitled to maternity benefit but before giving birth to a child, the employer shall be liable to pay such benefit for the period preceding the date of her death including the date of death. (x) if within the period of six months

preceding before the date of delivery of a woman or during the period of following eight weeks from the date of her delivery, any employer gives her a notice of discharge, dismissal or removal from the employment or for terminating her from the employment or concluding her employment in any other way, and if that notice or order does not have sufficient ground, she shall not be deprived of the maternity benefit which she would have been entitled to get had no such notice or order been given. (GOB, 2006, Sec 45-50)

Welfare Measures

Statutory provisions regarding welfare of workers in any establishment are stated in Bangladesh Labour Code, 2006 of the government of Bangladesh. The Code contains ten provisions as under:

- 1) **First-aid appliances:** (a) In any establishment there shall be arrangement for box equipped with first-aid appliances or almirah equipped with appliances as prescribed by rules during all working hours; (b) The number of such box or almirah shall not be less than one for every 150 workers ordinarily employed; (c) a notice shall be affixed in every work-room stating the name of such person and he shall put on a badge so that he can be easily identified; (d) In every establishment wherein three hundred or more workers are employed, there shall be an ambulance room with dispensary of the prescribed size containing the prescribed equipment or other facilities and such room shall be in charge of physical and nursing staff as may be prescribed. (Sec. 89).
- 2) **Washing facilities:** In every establishment (a) adequate number of suitable bathrooms and washing facilities shall have to be provided and maintained for the use of the workers employed therein; (b) such facilities shall be separately maintained for the use of male and female workers and shall be appropriately screened; (c) such

facilities shall have to be kept neat and clean and easily accessible.
(Sec. 91)

- 3) **Canteen:** (a) In an establishment where more than 100 workers are employed , there shall be sufficient number of canteens for their use in that establishment and a managing committee with worker representatives shall run and determine the quality of foodstuff to be served therein and price thereof. (Sec. 92)
- 4) **Rest room etc.:** (a) In every establishment where more than 50 workers are employed sufficient and suitable number of rest rooms shall be provided and maintained and suitable dining room with provision for drinking water where workers can eat meals brought by them shall be provided and maintained; (b) No worker shall be entitled to eat any food in his/her work-room if there is a dining room; (c) Such rest-room and dining room shall be sufficiently lighted and ventilated and shall be maintained in clean and tolerate temperature; (d) The establishments in which more than 25 female workers are employed , there shall be separate rest-room for the male and female workers, and in which less than 25 female workers are employed, there shall be provision for separate screened space in the rest room for the female workers. (Sec. 93)
- 5) **Rooms for children:** (a) In every establishment, wherein 40 or more female workers are ordinarily employed, there shall be provided and maintained one or more suitable room(s) for the use of their children under age of six years; (b) any such room shall provide sufficient accommodation, be adequately lighted and ventilated and maintained in a clean and sanitary conditions, and shall be under the supervision of woman experienced and trained in the care of children; (c) Such rooms shall be easily accessible to the mothers of the children and so far as is reasonably practicable it shall not be situated in close proximity to any part of the establishment

wherefrom vexation fumes, dust or odour come out and in which excessively noisy works are carried on; (d) Such rooms shall have to be soundly constructed and all its walls and roof shall be of suitable heat-resisting materials and shall be water-proof; (e) The height of such rooms shall not be less than 360 centimeter from the floor to the lowest part of the roof and the floor-space for each child staying therein shall be at least 600 square centimeter; (f) Effective and suitable provisions shall have to be made in every part of such room for securing and maintaining adequate ventilation by the circulation of fresh air; (g) such room shall have to be adequately furnished and equipped and specially there shall be one suitable cot or cradle with the necessary bedding for each child and at least one chair or equivalent seating accommodation for the use of each mother while she feeds or attends to her child and a sufficient supply of suitable toys for the comparatively older children; (h) a suitably fenced and shady open air play-ground shall be provided for the comparatively older children. (Sec. 94).

- 6) **Recreational and educational facilities in tea plantation: Government may direct the employer to provide:** (a) recreational facilities for the workers employed in tea plantation and their children as stipulated in the rules; (b) educational facilities for the children in such manner and of such standard in accordance with the rule, where the children between the age of six and twelve of the workers employed exceed 25 in number; (c) establish medical centre for the workers employed in each tea-plantation and their children in the manner as may be prescribed. (Sec. 95)
- 7) **Housing facilities in tea plantation:** In every tea plantation the employer provide housing facilities to every worker and his family residing in the tea plantation. (sec. 96)

- 8) **Facilities for daily necessities etc. In tea plantation:** Every employer of every tea plantation shall provide for the workers facilities in easily accessible place for obtaining the daily necessities. (Sec. 97)
- 9) **Medical care for the newspaper workers:** Every newspaper worker and his dependants shall be entitled to medical care at the cost of the newspaper establishment in such manner and such extent as may be prescribe. (Sec. 98)
- 10) **Introduction of compulsory group insurance:** The establishments where minimum 200 permanent workers are employed, the Government may introduce group insurance scheme there in the manner prescribed by rules. (Sec. 99).

Safety, Security and Health

Management has a responsibility to ensure that the workforce is free from unnecessary hazards and that conditions surrounding the workforce are not hazardous to employees' physical or mental health. It is not only required for employees' morale and increased productivity but also required for cost savings. Research shows that average cost of a serious accident incurred by employers is over \$23,000 during 1990s (Toscani and Windau, Oct.1994: 17-28). Research further shows that there are approximately 20 million work related injuries each year, 3,90,000 work related illnesses, and 1,00,000 work-related deaths (Levy and Wegman, 1983:10). Another report shows that in a recent year, there were more than 6200 deaths and over 6.5 million injuries resulting from accidents in 1992 (BNA Billetin, 1994:276-277). Countries under these circumstances make laws to regulate employment relationships to reduce burdens on society. Today, employers must compensate workers for on-the-job injuries and comply with laws aimed at furthering societal objectives or face legal sanctions. The intent of these laws is to help employees

deal with hardships and protect them from future workplace hazards. However, from a moral standpoint, employers have an obligation to maintain a workplace that will facilitate the operation of the work tasks employees are assigned and will minimize any negative aspects of situations affecting the employees' health and safety.

Safety hazards are aspects of the work environment that have the potential of causing immediate and sometimes violent harm or even death such as poorly maintained equipment, unsafe machinery, exposure to hazardous chemicals and so on. Health hazards are aspects of the work environment that slowly and cumulatively lead to deterioration of health. WHO defines health as a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity (Gordon and Henifin, 1981:322). According to the joint ILO/WHO committee on organizational health, industrial health is : (1) the prevention and maintenance of physical, mental and social well-being of workers in all occupations; (ii) prevention of workers from ill-health caused by the working conditions; (iii) protection of workers in their employment from risks resulting from factors adverse to health; and (iv) placing and maintenance of the workers in an occupational environment adapted to his physical and psychological equipment. In Bangladesh, workers health, safety and security are dealt with the former laws: The Factories Act, 1965, The Factories Rules 1979, The Workmen's Compensation Act, 1923, The Workmen's Compensation Rules 1979, The Employer's Liability Act 1938 which are now repealed with a new law called as Bangladesh Labour Code 2006 (GOB). The Code states accident as "an occurrence in any establishment causing loss of life or bodily injury that compel the worker to remain absent from the employment for more than 48 hours" (Sec. 80). The Code defines serious physical injury as any such injury by which the use of any organ of any person is permanently damaged or a probability of being damaged exists which has been caused by an accident or an occupational disease, and which arises out of, or in the course of, employment, and which would entitle such

employee to compensate under the Code (Sec. 1(75) and 150). Accident may cause death or disablement. Disablement is classified into two: partial and total disablement. Partial disablement may be temporarily and permanent in nature that incapable a person temporarily or permanently in earning income. Total disablement incapacitates a workman for all work, which he was capable of performing at the time of accident.

Safety, security and health management represents an organization's response to a number of compelling influences- legal, social and humanitarian responsibilities as well as union, general public and international pressure. The establishment of a safe, healthful and environmentally sound working condition is a priority in any socially responsible organization. It is better to go beyond the standards required by law under the context of the present global economy. Our laws do not in many occasions comply with the standards of the ISO 9000-9003 and the social accountability standards of the advanced industrial nations. But firms engage in international trade have to comply with those standards or to take the risk of losing market.

These are costly for the organization but it will also be paid back in many kinds of return to the organization for which incurring these expenditure is justified. The costs to an organization of accidents, injuries, and occupational diseases are both tangible and intangible. The tangible costs are the measurable financial expenses. The intangible costs include lowered employee morale, less favourable public relations, and weakened ability to recruit and retain employees.

Frequently, organizations ignore or are not aware of the tangible but "hidden" costs of occupational illness or injury. Peterson (1976:50-53) prepared a list of the costs associated with a single-accident in the workplace:

- The cost of wages paid to workers who are attracted to the accident site and therefore not working.

- Equipment or work in process that is interrupted, spoiled, or damaged; slowdowns at later production stations caused by interruptions in the work of the injured person as well as the work of those who came to the scene.
- The repair of damaged equipment to work in process.
- Cleanup costs.
- Payments to the injured employee in excess of workers' compensation.
- Dispensary services provided by the plant nurse, company infirmary, and so on.
- The diminished productivity of the injured person after his or her return to the job but before full work output can be sustained.
- Costs of supervisory time (incurred because accidents must be investigated, and reports must be made and processed).
- Extra overtime costs occasioned by the initial interruption of work.
- Costs associated with the recruitment, selection or transfer, and training of a replacement for the recuperating worker.
- Costs associated with the higher scrap, spoilage, or generally lower efficiency of the replacement.
- Legal costs for advice with respect to any potential claim.
- Costs of rental equipment placed temporarily in service while unsafe equipment is repaired or replaced.

The present legal framework of the country provides a lot of actions to ensure safety, security and health protection of the working people. The statutory provisions (Sec. 61- 78) in this respect of the Bangladesh Labour Code, 2006 are given below:

Safety Provisions

- i) Safety of building and machinery: If it appears to any Inspector that any building or any of its parts or any pathway, machinery or plant in any establishment is in such a condition that it is dangerous to human life or safety, he may order the employer to take necessary measures to be suggested by him/her. If the building or any part thereof is imminently dangerous to human life or safety, the inspector can prohibit its use (Sec. 61)
- ii) Adopting precaution regarding fire: The following precautions shall be taken in case of preventing fire:
 - a) Exit path shall be made to go out at the time of conflagration along with at least one alternative staircase maintaining connection with every floor and fire extinguishing appliances in the manner prescribed by rules.
 - b) Exit doors shall not be locked or fastened and shall be capable of being easily opened; and they shall be so constructed as to open outwards;
 - c) Every door, window or exit, through which persons can escape in the event of a fire, shall be distinctly marked in Bangla letters in red colour or by any easily comprehensible manner. of adequate size in a language that is understood by workers,
 - d) A clearly audible signaling system of giving warning at the time of fire or danger to every worker employed therein shall be maintained.
 - e) All the exits should be easily and freely accessible to all the workers in every room in the factory premises, so that they can easily make their escape when a fire breaks out; and

- f) All workers shall know the means of escape and be trained about their duty to be done at the time of fire.
- g) Factories with fifty or more workers / employees shall have to arrange a fire extinguishing demonstration at least once a year. (Sec. 62)
- iii) Fencing of Machinery: Every part of the machinery, either in motion or in use, shall have to be strongly fenced by adequately construction manuevere. Every ser-screw, bolt orkey of every revolving shaft, spindle-wheel or pinion and all spur, warm and other toothed or friction gearing with which any worker is bound to come tin contact, shall have to be strongly fenced with a view to making it free from the risk of coming in such contact. (Sec. 63)
- iv) Work on or near machinery in motion: The examination of any part of machinery while in motion or to carry out any mounting or shipping of belts, lubrication or other adjusting operations while the machinery is in motion, shall be carried out by a specially trained adult male worker wearing tight-fitting clothing but shall not handle a belt at a moving pulley unless the belt is less than fifteen centimeter in width and unless the belt-joint is flush with the belt and laced. (Sec.64)
- v) Striking gear or device for cutting off power: A suitable striking gear or other efficient mechanical appliance shall be provided and maintained and used to move driving belts to and from fast and slow pulleys which form part of the transmission machinery, and such gear or appliances shall be so constructed , placed and maintained to prevent the belt from cropping back on the first pulleys. Suitable devices for cutting off power in an emergency shall be provided and maintained in every work room. (Sec. 65)

- vi) Self-acting machines: No traversing part of a self-acting machine in any establishment and no material carried thereon shall, if the space which it runs is a space over which any person is liable to pass whether in the course of his employment or otherwise, be allowed to run on its outward or inward transverse within a distance of forty five centimeters inches from any fixed structure which is not a part of the machine.(Sec.66)
- vii) Casing of new machinery: In every machinery driven by power installed in any establishment after the commencement of this Act (a) set-screw, belt or key or any revolving shaft, spindle, wheel or pinion shall have to be sunk, encased or otherwise effectively guarded so that danger can be prevented; (b) all spur, worm and other toothed gearing which does not require frequent adjustment while in motion shall have to be completely encased unless it is situated in such a manner as to be as safe as it would be if it were completely encased. (Sec. 67)
- viii) Cranes and other lifting machinery: Cranes and other lifting machinery along with their every part shall be excellently made of adequately strong and sound material, shall have to be maintained properly, and shall have to be examined by a competent person at least once in every six months; no such machinery shall be loaded beyond its carrying capacity marked thereon; and which any person working in the wheel-tract of a moving crane in a place where there is an apprehension of his being struck by the crane , effective measure is to be adopted so that the crane does not approach within six meters of that place. (Sec. 68).
- ix) Hoists and lifts: Hoists and lifts shall be excellently made of adequately strong and sound material, maintained properly, and examined by a competent person at least once in every six months; every hoist way and lift way shall be adequately protected by an enclosure fitted with gate and shall be so constructed as to prevent any person or thing from being trapped between any part of the hoist

or lift and any fixed structure or moving part; the safe working load shall have to be plainly marked on every hoist or lift and no load greater than such load shall be carried thereon; in case of every hoist or lift used for carrying persons shall be fitted with a gate on each side from which access is afforded to a boarding and landing; every gate shall have to be fitted with interlocking or other efficient device to secure that the gate cannot be opened at the time of its descending and that the cage cannot be in motion so long as the gate is not closed; where the cage is supported by rope or chain, there shall be at least two ropes or chains separately connected with the cage and maintain its balance and each rope or chain shall be such so as to be capable of carrying the cage together with its maximum load; effective devices capable of supporting the cage together with its maximum load shall have to be provided; there shall be appropriate automatic device for controlling the excess velocity of the cage. (Sec. 69)

- x) Revolving machinery: In every room of any establishment where the process of grinding is carried on, a notice indicating the maximum safe velocity of every grind-stone or abrasive wheel, the velocity of the shaft or spindle upon which the wheel is mounted, the perimeter of the pulley mounted on such shaft or spindle necessary for ensuring the safe speed shall be fixed near each machine; the speed mentioned shall not be superseded; effective measure shall have to be taken so that each revolving vessel, cage, basket, flywheel, pulley-disc or similar appliances driven by power cannot transcend their prescribed speed. (Sec.70)
- xi) Pressure plant: Where in any establishment any plant or any part of the machinery used in a manufacturing process is operated at a pressure above normal atmospheric pressure; necessary measures should be taken to ensure the safe working pressure. (Sec.71)

- xii) Floors, stairs and pathways: All floors, stairs, and pathways shall have to be soundly construction and appropriately maintained and where it is necessary for ensuring their safety arrangement for strong railings shall have to be adopted; there shall be provision for safe access to every place at which any person is , at any time, required to work; and all the floors of the working place, pathways and stairs shall have to be clean, wide and free from any hindrance. (Sec.72)
- xiii) Pits, sumps, opening in floors, etc: While in any establishment, every fixed vessel, pit, hole or tunnel entrance is such that it shall, by reason of its depth, situation, construction or internal contents, it may be the cause of danger, be either securely covered or secured fenced. (Sec.73)
- xiv) Excess weights: No worker shall be employed to lift, carry or move any load which is so heavy as to cause him a possible injury. (Sec.74)
- xv) Protection of eyes: Suitable goggles or eye -screen shall have to be provided for the protection of eyes of the workers if such process involves with risk of injury to the eyes from particles or fragments thrown off or ejected on account of the process; and risk to the eyes by reason of exposure to excessive light or heat. (Sec. 75)
- xvi) Precautions against dangerous fumes: (a) No person employed in any establishment shall enter or be permitted to enter any room, vessel, tank, pit, pipe, flue or other confined space in which dangerous fumes are likely to be present to such an extent as to involve risks or persons being overcome thereby, unless it is provided with a manhole of adequate size or other effective means of egress; (b) No portable electric light of voltage exceeding 24 volts shall be permitted for use inside any confined space and

where the fumes present are likely to be inflammable lamp other than of flame proof construction shall be permitted to be used in such space; (c) No person shall enter or be permitted to enter any such confined space unless all practicable measures are adopted for removing fumes therefrom and for preventing any ingress of fumes and either a certificate is taken from a competent person on the basis of tests indicating that the space is free from dangerous fumes and fit for persons to enter or the concerned worker wears a suitable breathing apparatus and a belt securely attached to a rope, the free end of which is held by a person standing outside the confined space; (d) Suitable breathing apparatus, reviving apparatus, belts and ropes shall be kept ready for instant use close to any such confined space and such appliances shall have to be periodically examined and certified by a competent persons and there shall be provision for imparting training to workers about its use and method; (e) No person shall be permitted to enter any boiler, boiler furnace, flue, vessel, tank, pipe or any confined space for the purpose of working or carrying on any examination thereon until it has been sufficiently cooled by ventilation otherwise made safe for persons to enter. (Sec.77)

- xvii) Explosive or inflammable dust, gas, etc.: (a) Where in any establishment ejected gas, fume, vapour, or dust on account of any manufacturing process is of such character and to such extent as to be likely to explode on ignition, all practicable measures shall have to be taken to keep the plant or the machinery effectively enclosed while in use, to remove or prevent the accumulation of such dust, gas, fume or vapour and to keep all possible sources of ignition effectively enclosed; (b) Where the establishment is not constructed to withstand the probable pressure produced at the time of explosion, all practicable measures shall have to be taken for

preventing the spread of explosion or its effect by making arrangement for the use of chokes, baffles, vents or any other effective appliances is such plants or machinery; (c) Any part of any plant or machinery is under pressure greater than normal atmospheric pressure, that part shall not be opened except before opening the entrance of gas or vapour is stopped by a stop-valve or by any other means, all practicable measures are taken to reduce the pressure of the gas or vapour, and where loosen fastening is repaired, preventive measures are taken to control explosion until the fastening has been secured or securely replaced; (d) Where any plant, vessel or tank contains or has contained nay explosive or inflammable substance , no work of welding or cutting can be carried on therein buy using hear unless adequate measure have first been taken to remove such substance or fume or transforming into not -explosives or non-inflammable , and no such substance shall be allowed to enter such plant, vessel or tank after any such operation until the concerned metal has cooled sufficiently to prevent any risk of igniting the substance. (Sec.78)

Health and Hygiene Provisions

The Bangladesh Labour Code, 2006 of the Government of Bangladesh contains the provisions from Section 51 to 60 that deal with health and hygiene of the working people. The statutory provisions are:

- i) Neatness and Cleanliness: Every establishment shall be kept neat and clean and free from effluvia arising out of any drain, latrine or other nuisance and in particular the dirt and refuges from- (a) The floors, workrooms , staircases, passages of the establishment shall have to be removed daily by sweeping in a suitable manner; (b) The floor of every workroom shall have to be washed at least

once in a week and ,if necessary, disinfectant is to be used in the washing task; (c) Where the floor becomes wet because of any manufacturing process to such an extent that drainage of water becomes necessary, adequate arrangement is to be made for draining water; (d) All inside walls, partitions, ceilings, staircases, passages shall (i) where they are painted or varnished, be repainted and revarnished at least once in every three years, (ii) where they are painted or varnished and have smooth outer surface, be cleaned at least once in every fourteen months in the manner prescribed by rules, (iii) in other cases, white-washing or colour-washing be done at least once in every fourteen months. (Sec.51)

- ii) Ventilation and temperature: (a) Adequate provision for ventilation by circulation of fresh air in every work-room of the establishment shall have to be made; (b) In every such room suitable arrangement for securing and maintaining such temperature shall have to be made so that the workers employed therein can work in reasonable conditions of comfort and injury to the health of the workers is prevented; (c) Walls and roofs of the rooms shall have to be made in such a manner so that such temperature does not increase and is kept as low as practicable; (d) Where the nature of work carried on in any establishment is such that it is likely to produce excessively high temperature , such adequate measures as are practicable shall have to be taken for separating the source from which such temperature is produced or its hot parts from the work-room of the workers by insulating them with non-conducting material; (e) If it is possible to reduce the excessive high temperature of any establishment by white-washing , spraying or insulating or screening side-walls, roofs or windows or by raising the level of the roof or by any other special method, Government can direct to do so. (Sec. 52)

- iii) Dust and fume: Effective measures shall have to be taken to prevent the accumulation of dust and fumes in any work-room and its inhalation by workers. Exhaust appliances, if necessary, shall be installed as near as possible to the source of such dust, fume or other befouled matter and that place is to kept enclosed as far as practicable. No internal combustion engine shall be operated unless the exhaust is conducted into open air and no internal combustion engine shall be operated in any work-room unless effective measures have been taken to prevent the accumulation of such fumes given off therefrom as are likely to be injurious to the health of the workers. (Sec. 53)
- iv) Removal of waste and effluents: Proper arrangement is to be made in every establishment for the removal of wastage and effluents originating from the manufacturing process carried on therein. (Sec. 54).
- v) Artificial humidification: In any establishment where the humidity of the air is artificially increased, the water used for that purpose shall have to be collected from the Government water supply system or from any other source of drinking water or shall have to be suitably purified before it is used. (Sec. 55).
- vi) Overcrowding: No work-room in any establishment shall be overcrowded to such an extent injurious to the health of the workers employed therein, and in every work-room there shall be at least 9.5 cubic meter space for every worker employed therein. (Sec. 56).
- vii) Lighting arrangement: (a) In every part of any establishment where the workers work and passes there shall be arrangement for sufficient lighting, natural, artificial or both. (b) All glazed windows and skylights used for lighting the work rooms of every

establishment shall be kept clean on both sides and free from obstruction as far as possible. (c) In every establishment effective provision shall have to be provided for the prevention of glare emanated or reflected from any transparent substance or from any lamp and the formation of such shadows as to cause strain on the eyes or creation of risk of accident to any worker. (Sec. 57)

- viii) Drinking water: (a) There shall be arrangement for the supply of sufficient pure drinking water in any convenient place of every establishment for all the workers employed therein. (b) Every point of water supply shall be legibly marked in Bangla "পান করিবার পানি" (drinking water). (c) All those establishments, in which ordinarily 250 or more workers are employed, shall have to make arrangement for the supply of drinking water by cooling it during the summer season. (d) If dehydration is caused to workers because of working close to a machinery which gives out heat to the extent of excess over limit, provision for oral dehydration therapy shall have to be made for those workers. (Sec. 58)
- ix) Overcrowding: No workroom shall be overcrowded to an extent injurious to the health of the workers employed therein. (Sec. 17)
- x) Lighting: Sufficient and suitable lighting, natural or artificial or both, should be made available in the factory premises. (Sec. 18)
- xi) Drinking water: Effective arrangement shall be made to provide and maintain at a suitable point conveniently situated for all workers employed a sufficient supply of wholesome drinking water and shall be legibly marked "Drinking Water" in a language understandable by the majority of the workers and no such point shall be situated within twenty feet of any washing place, urinal or latrine. (Sec. 19)

- xii) Latrines and Urinals: Necessary number of latrines and urinals of prescribed types shall be provided in convenient places so that the workers employed therein can use them easily during the working hours. Enclosed latrines and urinal shall be provided separately for male and female workers. Such latrines and urinals shall be adequately lighted and ventilated and be maintained in a clean and sanitary condition at all times with suitable detergents or disinfectants.(Sec.59)

- xiii) Waste -basket and Spittoons: (a) In every establishment, sufficient number of waste-baskets and spittoons are to be provided and these are to be kept clean and in hygienic condition. (b) No person shall be allowed to throw waste-matters or spit anywhere other than in such waste-baskets or spittoons.

In order to institutionalize the safety and health programmes into the organization several basic elements are to exercise. French (1997:546) pointed out five elements to maintain in this regard. They are:

- 1) Management policy, assigning and supporting responsibility, setting of an example, and involving employees into planning process.
- 2) Continual analysis of work environment to identify all hazards and potential hazards.
- 3) Placing methods for preventing or controlling existing or potential hazards and to maintain them in order.
- 4) Train managers, supervisors, and employees to understand and deal with worksite hazards.
- 5) Make a comprehensive, ongoing effort to help employees at all levels to manage stress. Lack of fit between the person and the

environment results stress. The relationship between stress and accidents and stress and illness is well documented; therefore, organizations must pay careful attention to the psychological and emotional climate of the work setting, as well as to mechanical and physical conditions (Jones, DuBois and Wuebker, June1986: 41-44) . It may costs an organization in premature death of employees, higher rates of accidents, increased disability payments and many other areas.

Financial Security

Employees are financially dependent on a pay cheque. Anything that keeps them from earning a pay cheque threatens their financial security. Because retirement, disability, layoffs, and injuries limit the earning power of many employees, government has intervened with the law for giving compensation to workers besides organizational efforts to reduce the financial hardship. The Bangladesh Labour Code, 2006 of the Government of Bangladesh provides the following financial securities for the workers:

- 1) **Permanent Total Disability Benefit:** Where permanent total disablement takes place as a consequence of the injury, the concerned workers if he is an adult, shall be entailed to get Tk. 125,000; and if the concerned worker is a minor, he shall be entitled to Tk. 10,000. (Sec. 151)
- 2) **Permanent Partial Disablement Benefit:** Where permanent partial disablement occurs as a consequence of the injury, the concerned workers will get the amount from Tk. 125,000 proportionate to the percentage of the loss of earning capability caused by the injury. (Sec. 51)
- 3) **Accidental Death Benefit:** Where death occurs owing to the injury, the concerned worker shall be entitled to get TK. 100,000. (Sec. 51)

- 4) **Occupational Disease Benefits:** In case of chronic occupational diseases, half of the monthly wages during the period of disablement for a maximum period of two years shall be paid. (Sec. 51)
- 5) **Normal Death Benefit:** If any worker during the continuous service for more than three years under any employer meets death, the employer shall pay 30 days wages or gratuity whichever is greater for the service of each full year or for a period of more than six months to the nominated person of the deceased worker. (Sec. 19).

Employee/ Labour Relation

Concept of Employee / Industrial Relations

Employee or labour relations are significant aspect of human resource management (HRM) to maintain a peaceful working environment in the small and medium enterprises (SMEs). Employees need to have involvement in the managing of human resources that affects their interests. A well thought-out structure of employee participation system, grievance system, dispute handling management, disciplining system and labour representation system maintain conducive labour relations in the organization which will ultimately ensure uninterrupted operations, progress and prosperity of the firm.

Kapoor (1998) describes employee relations as a dynamic and developing concept which is not limited to the complex relations between trade unions and management but also refer to the general web of relationships normally obtaining between employers and employees – a web much more complex than the simple concept of labour-capital conflict. International Labour Organization (ILO) understands employee or industrial relations are the relationships between the state on the one hand and the employers' and employees' organizations on the other or are the relationships among the occupational organizations themselves. It involves with freedom of association and the right to organize; and the application of the principles to

the collective bargaining, conciliation, arbitration, and the machinery for cooperation between the authorities and the occupational organizations at various levels of the economy. Labour or industrial relations are an integral aspect of social relations arising out of employer- employee interaction in modern industries, which are regulated by the state in varying degrees, in conjunction with organized social forces and influenced by the existing institutions.

The Encyclopedia Britannica (2005) refers labour or industrial relations include individual relations and joint consultation between employers and work people at the place of work, collective relations between employers or the organizations and the trade unions, and the part played by the state in regulating these relations. Industrial relations system provides the structure and the machinery for the functional relationship between the managers and the managed in any industrial society.

Ivancevich (2001) opined that labour relations is the continuous relationship between a defined group of employees and management and it includes the negotiation of a written contract concerning pay, hours, and other terms and conditions of employment as well as the interpretation and administration of this contract over its period of coverage.

Employee or industrial relations do not constitute a simple relationship, but a set of functional, inter-dependent complexities involving with the conditions of work, levels of wages and security of employment, social conflict, attitudes of the working people, the government, the press, cultural inter- actions, legal aspects of disputes, technological aspects, the control of temperature and the introduction of rationalization of disputes, human rights and other rights and privileges ensured by the laws and constitution of the country as well as international agencies.

Functions of Industrial/Employee Relations

Industrial Relations are one of the most delicate and complex problems to modern industrial society. It embraces diversified issues into a consolidated manner to deal successfully with the complicated scenarios of the industry and its society. The functions that industrial relations perform for this purpose are stated below:

- 1) **Employer- employee Relations:** Personal attention given by the employers /management to their employees. It involves with the Wages and salaries administration; career prospects and promotion; retirement benefits and medical cover; redress of grievance and discipline; training and development of employees; counseling; compensation on accidents, insurance cover etc.
- 2) **Labour- management Relations:** Industrial relations promote healthy labour- management relations. It involves with the group relations. It covers the aspects of recognition of union and bargaining agent; collective bargaining; industrial disputes; bipartite and Tripartite dispute settling machinery; welfare measures and benefit schemes; health and safety etc.
- 3) **Industrial Peace and Productivity:** Industrial relations try to maintain the peace in the industry so that the productivity of the industry maintains a systematic standard. It involves with the aspects of improving union- management relations; avoiding strikes and go-slow tactics; preventing lock out and layoffs; upgrading technology and production method; secure employees cooperation in improving productivity; minimize loss of man days per year; retraining and redevelopment of surplus labour etc.
- 4) **Industrial Democracy:** Industrial democracy is a mechanism to ensure the dignity and welfare of the individual so that he may develop into a good citizen- a citizen free from domination,

regimentations or arbitrary authority. Industrial relations should be based on an integrated and synthetic approach and should aim at the development of a common social, cultural and psychological understanding on the one hand and restraining the conflict or struggle on the other. Industrial relations with its application of the industrial democracy will bring about solutions of conflicts between labour and management, between objectives and values, between the profit motive and social gain, between discipline and freedom, between authority and workers, between bargaining and cooperation. Therefore, It deals with humanism in industry; focus on employees; public relations; social orientation of business; public relations; participative management; formation of works committee, etc.

- 5) Liaison: Industrial relations maintain strong communication and public relations with the parties who have influence upon the industry and its associated forces. This gives a broad network of relations that helps establish, maintain and promote relations of mutual interests for the benefit of all parties.

Employee relations are being shaped by many actors and forces which can be segmented into two parts inner and outer actors and forces. Inner actors and forces are constituted with the (1) Government i.e. Legal and political environment such as Bangladesh Labour Code 2006 , Minimum Wages Board etc (2) Management of the enterprise ; (3) Workers Union. The outer actors and forces are constituted with (1) United Nations Organization (UNO) (2) International Labour Organisation (ILO) (3) WTO World Trade Organisation (WTO) (4) International Organization for Standardization (ISO) (5) Regional Pacts i.e. SAARC, SAFTA, NAFTA, ASEAN etc. (6) Bilateral Agreements between countries (7) Non Government Organizations (NGOs) i.e. human rights organizations, labour rights awareness development organizations etc. (8) Chamber of Commerce and Industries (CCIs) and Federation of the

Chamber of Commerce and Industries (FCCIs) (9) International Trade Union Confederations (ITUCs) (10) Pressure Groups i.e. Green Peace Movement, Anti-pollution Group etc.

Disciplining Employee

Discipline is one of the most challenging areas in the human resource management function (Ivancevich, 2001:463). The promotion and maintenance of employee discipline is essential for the group to be effective or productive. Employee morale and industrial peace are definitely dependent upon proper maintenance of discipline. If the members of the organization do not abide by the rules of the organization, it may collapse. Chaos, confusion, disobedience, disloyalty and antisocial or anti organizational activities develop to the detrimental of everyone.

The word Discipline is derived from the word “disciple” meaning “ a follower,” the implication is that good discipline presupposed good leadership (Megginson, 1970:563).

Discipline connotes that the members of a group should reasonably conform to the rules and regulations i.e. the code of conduct/behaviour, which have been framed for it or by it so that everyone may benefit by them. Oxford Advance Learner’s dictionary and others define discipline in different ways. They are:

- 1) Discipline is the training or control aimed at producing obedience to rules, self –control , character, orderliness, and efficiency;
- 2) It is a controlled or ordered behaviour resulting from such training;
- 3) It is a system of punishment;
- 4) It is the acceptance of, or submission to, authority and control;
- 5) It is system of rules or methods;

- 6) It is a treatment that corrects or punishes;
- 7) It is a branch of knowledge or learning.

Spriegel and Schultz (1957) said, "Discipline is the force that prompts an individual or a group to observe the rules, regulations and procedures which are deemed to be necessary to the attainment of an objective. It is force or fear, which retrains an individual or a group from doing certain things, which are deemed to be distracting for group objectives. It is also the exercise of restraint or the enforcement of penalties for the violation of group regulations". Lead (1993) said that "Discipline is the orderly conduct of affairs by the members of an organization who adhere to its necessary regulations because they desire to do0operate harmoniously in forwarding the end which the group has in view, and willingly recognize that, to do this, their wishes must be brought into a reasonable union with the requirements of the group in action". Werther and Davis (1996) opined that "Discipline is management action that encourages compliance with organizational standards".

Meggison (1970, 5630 has given various dimensional views of discipline while he said that "The term discipline bears all of the three meanings in its practical purpose or use: (1) self- discipline- discipline is the training that corrects, molds, strengthens perfects. In this sense, it refers to the development of an individual, i.e. his /her efforts at self -control for the purpose of adjusting himself to certain needs and demands. This may be called self-discipline; (2) the necessary condition for orderly behaviour - it considers discipline as the condition necessary to obtain orderly behaviour in an organization. This implies keeping order and individual employee control among a group of workers by using methods that build morale and esprit de corps; (3) the act of training and punishing - this concept considers discipline as a judicial due process based upon training and punishing. Thus, discipline is a form of punishment, which a person incurs as a result of an undesirable act. Its function is not to change past behaviour but to prevent a recurrence of

the act in the future (Maier,1965: 189-92,213). Dessler (2000:596) has taken discipline in terms of its punitive dimension. He defined, "Discipline is a procedure that corrects or punishes a subordinate because a rule or procedure has been violated". Bittel (1994: 304) observes the discipline in the same direction. He opined that discipline plays the same role as law plays in the society; discipline is called for when one of these rules or regulations is violated. French (1997:188) also viewed the disciplinary action in the similar manner while he describes it as "the penalty or punishment associated with violation of a rule".

Thus, discipline is a process of training an employee through positive and negative manner so that he /she can develop self - control and can become more effective in his/her work. It is an attitude of mind, a product of culture and a particular environment which impels an individual to willingly cooperate in the observance of the rules of the organization to which he/she belongs. This conformity and willingness to work for the objectives of his organization have to come from within, though at times they may have to be imposed by an external agency.

Discipline is essential for the smooth running of an organization and for the maintenance of industrial peace, which is the very foundation of industrial democracy. Without discipline, no enterprise would prosper (Fayol, 1951:23). It would help to obtain a willful acceptance of the rules, regulations and procedures of an organization so that organizational goals may be attained; to impart an element of certainty despite several differences in informal behaviour patterns and other related changes in an organization; to develop among the employees a spirit of tolerance and a desire to make adjustments; to give and seek direction, and responsibility; to create an atmosphere of respect for the human personality and human relations; to increase the working efficiency and morale of the employees so that their productivity is stepped up, the cost of production brought down and the quality of production improved; to ensure maintenance of equipments and other assets;

to preserve self-respect and respect for the organization; to improve work relations between and among employees ;to attain a smooth functioning of the activities of an organization; to develop a self disciplined workforce in order to maintain industrial peace.

There are three basic philosophies pertaining to how employees should be disciplined. The distinction between these value systems is based upon the weight given to the rights of individual employees versus the needs of the organization. These philosophies have been called authoritarian, anarchic, and due process (Phelps, 1959:01).

- 1) **Authoritarian Philosophy:** A system of discipline considers the organization to be overpowering. An extreme example of this philosophy is the military in time war. The responsible authority dispenses judgment and execution, with no appeal other than personal and exceptional arrangements for review. Conduct is customary, understood, and rigidly fixed. All decisions are discretionary at the will of the superior.
- 2) **Anarchic philosophy:** The anarchic philosophy prevails if the rights of the individual take precedence over those of the organization. Conduct of the subordinates is self-determined; the responsible authority either permits such action as a matter of policy or has insufficient power to compel contrary behaviour. While this system is usually regarded as the antithesis of discipline, it actually may be one form of cooperative activity.
- 3) **Due -process philosophy:** This is a intermediate philosophy which is based on a body of recognized rules and is administered under some form of judicial procedure. The key factor in this system id formality, where specific penalties for various acts of misbehavior are stated, and formal methods are followed in charging, investigating, proving, and punishing. Channels of appeal are

provided for the accused, and discipline is either in the hands of a third party or the final stage of appeal is reserved for someone in a judicial position.

Discipline involves the conditioning or moulding of the future behaviour of employees by the offer of rewards and penalties. A disciplinary action is the means by which the various procedures, techniques and methodologies are used to bring about this controlled state of affairs.

There are two types of discipline i.e. disciplinary action: preventive and corrective (Werther and Davis, 1996:515)

- 1) **Preventive Discipline:** It is action taken to encourage employees to follow standards and rules so that infractions are prevented. It refers to rewards, appreciation, constructive support, reinforcement of approved personnel actions and behaviour, invective payments, and promotions to motivate employees to extend their co-operation to the management and work willingly, effectively and competently (Mamoria, 1987: 852). It involves the creation of an attitude of mind and an organizational climate in which employees willingly conform to rules and regulations. This discipline is achieved when the management applies the principles of positive motivations; when supervisors properly exercise leadership; and when the entire organization is efficiently managed. Positive discipline emphasizes the concept of self-discipline and self-control, and is also known as co-operative discipline or determinative discipline. Self discipline, when developed from within, leads to team spirit, mutual respect, respect for established rules, regulations and procedures, respect for supervisors, appreciation of company goals and policies, high employee morale, greater freedom for development and for self-expression, and willingness to co-operate and co-ordinate. . It develops programmes to control absences and grievances, communicates standards to employees

and encourages workers to follow them, and encourages employees' participation in setting standards, since workers give greater support to rules they have helped create. Employees also give more support to standards that are stated positively instead of negatively, such as "Safety first!" rather than "Don't be careless!" Effective discipline is a system relationship, and so the HR department needs to be concerned with all parts of this system.

- 2) **Corrective Discipline:** It is an action that follows a rule infraction. It seeks to discourage further infractions and ensure future compliance with standards. Typically the corrective or disciplinary action is a penalty, such as a warning or suspension without pay. Therefore, it is known as negative discipline. The purpose of this discipline is to scare others, to keep others in line, and to ensure that they do not indulge in undesirable behaviour. These actions are usually initiated by an employee's immediate supervisor but may require approval by a higher-level manager or the HR department, especially when the worker is a union member. Approvals exist to guard against subsequent labour or legal actions and to assure uniform application of rules throughout the organization. An appeal then goes to higher levels in the company and in the union hierarchy. However, this kind of discipline ensures only the minimum standards of performance on the part of employees, so that they may avoid penalties (Mamoria, 187: 853).
- 3) **Progressive Discipline:** The discipline would be taken gradually from softer action to harder actions. It allows the person to correct and develop himself and the organization to absorb an undisciplined employee in a corrected manner.

There are **various approaches** used to apply disciplinary actions. They are:

- 1) **The Judicial Approach:** Follow the legal course of actions that are prescribed in the law of the land. Various kinds of misconduct are listed in the employment of labour standing order Act and penalties are also mentioned. The decisions of the Supreme Court on various cases also serve as guidelines. It is commonly followed in Bangladesh.
- 2) **The Human Relations Approach:** It calls for treating an employee as a human being and considers the totality of his personality and behaviour while correcting faults that contribute to indiscipline. His total personality is considered, as is his interaction with his colleagues, his family background, etc and then appropriate punishment for misconduct is awarded.
- 3) **The Human Resources Approach:** This approach calls for treating every employee as a resource and as asset to the organization. Before punishing the worker, the cause for indiscipline has to be ascertained. An analysis of the cause is made, to find out whether indiscipline is due to the failure of his training and motivating system or the individual's own failure to meet the requirements, and accordingly corrections are made.
- 4) **The Group Discipline Approach:** The management, in this approach, sets and conveys well-established norms of conduct and tries to involve groups of employees in the process of discipline. The group as a whole controls indiscipline and awards appropriate punishments. The trade union may also act a disciplinary agency.
- 5) **The Leadership Approach:** The approach states that every supervisor or manager has to guide, control, train, develop, lead and administer the rules for discipline as a leader whatever may be his position on the organizational hierarchy.

A disciplined organization requires teamwork, which is instantly responsive to management's direction. The manager's aim should be to create a habit of

response to superior action. When it becomes necessary to increase the frequency and intensity of orders, discipline may be deteriorating.

The management should take disciplinary action only when it becomes abundantly clear that subordinates are losing their habit of giving the appropriate response (Megginson, 1970: 571). Inappropriate responses are called the “act of indiscipline or misconduct”. Misconduct is a transgression of some established and definite rule, which does not leave any discretion of action to the employees. It is an act or a conduct which is prejudicial to the interests of the employer, or which is likely to impair the reputation of the employer, or create unrest among other employees; it is an act of misconduct even when such activities are performed outside the organization, or before or after the employee’s duty hours (Mamoria, 1987:853). In other words, it is for the management to determine what constitutes misconduct. It is wise to ascertain the justifiability of the cause of subordinate’s disobedience or misconduct before trying to rebuild his/her habit.

Disciplinary problems may be classified on the basis of the severity of the consequences, which flow from them. They are generally divided into three categories:

- i) Minor infraction: The act which does little or no harm or which when viewed in isolation, result in very few serious consequences, but which may become serious if they accumulate. Some of the examples of these minor infractions are: negligence, horseplay, minor violation of rules, carelessness etc.
- ii) Major infractions: These are acts, which substantially interfere with the orderly operations of an organization, which damage morale, or which are so serious that they are apparent to any reasonable person; or act which, are an accumulation of minor offences. Most of these minor violations centre round refusal to carry out orders, laying, cheating, stealing or violating safety rules etc..

- iii) Intolerable offences: These are offences of such illegal and drastic nature that they severely strain or endanger employment relationships and are full of threat and menace to most people. These offences arise out of the possession of, and the threat to use weapons; the use of hard drugs on the job; theft or fighting which results in serious harm to others etc.

In this respect, French (1997:188), and Mamoria (1987:854-857) have listed some grounds for disciplinary action/ misconduct that are as follows:

Dishonesty, deception, or fraud, including computer fraud	Repeated tardiness
Unexcused absence	Excessive absence
Leaving work without permission	Alcohol or drug abuse
Possession of liquor or illegal drugs	Theft of property, including trade secrets
Sleeping on the job	Failure to report injuries
Failure to meet quality or quantity standards	Safety -rule violation
Use of abusive or threatening language	Discourtesy to customers
Willful damage to material or property	Fighting
Horseplay	Gambling
Insubordination	Carrying concealed weapon

Sexual harassment	Age, racial, or national origin harassment
Working for a competitor	Violation of grooming or dress code.
Lack of qualifications (Dessler,2000:601)	Unsatisfactory performance (Dessler,2000:601)
Changed requirements of the job(Dessler,2000:601)	

Grounds for disciplinary action/ misconduct

The Bangladesh Labour Code 2006 has prescribed a list of acts and omissions that shall be treated as misconduct in its Section 23 that mentions the following acts shall be treated as misconduct:

- a) Willful insubordination or disobedience, whether alone or in combination with others, to any lawful or reasonable order of the superior;
- b) theft, fraud or dishonesty in connection with the employer's business or property;
- c) taking or giving bribes in connection with his or any other worker's employment under the employer;
- d) habitual absence without leave or absence without leave for more than ten days;
- e) habitual late attendance;
- f) habitual breach of any law or rule or regulation applicable to the establishment;

- g) riotous or disorderly behaviour in the establishment or any act subversive of discipline;
- h) habitual negligence of work;
- i) habitual breach of any rule regarding service, discipline or conduct approved by the Chief Inspector;
- j) altering, forging illegally tampering, damaging or causing loss to official records of the employer.

Discipline is the result of a training of body and mind by which a person subjects him to someone's authority for his own development and advantage. In order to understand the causes of indiscipline and consequent friction in an establishment or factory, the whole problem needs to be analysed not only in terms of specific individuals or groups, but also in terms of the actual situation and the underlying motives behind an act of indiscipline. Mamoria (1987) observes that this is rooted into the violation of the rights of the individual, non-performance of the obligation by the employers and the employees. The main causes of indiscipline may include the following:

- 1) Non- placement of the right person on the right job which is suitable for his qualifications, experience and training;
- 2) Undesirable behaviour of senior officials, who may have set a pattern of behaviour which they expect their subordinates to follow; but their expectations are often belied, and an infringement of rules follows;
- 3) Faulty evaluations of persons and situations by executives leads to favouritism, which generates undisciplined behaviour;
- 4) Lack of upward communication, as a result of which the thoughts, feelings and reactions of employees cannot be conveyed to the top management. This may lead to aggressive or rebellious behaviour;

- 5) Leadership which is weak, flexible, incompetent, and distrustful of subordinates is often an instrument which h makes for the creation of indiscipline among the employees, particularly when a decision is taken in haste and withdrawn under pressure;
- 6) Defective supervision and an absence of good supervisors who know good techniques, who are in a position to appreciate critically the efforts of their subordinates, who can listen patiently to them, who are capable of giving definite and specific instructions, and who believe in correcting their men rather than in uprooting them;
- 7) Lack of properly drawn rules and regulations, or the existence of rules and regulations which are so impracticable that they cannot be observed ; and the absence of service manuals and a code of behaviour;
- 8) The “divide and rule” policy of the management, as a result of which friction and misunderstanding are created among the employees which destroy their team spirit;
- 9) Illiteracy and the low intellectual level of workers as well as their social background; for example, there may be indebtedness, drinking habits, casteism and other social evils from which an employee may suffer;
- 10) Workers’ reactions to the rigidity and multiplicity of rules and their improper interpretation;
- 11) Workers’ personal problems, their fears, apprehensions, hopes and aspirations; and their lack of confidence in, and their inability to adjust with, their superiors and equals;
- 12) Intolerably bad working conditions;
- 13) Inborn tendencies to flout rules;
- 14) Absence of enlightened, sympathetic and scientific management;

- 15) Errors of judgment on the part of the supervisor or the top management;
- 16) Discrimination based on caste, colour, creed, sex, language, and place in matters of selection, promotion, transfer, placement, and discrimination in imposing penalties and handing out rewards;
- 17) Undesirable management practices, policies and activities aiming at the control of workers; e.g., employment of spies, undue harassment of workers with a view to creating a fear complex among them, and the autocratic attitude of supervisors towards their subordinates;
- 18) Improper coordination, delegation of authority and fixing of responsibility; and
- 19) Psychological and sociological reasons, including misunderstanding, rivalry and distrust among workers and supervisors, an absence of fellow-feeling, a widespread sense of injustice, or apathy on the part of the management.

A sound disciplinary system should have the following **ingredients**:

- 1) **Disciplinary policy formulation and declaration:** Disciplinary rules and regulations are to be followed by the employees. They are to behave in a responsible manner. Therefore, it should be formulated by taking all parties and their opinion into consideration. The rules should be framed in a clearly understandable language. The policy should be communicated to the employees well ahead so that they can understand the codes to be followed and refrain themselves from doing inconsistent actions. So, the employee should be adequately warned of the consequences of his or her alleged misconduct (Dessler 2000:597).

- 2) **Location of responsibility:** The responsibility for maintaining discipline should be entrusted to a responsible person e.g. a line executive, though it is the human resource officer who should be entrusted with the responsibility of offering advice and assistance. One thing should be kept in mind that the burden of proof of misconduct is on you.
- 3) **Reasonable and legitimate rules and regulation:** Disciplinary rules should be practicable in normal working conditions for an average employee. The standards should be attainable and within the capacity of the employee to follow. Employees tend to lose respect for rules that either seem illogical and out of date or are not enforceable. There shall be no rule contrary to the law of the country and to the international laws. Therefore, the rule that allegedly was violated should be reasonably related to the efficient and safe operation of the particular work environment (Dessler 2000:597).
- 4) **Impersonality of action:** It should be applied with out any bias to everybody irrespective of his/her position and identity. All defaulters should be treated alike, depending on the nature of their offence. Therefore, the applicable rules, orders, or penalties should be applied evenhandedly and without discrimination (Dessler 2000:597).
- 5) **Consistency of action:** Disciplinary actions should be consistent and there shall on inconsistency between actions. The discipline should be in line with the way management usually responds to similar incidents (Dessler 2000:597). It will jeopardize the purpose the code and encourage employees to violate.
- 6) **Privacy of action:** Disciplinary action, if taken in the presence of others, may offend the sense of dignity of the employee and impair

his social standing with his colleagues. So, "Do not rob your subordinate of his or her dignity"(Dessler 2000:597)

- 7) **Promptness of the action:** Justice delayed is justice denied. If the penalty is imposed long after a violation of rules had been committed, it loses its positive and corrective influence, and may even induce resentment, which may not have developed if the penalty had been imposed in time. Care should, therefore, be exercised to ensure that a penalty is imposed soon after an infringement of a rule has occurred, and that the punishment is not unfair.
- 8) **Innocence is presumed:** An individual is presumed to be innocent until he is proven to be guilty. It is for the management to prove beyond a reasonable doubt that a violation or an offence has been committed before any punishment is awarded.
- 9) **Get sufficient evidence:** Anfuso (February 1994:50-59) observes that the arbitrators dismissed disciplinary charges against employees on the ground that " the evidence was not persuasive against the employee". Thus, Dessler (2000:597) suggests, " make sure the evidence supports the charge of employee wrongdoing". So, management must adequately investigate the matter through fair and objective manner before administering discipline. The investigation should produce substantial evidence of misconduct (Dessler 2000:597).
- 10) **Action should be taken in cool atmosphere:** "Don't act while angry" (Dessler 2000: 597) is a desired guideline when one takes disciplinary action. The employee under investigation should be told specifically what and how he is violating a diplomacy rule. A rational and sensible judgment could not be taken while someone is angry.

- 11) **Natural justice:** Studies shows that “arbitrators normally reverse discharges and suspensions that are imposed in a manner that violate basic notions of fairness or employee due process procedures” (Bohlander 1994: 76-76). Anfuso (1994) opines that typically due process and procedural errors committed by employees include failing to follow established progressive discipline procedures, denying the employees an opportunity to tell his or her side of the story, lacking probable cause to discipline the employee; and not providing the employee a formal charge of wrongdoing.
- 12) **Treat the disciplined subordinate in a normal manner:** Once an employee is disciplined, he should be treated with a clean state as if there had been no violation and punishment.
- 13) **Don't back down when you are right:** Never back out from your announced action if you are right. It will make the rules and penalties weak and frivolous.
- 14) **Opportunity for self-defence:** The employee should be given opportunity to defend himself with his point of evidence and logic. He is to be provided sufficient time for it.
- 15) **Respect for the human personality:** The management should state the charge against the employee and should constitute the enquiry body with due respect to his personality and status. It should be done in such a manner so that it would not humiliate him in any way.
- 16) **Involvement of employee:** Employees, by their union or by representative, should be involved in framing disciplinary rules and regulations. This participation would promote employees' commitment and allegiance to the code of conduct.

- 17) **Follow corrective discipline:** Disciplinary action should be treated as a corrective and constructive way and be handled in a positive manner. It would bring the employee home.
- 18) **Get the facts:** Don't base your decision on hearsay evidence or on your general impression.

Disciplinary measures have serious repercussion on employees; they should, therefore, be based on certain **principles** so that they may be fair, just and acceptable to employees and their unions and associations. Yoder et.al. (1958 : 14-61) have prescribed the following principles in this regard:

- 1) **Principle of Correction:** Disciplinary proceedings and punishment should be seen as the “means of an end” and not an “end by itself”. In other words, it must not be thought of as a punitive action. The intention should be to correct the mis-doer or the behaviour of the employee.
- 2) **Principle of Progressive actions and Punishments:** Every action must be progressed through a series of sequential steps, so that punishment awarded in each step increases in steps of severity. For example, first offence may lead to an oral warning which is followed by a written one. Later, repetitive of offence may lead to suspension or some such punitive actions like fines or loss of seniority or increment. If the employee continue to flout rules and regulations it might then lead to dismissal or some such harsh punishment.
- 3) **Principle of Natural Justice:** Natural justice is a universal code that states that every accused is innocent and must be given all opportunities to defend himself beyond any doubt. So, the disciplinary action procedure should be designed and followed in

such a way so that it is just, fair, legal and reasonable from every point of assessment.

- 4) **Principle of Hot-stove:** McGregor (1960) has proposed this rule of handling undisciplined employees. It is derived from the characteristics of hot-stove: immediate response, adequate warning, consistent and impersonal. The disciplinary action should be like the behaviour of hot-stove which will make a just and fair disciplinary environment in the organization.
- 5) **Principle of Collaboration:** Disciplinary rules should be framed in collaboration or cooperation with the representatives of the employees. Their opinion and acceptance are vital for its implementation and effectiveness.
- 6) **Principle of Appeal:** There should be definite and precise provisions for appeal or review of all disciplinary actions should be expressly mentioned in the employees' handbook.

There is no specific standardized procedure for taking disciplinary action, which is universally acceptable. But it is expected that any code of disciplinary action should contain the above-mentioned principles. Lest we forget that the disciplinary action is a quasi-judicial process. It is very essential that meticulous care is taken to follow a systematic procedure. The generally accepted procedures are as follows:

- 1) **Statement of Problems:** The charges of misconduct or indiscipline against an employee must be clearly stated. The allegation should be recorded in writing against employee. It is popularly known as framing charge sheet. The employee shall be given a reasonable time for giving explanation.
- 2) **Consideration of explanation:** The through examination of the explanation may lead to either of the following action: (a) In case

the accused pleaded guilty, further enquiry can be dispensed with and the management can proceed in awarding punishment.(b) If management is satisfied with the explanation, further action against the accused can be cancelled and the charges quashed; and (c) If management is not satisfied with the explanation, or if he contest the charges by pleading not guilty, a formal enquiry is ordered.

- 3) Issue of show cause notice by the disciplinary authority/committee. The accused is issued a show cause notice giving minimum three days time to explain further his point of view.
- 4) **Notice of holding enquiry:** A notice is given/served to the accused employee giving time, date and venue/place together with the name of the enquiry officer wherein such an enquiry will be convened and the accused is given personal hearing, if such a prayer is made. The enquiry officer must not be one who has issued the charge-sheet because it is a principle of natural justice that a person is disqualified to act as a judge if he is a party to the dispute.
- 5) **Enquiry Proceedings:** The enquiry officer will conduct the enquiry on the preset time, date and place in the presence of the charged – sheeted workman. At the commencement of the enquiry, the enquiry officer should explain the charge sheet to the accused workman. If the accused workman pleads not guilty the enquiry should be preceded. If he pleads guilty in writing, the enquiry need not be preceded. The accused is given full opportunity to cross-examine witnesses and documents produced by the management. He is allowed to bring his own documentary evidences and witnesses. The enquiry officer takes down the proceedings properly and record them. The enquiry must be fair and accused is given reasonable opportunity to defend himself. The enquiry officer must submit his report stating charges that are substantiated by the

evidences and those which are not. He may then recommend the nature of action to be taken.

- 6) **Decision:** Management will take necessary action with or without considering the recommendations made by the enquiry officer but that deemed fit in the case. A due consideration is given to the previous records of the accused. Punishments should be given in accordance with the standing orders. The order of punishment should be served to the accused workman on due process. The management may repeal the punishment too. By and large penalties and punishments can be divided under the following categories: oral warning , written warning , suspension ,demotion , fines/pay cuts, discharge or dismissal , withdrawal of increment , suspension of increments , adverse remarks on the service book ,censure or simple reprimand. The punishment should be appropriate to the gravity of the offence. It should be such as would prevent a recurrence of the offence.
- 7) **Follow up:** A disciplinary action should be evaluated in terms of its effectiveness after it has been taken. It is necessary to keep vigil to know the effect upon the punished employee.

In Bangladesh, the Employment of Labour (Standing) Order Act 1965 has specified a procedure of punishment against any employees in Section 18 which is mandatory for all organizations of follow while taking disciplinary actions. Jucius (1979) suggested a disciplinary procedure that contains the following steps: (1) statement of disciplinary problems; (2) collection of full information; (3) selection of tentative penalties; (4) choosing the best from the alternative penalties; (5) application of penalty; and (6) follow-up. Pigors and Myers ((1973) have suggested another procedure. However, the Bangladesh Labour Code 2006 in its Sec. 24 has prescribed a procedure to take

disciplinary action for conviction and misconduct (procedure for punishment) as follows:

- 1) No order of punishment can be given against a worker unless -
 - a) the allegation against him is brought in writing;
 - b) he is given a copy thereof and not less than 7 (seven) days time to explain;
 - c) he is given an opportunity of being heard;
 - d) he is decided to be guilty after enquiry;
 - e) the employer or the manager approves of the order of dismissal;
- 2) A worker charged for misconduct may be suspended pending enquiry into the charges against him and unless the matter is pending before any court, the total period of such suspension shall not be more than sixty days; provided that during the period of such suspension, a worker shall be paid by his employer a subsistence allowance equivalent to half of his average wages, dearness allowance and ad-hoc or interim wages, if any.
- 3) Any order of suspension shall be in writing and shall take effect instantaneously on delivery to the worker.
- 4) Any person employed in his establishment or nominated by him shall be able to help the worker found guilty on enquiry.
- 5) Any person against whom oral evidence is adduced by any party shall be entitled to cross-examine that party.
- 6) If on enquiry, a worker is found guilty and punishment is inflicted upon him under section 23(1), he will not get any wage for the period of suspension, but he shall get subsistence allowance for that period.

- 7) If the worker is found not guilty, he shall be deemed to have been on duty for the period of suspension and shall get wages for that period and the subsistence allowance shall be adjusted accordingly.
- 8) In cases of punishment, a copy of the order of punishment shall be served upon the worker concerned.
- 9) If a worker refuses to accept any notice, letter, charge -sheet, order or any other document addressed to him by the employer, it shall be deemed to have been served upon him if a copy thereof has been exhibited on the notice board and another copy has been transmitted to the address of the worker availed of from the records of the employer by registered post.
- 10) In awarding punishment, the employer shall take into account the previous records of the worker, gravity of the offence or any other extenuating circumstances that may exist.

Punishment for Conviction and Misconduct

Section 23 of the Bangladesh Labour Code 2006 mentions that

- 1) Notwithstanding anything regarding layoff, retrenchment, discharge and termination of service provided elsewhere in this Act , a worker may be dismissed without notice or pay in lieu thereof , if (a) he is convicted for any criminal offence; or (b) he is found guilty of misconduct under Section -24.
- 2) A worker instead of being dismissed for becoming guilty of misconduct under sub-section (1) may be, under extenuating circumstances, given any of the following punishment, such as :-
 - a) termination;
 - b) demotion to lower post, grade or pay-scale for not more than one year;

- c) holding up of promotion for one year;
 - d) holding up of increment of wages for one year;
 - e) fine;
 - f) suspension for not more than one week without wages for without subsistence allowance;
 - g) censure and warning.
- 3) The employer shall pay as compensation fourteen days wages or gratuity , which is higher, if payable, to a worker dismissed under sub-section (1) or retrenched under sub-section 2(a) if the length of his continuous service is minimum one year; provided that a worker dismissed under sub-section 4(b) for misconduct shall not be entitled to any compensation.

Grievance Handling Procedure

There is hardly an organization which functions without any grievance or complaint. It is an expression of individual dissatisfaction or discontent either from worker or from management. Grievances have considerable significance as harbingers of industrial dispute. Unresolved grievances can become an industrial dispute and may cause serious disruption in the organisation's operations system.

A grievance is defined as any real or imagined feeling of personal injustice that an employee has about the employment relations (Davis, 2001, 299). Jucious (1979) also took the same dimension of grievance and stated that a grievance is any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks , believes or even fees to be unfair , unjust or inequitable. Beach (1985, 583) opined that a grievance is any dissatisfaction or feeling or injustice in connection with one's employment situation that is

brought to the notice of the management. All these concepts of grievance does not emphasized on expression of discontent or dissatisfaction as a priori condition. But Flippo (1976, 430) has made expression of discontent as priori condition to be a grievance. He opined that the grievance is a type of discontent which must always be expressed but he agreed with the condition that it must be connected with the company operations or policy though it may be valid or ridiculous.

There is a debate whether grievance is dissatisfaction only or a complaint. Yoder (1972) considered it as a written complaint filed by an employee and claiming unfair treatment. International Labour Organization (ILO) also took the same line. It defined grievance as a complaint of one or more workers in respect of wages, allowances, conditions of work and interpretation of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, job assignment and termination of service. So, both Yoder and ILO pointed out grievance as complaint but others are not.

Thus, grievance is a feeling of injustice arising out of employment situation into human resources working in the organization. This feeling does not have to be expressed to become a grievance, neither does it has to be true or correct; a feeling that arise from imaginary conditions or from incorrect reasoning is still a grievance if it caused a feeling of injustice.

Human resource management has to handle this grievance with well thought out strategy so that it can be prevented or can be handled with a systematic procedure to resolve it satisfactorily and ensure the peaceful human and work environment into the organization. Because, grievance or mishandling of grievance causes loss of employee interest in work reduces morale and commitment, lower productivity and quality of production, increases wastage and costs of operations, makes employees indisciplined, increases turnover and absenteeism, and at the end, may lead to unrest.

An effective grievance handling system will have well designed procedure, simple, fair, easy to understand, communicated to all, prompt and speedy, accepted by employees, designated authorities to handle grievance and must ensure natural justice to the aggrieved person. In this respect, there exists a conventional practice which is encoded in law to deal with grievances of employees that includes (1) Receive of the grievance; (2) Issue show cause to the incumbent to explain his/her position in person / in writing; (3) Give personal hearing; (4) Examine the personal records of the employee; (5) Consult organizational and legal provisions to find out appropriate action; (6) Take appropriate action. Similar grievance procedure is found in the Bangladesh Labour Code 2006.

The Bangladesh Labour Code 2006 has prescribed a grievance handling procedure in its Section 33 (Grievance procedure) . The Section says that (1) an worker including such worker whose employment came to an end on account of being laid off, discharged, dismissed, terminated or for any other reason, who has grievance about any matter under this chapter and if he desires to get any relief regarding that matter under this section, he shall submit his grievance in writing to his employer within thirty days from the date of being informed of the cause of the grievance by registered post: provide that the submitting of the grievance not by registered post shall also suffice if the appointing authority acknowledges directly in writing the receipt of the grievance. (2) The employer shall inquire into the grievance and by giving the worker concerned a chance of being heard inform him of his decision about the matter within 15(fifteen) days from the date of the receipt of the grievance. (3) If the employer fails to give a decision under sub-section (2) or if the worker is dissatisfied with such decision, he may lodge a complaint with the Labour Court within 30 (thirty) days from the date of the expiry of the time allowed under sub-section (2) or within thirty days as the case may be, from the date of the employer's decision. (4) The Labour Court, after receiving the grievance, by serving notice upon both the parties shall

hear them about the grievance and give such decision as it deems fit and proper in the circumstances as per its discretion. (5) The Court by its order passed under sub-section (4) may, amongst other relief's, give direction to reinstate the complainant with or without back wages and transform the order of dismissal, termination or discharge into minor punishment as provided for in section 23(2). (6) Any worker aggrieved by the order of the Labour Court may prefer an appeal before the tribunal within 30 (thirty) days from the date of the order and the decision given on the appeal shall be final. (7) No court-fee is payable for lodging any complaint or appeal under this section. (8) Any complaint under this section shall not be treated as a criminal prosecution under this Act. (9) Notwithstanding anything provided for in this section, no complaint can be lodged against the order of termination given under section 26, unless the order of termination is given on account of the worker's trade union activities or complaint is made to the effect that the impugned order was given being actuated by motivation or unless he is deprived of the benefits which he is entitled under that section.

This chapter embodies an elaborate discussion of theoretical framework of human resource management with its various functional areas which are to be investigated into small and medium enterprises operating in Bangladesh. It also contains a conceptual framework of the doctrine of human resource management and its various determinants that differentiate it from personnel management to justify the distinct ideological theme of it. The research has been made on its application in small and medium enterprises (SMEs) of Bangladesh. The next chapter is the analysis and discussion of the field level data collected from the sample SMEs for the purpose of the thesis.

CHPATER FIVE
ANALYSIS AND DISCUSSION

CHPATER FIVE

ANALYSIS AND DISCUSSION

This chapter exhibits the findings of the research done on the small and medium enterprises in Bangladesh relating to their human resource management practices and provides a logical and systematic analysis of the facts revealed in the study in order to synchronize the relevant issues involved with it and to expose those so that we can make conclusions from it. The discussion will lead us to a thoughtful synthesis of ideas about the practices of human resource management in the small and medium businesses of Bangladesh. This will also direct us to the avenues of solution to handle with the issues of success and failure of managing small and medium size firms through ensuring a delighted and productive human resource in the organization.

General Characteristics of Small and Medium Enterprises (SMEs)

1) Nature of the organization

The small and medium enterprises (SMEs) under study are of different categories. 58.4% firms are sole tradership, 28.3% firms are private limited companies and partnership firms are 13.3%. Table -1 exhibits the findings in detail. It shows that the majority of the small and medium enterprises are sole-tradership or proprietorship. It reflects the general preference to the sole proprietorship in Bangladesh though private limited company has got obvious advantage in terms of tax and other benefits. It also confirms the general findings of other researchers too (Sarder, 2000, Rahman, 1981).

Table-1: Distribution of sample SMEs on the basis of their nature of organization

Nature of SMEs	Frequency	percent
Private Limited Company	34	28.3
Partnership	16	13.3
<u>Sole Tradership</u>	<u>70</u>	<u>58.4</u>
Total	120	100.0

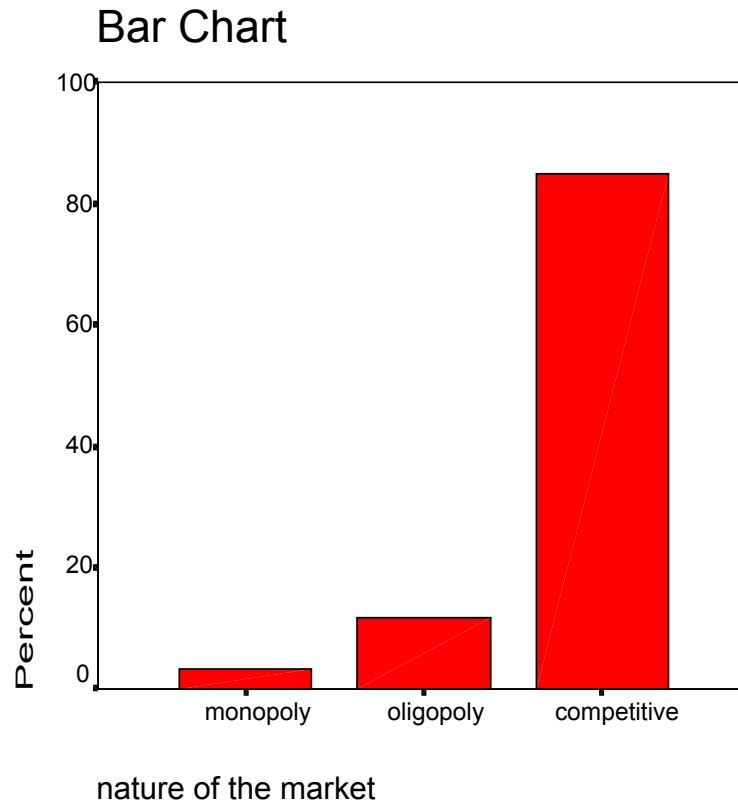
2) Nature of the market

Table-2 exhibits the nature of the market in which the small and medium businesses are operating. 85% of the sample small and medium enterprises are functioning in a competitive market while only 11.7 % of SMEs are operating in an oligopoly market. The rest of the small and medium enterprises / businesses are working in the monopoly market, which is very insignificant i.e. only 3.3%. This indicates that the majority of the small and medium businesses in Bangladesh are doing their businesses in a competitive market. The result also shows the competitive ability of the small and medium enterprises engaged in business are tested with their survival. The situation is depicted in the chart-1 below too.

Table -2: Distribution of SMEs under study on their nature of market

Name of market	No. of SMEs	Percentage
Monopoly	4	3.30
Oligopoly	14	11.70
<u>Competitive</u>	<u>102</u>	<u>45.00</u>
Total	120	100

Chart-1: Nature of the market in which the small and medium enterprises are operating in Bangladesh.

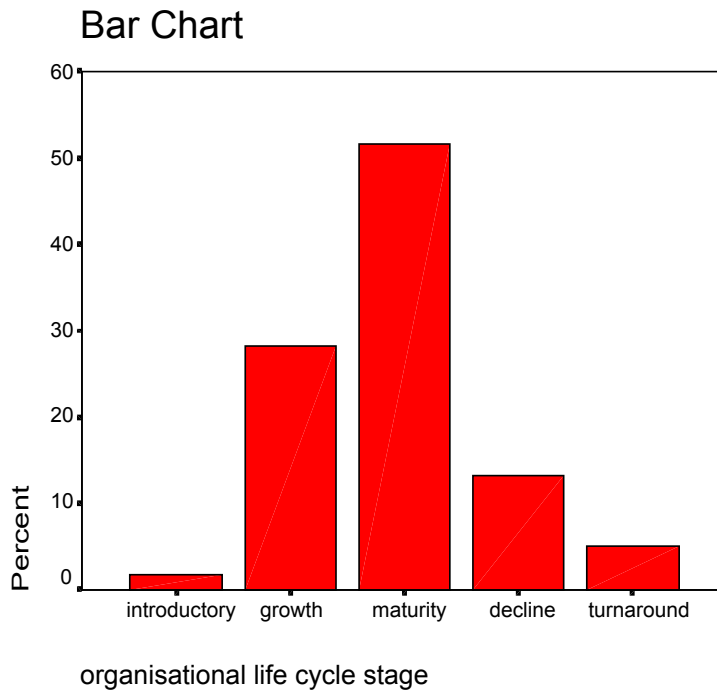


3) Organizational Life Cycle Stage

The organizational life cycle stages of the small and medium enterprises under study are depicted in the Chart-2, where we observe that the majority of the sample small and medium enterprises or firms are at their maturity stage of their business operation. More than 50% SMEs are matured firms while about 15% firms are at their declining stage without any initiative for turnaround strategy. It is further observed that a very small number of firms has taken turnaround strategy and become successful in their efforts to come back in the market with competitive edge. Out of the 120 firms, about 36 SMEs are at the growth stage while only 3% SMEs are found at their introduction stage. It indicates the success of the management of small and medium ventures as they have overcome shake of introduction and growth stages and now settled down at maturity stage. The finding also shows that a

handsome number of small and medium firm’s capability to turnaround their declining stage into a potential fortune. It exhibits their managerial capability and excellence in handling the declining business situations successfully too.

Chart-2: Organizational Life Cycle Stage of the Small and Medium Enterprises under study



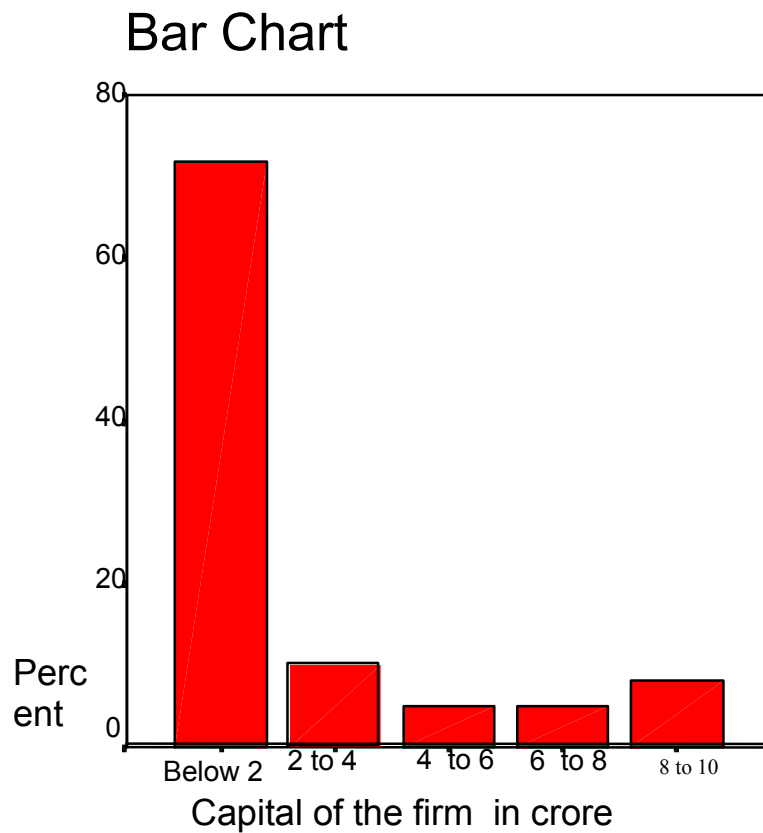
4) Capital Investment

The study on the capital investment of the sample small and medium enterprises shows that 71.7% firms have below Tk. 2 crore capital. 12 firms out of 120 firms that is 10% firms have their capital base within Tk. 2 crore to Tk. 4 crore and only 5% firms have got only Tk. 4 crore to Tk. 6 crore capital. The same amount of firms have also capital base of Tk. 6 crore to Tk. 8 crore. Table -3 and the Chart-3 both exhibit the findings the amount of capital investment in the respondent small and medium firms.

Table -3 : Distribution of SMEs on their amount of Capital Investment

Range of investment in crore taka	Frequency	Percent
Below Tk. 2 crore	86	71.7
Above Tk. 2 crore to Tk. 4 crore	12	10.0
Above Tk. 4 crore to Tk. 6 crore	06	05.0
Above Tk. 6crore to Tk. 8 crore	06	05.0
Above Tk. 8 crore to Tk. 10 crore	10	08.3
Total	120	100.0

Chart-3 :Capital Investment of the respondent Small and Medium Enterprises



5) Debt-Equity Ratio of Investment

The small and medium enterprises under study show that the majority of those are self-financed firms i.e. 72 percent. There is no all debt firm found in the study. Only 10 percent of the firms have 50:50 debt-equity ratio of financing and 9.17 percent of the firms are 60 percent debt financed. A very low percentage of firms have 80 percent debt. Table-4 exhibits the situation from which we can understand that small and medium businesses in Bangladesh are very shy in taking debt to run their firms. It also shows their weak capital base because of inability of an individual entrepreneur to provide a large finance from self. Though the industrial policy 2006 of Bangladesh provides an scope to invest 10 crore taka in SMEs but 86 percent of the small and medium businesses have below Tk. 2 crore capital (table-3). This happens because of their tendency to build up on their own fund.

Table-4 : Proportion of debt-equity in the capital of the respondent small and medium enterprises

Debt-equity ratio	No. of Firms	Percent
All Debt	00	00.00
80:20	06	5.00
70:30	11	09.17
60:40	19	15.83
50:50	12	10.00
All Equity	72	60.00
Total	120	100.00

6) Sources of Capital

Small and medium enterprises or businesses in Bangladesh collect initial capital from multiples sources. Non-institutional sources are the dominant

sources of finance to the small and medium enterprises, while institutional sources are the least contributors.

Table- 5: Frequency and percent distribution of the respondent SMEs on their sources of capital.

Sources of Capital	No of firms	Percent
Personal loan	16	13.33
Family loan	55	45.83
Financial Institutions	48	40.00
Individual shareholder	01	00.84
Total	120	100.00

Table-5 shows that the maximum number of firms has got their fund to start ventures from family loan i.e. 55 percent. Financial institutions have financed 40 percent firms. This indicates that the small and medium enterprises /businesses are heavily dependent upon family financing. The findings are consistent with the earlier result of the proportion of debt and equity in the capital (table- 4) of the small and medium firms in Bangladesh.

7) Years of Operation

Table-6 shows the age of the sample small and medium enterprises. It is observed that majority of the firms are 6 to 10 years old. About 22 percent firms are below 5 years of which only 8 firms are 1 year old. and 3.33 percent firms that is 4 SMEs are above 31 years old. Rest of the firms are 11 to 30 years old. 16 firms i.e.13.33 percent firms are 11 to 16 years old and about 12 percent firms are within the age bracket of 21 to 25 years. About 7 percent firms fall within 16 to 20 years and 26 to 30 years of age. Different ages of firms exhibit that the sample is well represented. Thus, the findings could be taken as representative of all categories of firms operating in the small and medium arena of businesses.

Table- 6: Frequency and percentile distribution of years of operation of the sample small and medium enterprises

Years of Operation	Frequency	Percent
1-5years	26	21.67
6-10 years	44	36.67
11-15 years	16	13.33
16-20 years	08	06.67
21-25 years	14	11.67
26-30 years	08	06.67
31 years and above	04	03.33
Total	120	100.00

8) Managerial Human Resources

The study observes that 20 percent of sample small and medium enterprises are run by 1(one) managerial person, 18.33 percent are run by 2 managerial persons and 11.67 percent firms have 3 managerial employees. Only 3.33 percent firms have 15 managerial employees and rest of the firms have got 4 to 10 managerial employees. Table -7 exhibits the frequency distribution of number of managerial human resources employed in sample enterprises. It shows that small and medium enterprises are generally reluctant to employ more than 1 (one) managerial human resource. The exception occurs due to increment of investment limit i.e. 10 crores that makes a firm financially strong to go for employing sufficient management people to ensure their returns.

Table- 7 : Frequency distribution of the managerial human resources of SMEs under study

No of managerial employees	Frequency	Percent
1	24	20.00
2	22	18.33
3	14	11.67
4	16	13.33
5	20	16.67
6	08	06.67
10	12	10.00
15	04	03.33
Total	120	100.00

9) Clerical Human Resources of the Sample SMEs

Table -8 shows the state of affair of the employment of clerical people in the small and medium enterprises in Bangladesh. About 27 percent firms have no clerical staff while 23 percent firms have 1(one) clerical person employed to look after accounts and administration. 12 percent firms employs 2 and 12 percent firms employ 3 clerical staff. 4 to 10 staff are appointed by 32 firms while only 2 firms employs 20 clerical persons. The observation shows that due to low volume of operation of the small and medium firms and their cost consciousness, they do not appoint large number of clerical staff. It is further observed that those who do not appoint any clerical staff, their managers do the whole job. Personal conversation explicitly focuses their problems. "I am over burdened"; "I have to work till 10 p.m. each day"; " It makes my life hell" etc statements are inevitable exhibition of manager's annoyance with the present job pressure. It would be better to analyze jobs of the organization

and accordingly appoint such a number of clerical persons that are suffice to carry out works smoothly.

Table-8: Frequency Distribution of the Clerical Human Resources of SMEs under Study

No of managerial employees	Frequency	Percent
0	32	26.60
1	28	23.30
2	14	11.70
3	12	10.00
4	8	6.7
5	2	1.7
6	6	5.00
7	6	5.00
8	6	5.00
10	4	3.30
20	<u>2</u>	<u>1.70</u>
Total	120	100.00

10) Production workers: Regular

The study reveals that there is no small and medium enterprise which has got 4 regular production workers but at least 5. According to table- 9, the highest 32 firms i.e. 26.6 percent of the sample SMEs have 5 to 10 production workers. 16.7 percent firms have employed 11 to 15 workers and 18.3 percent firms have a production worker force of 16 to 20 workers. 10 percent firms have employed 36 to 40 production workers. It is observed that 11.80 percent firms have employed more than 50 workers of which only 1 (one) firm have 241 workers and 6 firms have got 115- to 195 workers. In all, 87 percent SMEs have employed 50 production workers. Our observation shows that 13 small and medium businesses have got 51 to 100 workers, which is 11.80 percent of the total sample firms. It is also found from the study that higher labour employment is made in higher capital- base firms.

Table-9 : Frequency distribution of SMEs on their number of regular production workers

Class Interval of 5 workers	No. of firms	Percent
00 to 04	None	-
05 to 10	32	26.60
11 to 15	20	16.70
16 to 20	22	18.3
21 to 25	08	06.70
26 to 30	02	01.70
31 to 35	06	05.10
36 to 40	12	10.10
41 to 45	08	06.70
45 to 50	04	03.30
51 to 100	13	11.80
Total	120	100.00

11) Production workers: Irregular

The findings are presented in the table-10 below. It shows that 50 percent of the sample SMEs have no irregular production workers. The highest irregular workers employed are 30, which is only 1.7 percent of the observation. In all, 10 percent SMEs have employed more than 10 but less than 31 irregular production workers. It exhibits the small and medium firms' regular production operation and also their intention to keep workers on a continuing engagement in work. It is observed that the irregular workers are generally less committed and of low productive (Chakma, 1991). Therefore, it is no

good to keep a large number of workers on irregular payroll. The small and medium enterprises follow the right direction in this regard.

Table-10 : Frequency Distribution of the irregular employees of SMEs

No of irregular employees	Frequency	Percent
00	60	50.00
1	02	01.70
2	04	03.30
3	10	08.30
4	08	06.70
5	06	05.00
6	04	03.40
7	06	05.00
8	02	01.70
10	04	03.30
11	02	01.70
15	04	03.30
20	08	03.30
25	02	01.70
30	02	01.70
Total	120	100.00

12) General Business Strategy of the Organisation

It is observed from the study that 25 percent small and medium enterprises follow market niche strategy. Market nicher is a firm in an industry that serves small segments that other firms overlook or ignore (Kotler and Armstrong, 2001:689). Nichers are often smaller firms with limited resources (Ibid, 693). The key idea in niching is specialization and a market nicher can specialize along any of several market, customer, product, or marketing mix lines. Our observation shows that 18 (thirteen) small and medium businesses are product nichers, that is, they have got specialty products with which they concentrate in the market and other 12(twelve) firms follow customer niche strategy. It is further observed that 75 percent of the small and medium firms

follow high volume operation with low cost strategy. Their products are standardized popular products. Table-11 exhibits the results.

Table-11: Frequency distribution of the small and medium enterprises firms on the basis of their general business strategy.

Business strategy	Frequency	Percent
Market niche strategy	30	25.00
High volume/Low cost strategy	90	75.00
Total	120	100.00

13) Departments in the organization

The small and medium enterprise is generally operated by owner-managers and it has little functional specialization. These characteristics are also found from the study too. Table-12 shows that 35 percent of the sample small and medium enterprises are single unit organization, that is, they operate under no specialized departments. Production department/section, administrative departments/ sections and account/finance department/section are the most prominent departments in the small and medium business firms, 56.67 and 54.17 percent respectively. 13.33 percent firms hold marketing department, which shows small and medium firms' a little interest in developing specialized marketing people and operation. It also shows there is a little stake in the market. The most meager number of firms, 19 firms holds separate personnel/human resource department/section that shows a low profile to the human resources.

Table-12: Frequency distribution of the small and medium enterprises on the basis of types of departments they hold.

Name of the department	No. of firms	Percent
Single unit organization	42	35.00
Production department /section	68	56.67
Marketing department/section	26	13.33
Administrative department	68	56.67
Account/Finance department/section	65	54.17
Personnel/HRM department/section	19	15.83

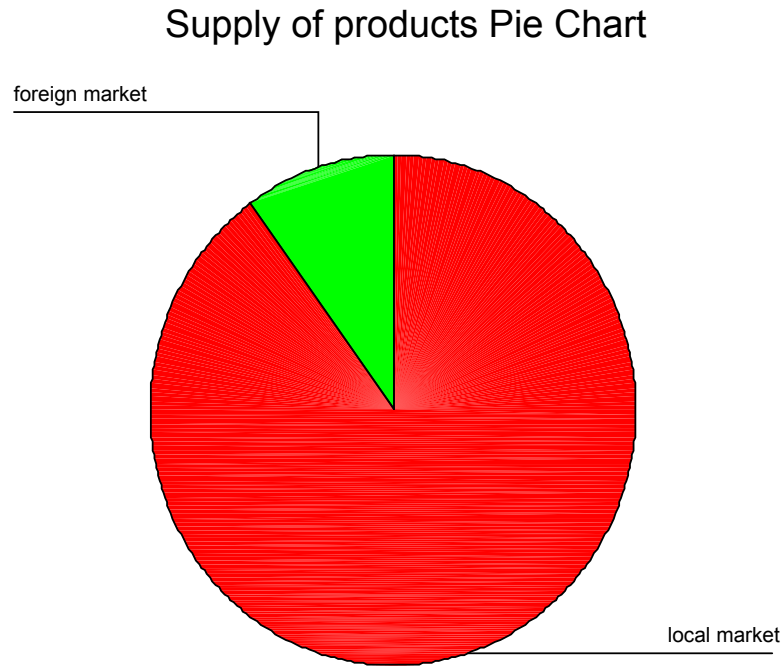
14) Type of market deals with

Table- 13 shows that the majority of the small and medium enterprises operate in local market, 90 percent and only 10 percent deals with foreign market. A few of the firms dealing with foreign markets are working as a backward linkage industry of a large 100 percent export oriented industry and the rest are directly engaged with foreign market with their products.

Table-13: Frequency distribution of the small and medium firms dealing with various markets

Type of market	Frequency	Percent
Local market	108	90.00
Foreign market	12	10.00
Total	120	100.00

Chart - 4: Nature of market deals with by the respondent SMEs



15) Production method

Table-14 shows the production method that is used by the respondent SMEs.

Table-14: Frequency distribution of the small and medium enterprises on the basis of production methods followed.

Types of Production method	Frequency	Percent
Lean/Flexible	14	11.70
Mass	48	40.00
Process	50	41.70
Batch	08	06.70
Total	120	100.00

The observation exhibits that the largest number of small and medium enterprises are using process production method of manufacturing their goods, 41.70 percent. A process production method is composed of a group of activities that take one or more inputs, transform them and provide one or more outputs for its customers (Krajewski, Ritzman and Malhotra, 2007,4). 40 percent are using mass production method of manufacturing goods. The mass production method refers to a line process that produces a particular product in high volume and allows resources to be organized around that product which is standardized (Krajewski, Ritzman and Malhotra, 2007). Mass production method uses the make-to-stock strategy. Lean /flexible production method is being used by 11.70 percent. Lean system is an operations system that maximizes the value added by each of a company's activities by paring unnecessary resources and delays from them (Krajewski, Ritzman and Malhotra, 2007). Only 6.70 percent uses batch production method of manufacturing. A batch production method is a process that produces products in a batch with flexible process flow with no standard sequence of steps throughout the facility (Krajewski, Ritzman and Malhotra, 2007).

16) Method of establishment

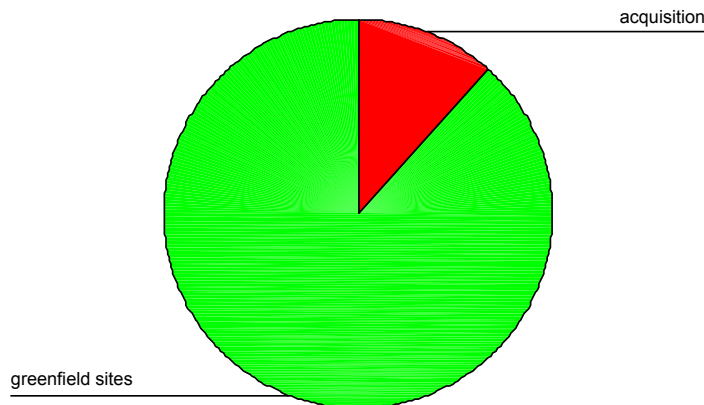
The form with which the small and medium enterprises started is investigated in the study. It is exhibited from the Table-15 that the majority of the small and medium enterprises are established as a new venture, that is Greenfield sites, 88.30 percent and only 11.70 percent firms are started through acquisition of other on-going firms. It shows the popularity of the scratch strategy as a way of establishing small and medium businesses as well as the entrepreneurial zeal of the people too.

Table-15: Frequency distribution of small and medium enterprises on the basis of method of establishment.

Method of establishment	Frequency	Percent
Acquisition	14	11.70
Greenfield sites	106	88.30
Total	120	100.00

Chart - 5 : Method of Establishment of SMEs

Method of establishment Pie Chart



17) Existence of Organization chart

It is evident from the Table-17 that almost all the small and medium enterprises do not have any formal organisation chart. Only 27.50 percent small and medium firms have got formal organogram, which they follow over the years. It also shows that large number of small and medium enterprises is run on adhoc projection of organization structure and the requirement of positions at various levels of organization. It is also understood that a very

few management of the small and medium enterprises give little emphasis upon structural relationship as a production value of the organization.

Table-16: Frequency distribution of the small and medium enterprises on the basis of the existence organogram/ Organisation chart

Response type	Frequency (No. of SMEs)	Percent
Yes (Have organogram)	33	27.50
No (Have no organogram)	85	72.50
Total	120	100.00

Resourcing Small and Medium Enterprises

The discussion is made on the results of the study related to human resource planning, and recruitment, selection and placement of human resources within the small and medium enterprises of Bangladeshi.

Human Resource Planning, Recruitment and Selection/Acquisition

Resourcing the organization entails the total activities or recruiting, selection and placement of employees including human resource planning. The whole process is also known as staffing. Following section deals with the findings of staffing function of sample small and medium enterprises.

Importance of Staffing Function

Human is the most vital asset of the organisation. Filling and keeping filled positions in the organisation structure is, therefore, the most critical function of management. It is generally known as staffing. The observation shows that almost all the respondents, 91.7 percent, have recognized staffing as an

important function of owner-managers or managers of small and medium enterprises while only 8.3 percent did not recognize the significance of staffing (Table-17). This recognition shows the awareness of the small and medium business management about the criticality of human resource, which is a fundamental belief of human resource management.

Table-17: Frequency distribution of respondent SMEs on the basis of their views on the importance of staffing as an important function

Type of response	Frequency	Percent
No	10	08.30
Yes	110	91.70
Total	120	100.00

Human Resource Policy and Its Form

We know that planning precedes every action of management and so human resource management starts with human resource planning. It is a blueprint of future needs of human resources at various levels of organisation. It also helps placing right person in the right place and thus helps getting right product and production at the right time, not to speak of other great number of advantages of human resource planning. From Table-18, it is evident that 76.67 percent firms do not have any human resource policy. Only 23.33 percent of the respondent small and medium business firms confirmed the existence of human resource policy.

Table-18: Frequency distribution of the respondent SME firms about existence of human resource policy

Type of response	Frequency	Percent
Yes	28	23.33
No	92	76.67
Total	120	100.00

The study also shows that only 18.33 percent firms have made the human resource policy in written form and another 92 firms out of 120 firms that is 76.67 percent small and medium enterprises (SMEs) do not any human resource policy. They work on their own sense of judgement on the basis of needs. 6 SMEs have unwritten human resource policy (Table-19).

Table-19: Frequency distribution of the respondent SME firms about the forms of human resource policy

	Frequency	Percent
No policy guidelines	92	76.67
Written policy guidelines	22	18.33
Unwritten policy guidelines	06	0.05
Total	120	100.00

Need For Human Resource Planning (Policy)

It is good that the majority of the small and medium enterprises have recognized the need for human resource planning for their organizations. The fact could be observed from the Table-20 below that only 37.75 percent of the sample SMEs do not recognize the need for human resource planning/ policy while 62.50 percent do.

Table-20: Frequency distribution of the respondent SME venturists about the need for human resource planning for their firms.

Type of response	Frequency	Percent
Yes	75	62.50
No	45	37.50
Total	120	100.00

Mode of Job Assignment

It is observed from the Table-21 that a very few small and medium firms have written job description for the positions and that is the basis for assigning job to the employees, only 10 percent. 30 percent assigns duty from respondents' planned thought about one's duty in a particular position. Majority of SMEs assign job just on the whims of the owner-managers that he thinks fit for the position. It is praiseworthy that all SMEs at least use planned thought, formal or informal, in the process of assigning duty to the employees.

Table-21: Frequency distribution of the respondent SMEs about the mode of job or duty assignment to employees

Modes assigning duties to employees	Frequency	Percent
From your mind that you think fit	72	60.00
From your planned thought about one's duty	36	30.00
From a written job description that you have	12	10.00
Total	120	100.00

Job Specification

So far the job specification is concern, it is only 8 firms, i.e. 6.67 percent SMEs have a ready list of qualities to needed to perform each type of job position. Table -23 shows above-mentioned response along with the fact that 93.33 percent SMEs do not have any type of job specification or not have job description for each type of job position. It is also evident that though 19 SME firms have got separate human resource/personnel department (Table-13), but they do not perform all relevant activities. It is recommended by all human resource experts that a well-built job specification is the fundamental tool for identifying right person for the right job (French,2007; Dessler, 2007;

Werther and Davis, 2008). Its absence seriously affects job performance and productivity leading to higher cost and loss of time. It affects competitive edge of the firm too.

Table-22: Frequency distribution of the respondents SMEs regarding the existence of job specification for each type of position.

Type of response	Frequency	Percent
No	112	93.33
Yes	08	06.67
Total	120	100.00

It is observed that the management generally enquires about the qualification of the job applicant by asking questions like ‘Do you know this and this job?’ ‘Can you do this job?’ etc. for operating people. For higher positions like Accountant, Assistant Manager etc, they specify qualifications while searching prospective candidates in advertisement, circular or oral communication.

Replacement Policy

It is evident from the Table-23 that a very few SMEs that is 10.83 percent has a formal replacement plan for the retiring personnel at all levels of the organization. The rest 89.17 percent of small and medium enterprises have not such plan. It is just a belief to them that the ‘assistant to’ will replace the higher ups after his/her retirement. But there is no plan for the situation if the second person himself/herself resigns. None of the SMEs has any replacement plan for turn over or for sudden resignation of the incumbents. They just start a new selection process when post is vacant. It takes much time

to get the replacement as well as it makes a selection bad that thwart smooth and efficient functioning of the firm.

Table-23: Frequency distribution of the respondent SMEs on the basis of their replacement policy.

Type of response	Firms with replacement policy for retiring personnel	Percent	Firms replacement policy for turnover / resignation	Percent
Yes	13	10.83	00	00
No	107	89.17	120	100.00
Total	120	100.00	120	100.00

Employment of Relatives

It is found that 93.33 percent small and medium enterprises have given employment to relatives at various functional levels and 6.67 percent did not. Table-24 exhibits the picture that indicates a bias of owner-manager or management people toward relations as the basis of employment. The respondents argued, "Relatives are reliable and dependable. We can trust them for many matters". It is further observed that 1st degree relations such as brothers, sisters, brothers of wives, cousins etc are preferred relations for employment and trust.

Table- 24: Frequency distribution of the respondent small and medium enterprises on the basis of the employment of relatives

Types of response	Frequency	Percent
Yes	112	93.33
No	08	06.67
Total	120	100.00

Mode of Placement of Relatives

Relatives are appointed and placed in positions where owner-managers feel that they are fit. No formal employment test is taken. A few are appointed through informal practical test and interview. Table -25 shows that 80.83 percent small and medium firms placed relatives where they deemed fit and 12.50 percent are placed through one kind of informal test or interview. None is appointed through formal test/interview.

Table- 25: Frequency distribution of the respondent small and medium firms on the basis of the mode of placement of relatives

Types of response	Frequency	Percent
Placed where deems fit	97	80.83
Placed through a formal test/interview	00	00.00
Placed through informal test/interview	15	12.50
No response	8	.06.67
Total	120	100.00

Categories of Positions to Relatives

Table -26 presents the categories of positions where relatives are placed in the small and medium enterprises in Bangladesh. 88.33 percent SMEs have placed relatives in managerial/officer positions while 100 percent firms have given relatives in staff positions. On the other hand, technical positions are occupied by relatives in 60 percent SMEs . It indicates that small and medium business operators are specially careful about the production efficiency that they believe should not be hampered due to inefficiency of the relatives. The

general comments about clustering of relatives in staff or managerial positions are: “They can do routine work well”, “Its paper work, they can do”. “We can keep matters in secret with relatives”, “He is my son, he will take up my job after me”, “My brother is trustworthy”, “He is my nephew, where can I place him? Well, its officer” etc.

Table-26: Frequency distribution of the respondent small and medium firms on the basis of categories of positions offered to relatives.

Categories of staff from relatives	Frequency	Percent
Managerial/Officer	106	88.33
Clerical/ Administrative/ Office Staff	120	100.00
Production workers	72	60.00

Recruitment and Selection Policy

Majority of the small and medium enterprises do not have any policy guideline for the recruitment and selection of employees of all categories in their organisations. From the Table-27, it is exhibited that 63.33 percent firms in managerial, 77.50 percent firms in clerical/administrative staff, and 54.17 percent firms in production workers categories do not have any policy guidelines. They go on the whims of owner-managers. Only a very meager percentage of firms, 7.50 percent firms in managerial/officer, 11.50 percent firms in clerical/administrative staff, and 22.50 percent firms in production worker categories, have written policy guidelines for recruitment and selection of employees. The higher number of firms having written policy guidelines for production workers exhibits their higher concerns for production and the least number of firms have written policy for managerial people that show their least concerns for the importance of managerial

efficiency. The rest of the firms have got unwritten guidelines for recruitment and selection of employees for all levels.

Table- 27: Distribution of the respondent small and medium business firms on the basis of the existence of policy guidelines for recruitment and selection of employees.

Categories of employees	Not at all	Unwritten guidelines	Don't know	Written guidelines	Highly specific guidelines	Total %
Managerial/Officer	76 63.33%	35 29.17%	----	09 07.50%	-----	120 100%
Clerical/administrative staff	93 77.5%	13 10.83%	----	14 11.67%	-----	120 100%
Production workers	65 54.17%	28 23.33%	----	27 22.50%	-----	120 100%

Sources of Recruitment

Our search for the sources of recruitment in small and medium enterprises turns the results that are shown in the table. It is exhibited from the Table-28 that personal search is the most popular mean of filling vacancies managerial positions, 60 percent and the next popular mean is 'friends and relatives', 31.67 percent. It is also exhibited that managerial personnel are recruited from apprentice 18.03 percent, from external advertisement 13.33 percent, from non-regular employees 6.67 percent, from universities 3.33 percent, from recruitment agencies 2.50 percent, and from trade associations 1.67 percent. None of the officers are ever recruited from vocational schools and colleges and from competing firms. It also evident that internal source is the primary source of recruitment of managerial people in the organisation. Clerical or administrative staves are recruited primarily from personal search, 58.33 percent and from friends and relatives, 31.67 percent. Equal percentage i.e. 15 percent of them

has come from respondents of external advertisement and from apprentice personnel. A very meager percent, 1.67 percent has come from competing firms and 6.67 percent are recruited from non-regular employees. It is also evidenced that internal sources are the vital sources of recruitment of clerical or administrative staff in the small and medium enterprises in Bangladesh. Recruitment of production workers is not an exception. They come from internal sources too. 70 percent have come from personal search, 25 percent come from each of the apprentices and friends and relatives, and 15 percent from non-regular employees. Only 8.33 percent production workers have come from advertisement, 3.33 percent from vocational colleges and schools and a very insignificant percent, 1.67 percent have come from competing firms.

Table-28 : Frequency distribution of respondent SMEs on the basis of entry-level recruitment sources for managerial/Officer, Clerical/administrative staff and Production workers

Means of filling vacant positions	Managerial/ Officer	Clerical/ Staff	Production workers
From non-regular employees	08 6.67%	08 6.67%	18 15.00%
Advertise externally	16 13.33%	18 15.00%	10 8.33%
Use of recruitment agencies	03 2.50%	0%	0%
From apprentices	22 18.30%	18 15.00%	30 25.00%
Through personal search	72 60.00%	70 58.33%	84 70.00%
From universities	04 3.33%	0%	0%
From friends and relatives	38 31.67%	38 31.67%	30 25%
From trade associations	02 1.67%	0%	0%
From vocational schools and colleges	0%	0%	04 3.33%
From competing firms	0%	02 1.67%	02 1.67%
Total	120 100%	120 100%	120 100%

Best Source of Recruitment

The majority of the owner-managers/ key managerial people believe that personal search is the best source of recruitment for all types of employees-managerial, clerical and production workers. Table -29 shows that it is told by 46.67 percent respondents on an average. It is also consistent with their practices (Table-28 exhibits). Table-29 also shows that 22.23 percent firms on average prefer external advertisement as best source of recruitment for all categories of employees but it is inconsistent with their practices; only 12.22 percent firm uses advertisement as a source of recruitment (Table-28).

Table-29: Frequency distribution of the respondent SMEs on the basis of their opinion about the best source of recruiting employees.

Sources of recruitment	Best source of recruiting employees (managerial)	Best source of recruiting employees (clerk/staff)	Best source of recruiting employees (production workers)
Non-regular employees	Count: 4, 3.3%	Count: 4, 3.3%	Count: 8, 6.7%
%	30, 25.0%	30, 25%	20, 16.7%
Advertise externally	Count: 4, 3.3%	Count: 4, 3.3%	Count: 10, 8.3%
%	58, 48.3%	50, 41.7%	60, 50.0%
Apprentices	Count: 0, .0%	Count: 2, 1.7%	Count: 0, .0%
Personal search	Count: 16, 13.3%	Count: 22, 18.3%	Count: 5, 8.3%
Universities	Count: 8, 6.7%	Count: 8, 6.7%	Count: 12, 10.0%
Friends and relatives	Count: %		
Competing firms	Count: %		

The respondents shown in the table 29 further preferred, 6.7 percent, competing firms as a best source of recruitment of managerial people, but in practice no one was found using it as it is exhibited in table 28. Though a very

meager percent of firms, 4.83 percent, have given their best choice in this regard to apprentices, but a much higher number of firms, that is average 19.43 percent, use this source in getting potential qualified employees for their firms. Same thing happens in the case of the source 'friends and relatives'. Average 13.3 percent respondent SMEs have preferred it as the best source while average 29.45 percent uses it in getting potential employees of all count. Apart from this, there found a consistency in preference and use for non-regular employee and the universities as sources of recruitment.

Policy for Filling Vacant Positions of Different Categories of Human Resources

The study found that small and medium enterprises use diversified sources to fill vacant positions with human resources. It is evident from the Table-30 that majority of the small and medium enterprises have filled vacant positions in all categories of employees from outside the organization. 70 percent managerial, 72 percent clerical/administrative staff and 74 percent production worker vacant positions are filled in from outside. Rests of the vacancies are filled in from within the firm. This exhibits their concerns for having new blood to instill and promote new thoughts and initiatives into the organization. Researches show that filling positions from outside obviously increase efficiency and productivity as well as competitive edge of the firm.

Table-30: Frequency distribution of the respondent small and medium enterprises on the basis of their choice of policy regarding filling vacant positions of different categories

Types of policy			Managerial Positions		Clerical/Administrative staff position		Production workers position	
From within policy	Count	%	36	30.0%	48	40.0%	46	38.3%
From outside policy	Count	%	84	70.0%	72	60.0%	74	61.7%

Bases of Internal Promotion

Table-31 shows that the majority of the small and medium business firms have followed a mix of seniority and performance/merit as a sound basis of internal promotion. 68.33 percent firms have filled managerial positions, 60 percent firms have filled clerical/administrative staff and 63.33 percent firms have filled vacant positions on the mixed basis. This reflects the considerations for both the continued commitment and service of the human resource for the firm and the individual performance. It is evident from other researches that mixed basis of internal promotion has got obvious advantage over other types of bases (Rahman, 1981). Merit basis is used by 33.89 percent firms but this is use more in clerical positions, 38.33 percent rather than other positions, 33.33 percent in both managerial and production worker positions. Seniority basis is never used by any firm in managerial positions but very meager percent firms, 1.67 percent, have used it in clerical and productive worker positions. Other considerations, though unspecified by the respondents, are used in all the positions in very insignificant cases.

Table-31: Distribution of respondent small and medium enterprises on their choice of bases of internal promotion

Bases of promotion		Managerial personnel	Clerical/ Administrative staff	Production workers
Seniority basis	Count	0	2	2
	%	.0%	1.67%	1.67%
Merit/Performance basis	Count	36	46	40
	%	30%	38.33%	33.33
Mixed basis	Count	82	70	76
	%	68.33%	60%	63.33%
Others bases	Count	2	2	2
	%	1.67%	1.67%	1.67%

Order of the Selection Factors

Table-32 shows an order of the selection factors for the new employees as have been made by the respondent owner –manager/ managers of small and medium enterprises. It exhibits that none has considered family background of the candidates as the selection criterion for any category of positions. For managerial staff selection, educational qualification is taken as vital factor followed by experience, trainability, skill, age, relative/friend’s recommendation, institutional/non-relation reference. For selecting clerical/administrative staff education is again takes the top criterion followed by skill, trainability, relative/friend’s recommendation, experience, and then age. It does not consider institutional reference. For production worker the order takes skill first and then experience, education, trainability, age, relative/friend’s recommendation, and institutional reference is at the end. It is observed that for both managerial and clerical/administrative jobs education is the primary factor but for production workers skill is the primary factor. Reference of both criteria comes late. It shows the respondents’ concern for efficiency and productivity of human resources as well as organisational compatibility and continuity.

Table-32: Distribution of the selection factors on the basis of spondents’ ranking

Name of the factors	Managerial /Officer	Clerical/ Administrative Staff	Production workers
Educational qualification	1	1	3
Experience	2	5	2
Reference -institutional /non-relation	7	X	7
Skill	4	2	1
Trainability	3	3	4
Family background	X	X	X
Relative/Friend’s recommendation	6	4	6
Age	5	6	5

Human Resource Selection Process

Small and medium business enterprises or firms do not have any structured process of selection of employees of any kind. Their responses are arranged in a systematic manner in the Table-33. It is found that 56.7 percent firms conduct preliminary screening interview for managerial/officer cadre, 53.3 percent for administrative staff and 12 percent firms for production workers. It is done for walk-in candidates only. It is observed that none of the firm has printed application blank. It is also found that 80 percent small and medium enterprises take application on plain paper from the job candidates for managerial positions, 78.3 percent firms for clerical/administrative staff and 45.0 percent firms take for production workers. Written employment test is taken by a very meager percent of small and medium firms, 16.7 percent firms for managerial cadre and 8.3 percent firms for clerical/administrative staff but nothing such type of test is taken for production workers. It is found that sample job test is taken for clerical/administrative staff, 16.7 percent firms, and for production workers, 97.7 percent firms, to understand their skill for handling the given manual job. Reference check is found a very popular method of selection as the respondents commented, "This is a way of verifying genuineness of the candidates", "This is how we can test the honesty and reliability of candidates", "How can we know about the candidates without genuine reference?" It is further observed that majority of references are known persons like relatives, friends, teachers, neighbours, current employees or somehow known to the entrepreneur-managers. Table - 33 also shows that 90.0 percent firms check reference for managerial cadre, 80.0 percent firms for clerical/administrative staff and 75.0 percent firms check references for production workers. All firms take interview and it is the only method by which employees are directly employed in many cases. Medical examination is done only 8.67 percent firms for managerial cadre and 3.3 percent firms for clerical/administrative staff. None of the workers are done medical check up but physical fitness is tested through visual observation by 93.0 percent firms. All small and medium enterprises give

probationary employment to the candidates finally selected for various positions. It is also understood from the table that all small and medium enterprises give orientation or induction in any form but none of the small and medium business firms conducts foundation training for the newly recruits.

Table-33: The selection process of small and medium enterprises arranged on the basis of their responses.

Steps in selection Process	Managerial /Officer (%)	Clerical/Staff (%)	Production workers (%)
Preliminary Screening	56.7%	53.3%	12.0%
Interview			
Application Blank/on plain paper	88%	78.3%	45.0%
Employment Test in writing	16.7%	8.3%	0.0%
Sample Job Test	0.0%	16.7%	97.70%
Reference Check	90.0%	80.0%	75.0%
Interview	100.0%	100.0%	100.0%
Medical Test/Physical Examination	8.67%	3.3%	93.0%
Final Selection & Probationary Appointment	100.0%	100.0%	100.0%
Orientation/Induction	100.0%	100.0%	100.0%
Foundation Training	0.0%	0.0%	0.0%
Placement	100.0%	100.0%	100.0%

Types of Employment Test Applied

Table- 34 shows the various types of tests applied in the small and medium business firms to select employees in various categories of employees. Achievement test is the most popular test, which is applied by 100 percent firms to know about the depth of knowledge so far earned by the candidates. It is tested either by written examination or by taking interview. It exhibits the concern of small and medium enterprises owner-managers or management to get right jobs done by right persons. The candidates' ability to learn new skills is examined by aptitude test that is applied in 30 percent firms for managerial cadre, 10 percent firms for clerical/administrative staff and 3.3 percent firms for production workers. It is exhibited that a certain percent of small and medium enterprises recognized the need for acquiring new knowledge to deal with future changes under the doctrine of globalization and open economy. From the table it is understood that none of the firm applies mental ability/intelligence test, personality test, and substance abuse test. Interest test is applied 13.4 percent firms for managerial personnel, 7.0 percent firms for clerical/administrative staff, and 15.0 percent for production workers. It is understood by asking questions at the time of interview and from the candidates' past academic records and experiences. Motor or physical ability test is conducted for clerical/ administrative staff and production workers only, 15.0 percent and 97.7 percent firms respectively for assessing the candidates' strengths and proficiency in performing given manual jobs. 7.0 percent firms for clerical/administrative staff and 23.6 percent firms for production workers conducted miniature job test for apprentice, understudy or probationary staff and workers. It is a good attempt to make a person right before placing him/her in a given job.

Table- 34: Types of tests taken by the respondent small and medium enterprises to select employees.

Types of Test	Managerial /Officer	Clerical/Staff	Production workers
Achievement Test	100.0%	100.0%	100.0%
Aptitude Test	30.0%	10.0%	3.3%
Mental ability/Intelligence Test	.0%	.0%	.0%
Personality Test	.0%	.0%	.0%
Interest Test	13.4%	7.0%	15.0%
Motor/Physical ability test	.0%	15.0%	93.0%
Substance Abuse Test	.0%	.0%	.0%
Work Sample Test	0.0%	67%	97.7%
Miniature Job Test	0.0%	7.0%	23.67%

Method of Reference Check

Small and medium enterprises check references of the candidates but not all firms do. Those SMEs that use reference check to verify authenticity of the candidature, they also do not use multiple methods. Table-35 shows that small and medium enterprises conduct reference check through direct personal enquiry only. 90% of respondent SMEs do it for managerial people, 75% for clerical staff and 75% for production workers. It is found that small and medium business firms in Bangladesh generally do not employ strangers; somehow the candidates are known by any source of contact. Owner-managers directly contact with the referees orally, either face-to-face contact or over telephone.

Table-35: Distribution of the respondent small and medium enterprises on the basis of their chosen method of reference check.

Method of reference check	Managerial/ Officer (count and %)	Clerical/Staff (count and %)	Production worker (count and %)
Direct personal enquiry	108 90.0%	96 80.0%	90 75.0%
Sending a structured form to referee	00 0.0%	00 0.0%	00 0.0%

Medical/Physical Examination Method

A very few small and medium enterprises used medical/physical examination for the new recruits for managerial and clerical staff (see Table-33). From Table-36, it is evidenced that none of the small business firms used qualified medical officer to check medical/physical fitness of the candidates. All SMEs used visual check of goodness of health. It is done large in number for production workers, 93 percent firms (see Tabe-33). It shows their concern for continuing production, as physical fitness is a necessary condition for having regular work and production from workers.

Table-36: Distribution of small and medium enterprises, which conduct medical/physical examination of new recruits on the basis of their used method of such examination.

Medical/Physical examination method	Managerial/ Officer (count and %)	Clerical/Staff (count and %)	Production worker (count and %)
Visual check by owner-manager/ staff	11 100.0%	04 100.0%	112 100.0%
Check by medical officer	00 0.0%	00 0.0%	00 0.0%

Administration Method of Interview

Interview administration method varies with the category of employees. Table-37 shows that 90.0 percent small and medium enterprises used panel interview method for selecting managerial resource, 35.0 percent firms used for clerical staff and 45.0 percent firms used for selecting production workers. On the other hand, 40.0 percent firms used one-on-one interview for managerial cadre, 90.0 percent firms for clerical/administrative staff selection and 70.0 percent firms used the method for selecting operative workers. It also shows that none of the sample firm used group interview method. It is understood from the observation that firms used a mixture of panel and one-on-one interview methods on their convenience. It is further understood that panel interview method is popular in selecting managerial people and one-on-one method is popular in selecting clerical staff and production workers.

Table-37: Percent distribution of respondent small and medium firms on the basis of interview conduction method.

Administration method of interview	Managerial/ Officer	Clerical/Staff	Production worker
Group interview	0.0%	0.0%	0.0%
Panel interview	90.0%	35.0%	45.0%
One-on-one interview	40.0%	90.0%	70.0%

Interview techniques Used

Table-38 shows that unstructured interview is employed by 90.0 percent firms for selecting managerial personnel, 100.0 percent firms used it for both clerical/administrative and production workers selection. Only 10.0 percent firms used structured interview for managerial cadre selection only. Situational problem solving is used by 30.0 percent firms for clerical staff selection and 95.0 percent firms for production worker selection. It shows

that the management of small business firms is careful about selection of technical hands.

Table-38: Percent distribution of respondent small and medium enterprises on the basis of their employed interview techniques

Techniques of interview	Managerial /Officer	Clerical/ Staff	Production worker
Structured interview	10.0%	0.0%	0.0%
Unstructured interview	90.0%	100.0%	100.0
Situational problem solving	0.0%	30.0%	95.0%

Written Handbook

None of the 120-sample small and medium enterprises has written handbook for any category of employees. New recruits orally learn their jobs from supervisors. Table- 39 shows the picture below.

Table-39: Distribution of respondent small and medium enterprises on the basis of existence of written handbook.

Types of response	Managerial/ Officer (count and %)	Clerical/Staff (count and %)	Production worker (count and %)
Yes	00	00	00
No	120	120	120

Training and Development in Small and Medium Enterprises

Training and development are the twin feathers of the same programme that is undertaken to make the human resource competent for the present and future environmental demand. Small and medium enterprises in Bangladesh are not that much concern for this aspect of human resource management. The observations are presented in the following descriptions.

Orientation/Induction programme

Orientation/induction programme is well understood as an essential activity to make the new recruits familiar with the job as well as other aspects of the organisation. Many small and medium enterprises do not understand the concept as it theoretically stands, but when they are explained the idea, they understand it. It is observed from the Table-40 that all sample small and medium business firms provided formal/informal orientation/induction training to the new recruits. Majority of SMEs do it by just introducing the new recruits with the colleagues and giving a brief about the jobs to be done by the supervisor.

Table- 40: Frequency distribution of respondent small and medium enterprises on the basis of having formal/informal induction programme

Categories of employees	Always	Sometimes	Don't know	Less often/rarely	Not in practice
Managerial / Officer	120 100.0%	-----	----	-----	-----
Clerical/ Administrative Staff	120 100.0%	-----	----	-----	-----
Production workers	120 100.0%	-----	----	-----	-----

Aims of Orientation/Induction Program

Orientation/induction programme is conducted with manifold aims in small and medium businesses. Table-41 exhibits that 'to make familiar with work and inmates' is the primary aim of all firms for all categories of employees. 'To create interest in job and in the firm' is another aim of all firms at a varied degree, 64.17 percent firms for managerial cadre, 56.67 percent firms for clerical/administrative cadre and 45.0 percent firms for production workers. 76.67 percent small and medium enterprises pointed out 'to inform organisational policies and practices' as the aim of orientation programme for managerial cadre employees and 21.67 percent firm mentioned it for clerical employees and none pointed for workers. To inform about the organisational

Table-41: Distribution of respondent small and medium enterprises on the basis of their stated aim/aims of the orientation/ induction programme

Aim of Orientation/ induction programme	Managerial/ Officer (count and %)	Clerical/Staff (count and %)	Production worker (count and %)
To inform organisational philosophy	40 33.9%	16 13.6%	00 0.0%
To inform organisational policies and practices	92 76.67%	26 21.67%	00 0.0%
To make familiar with work and inmates	120 100.0%	120 100.0%	120 100.0%
To create interest in job and in the firm	77 64.17%	68 56.67%	54 45.0%

philosophy is the aim of 33.9 percent firms for managerial cadre and is the aim of 13.6 percent firms for clerical staff. It is not an aim of any firm for operating workers. From the table it is exhibited that a good of small and

medium business firms felt the need for making new recruits acquainted with the job, inmates, policies and practices, and philosophy of the firm in order to create loyalty and commitment to the firm. Workers are neglected in providing information about policies, practices and philosophy of the firm. It shows managements' least concern for and confidence on workers as an essential productive force, which is not favourable for the continuing conducive coexistence of workers and management for higher productivity and competitive sustainability of the SMEs in the doctrine of open market.

Methods of Orientation/Induction Program

It is observed from the table 33 that all small and medium enterprises provide orientation/induction to new recruits. Various methods are applied for conducting this program. Table-42 has listed it and from it we can see that all small and medium business firms use work head to give a brief about the job to the new recruits of all cadres and none of the SMEs has printed handbook of jobs to give to the new employees to learn about their jobs.

Table-42: Distribution of SMEs on the basis of methods of orientation/induction program used in small and medium enterprises for the new recruits.

Means of orientation	Managerial (Count and percent)	Clerical (Count and percent)	Worker (Count and percent)
Give a brief formal lecture on organizational issues	24 20.0%	14 11.67%	00 0.0%
Give them printed handbook	0.0% 0.0%	0.0 0.0%	0.0 0.0%
Ask a senior staff to show everything	42 35.0%	00 0.0%	00 0.0%
Ask the work head to give him a brief of the job	120 100.0%	120 100.0%	120 100.0%
Give just an informal lecture	65 54.17%	78 65.0%	35 29.17%

Formal lecture by key executives on organizational issues is used by 20.0 percent firms for managerial cadre, and 11.67 percent firms for clerical cadre. Informal lecture is used for all categories of new recruits, 54.17 percent firms for managerial cadre, 65.0 percent firms for clerical cadre, and 29.17 percent firms for workers. Senior staff is entrusted to show everything of the organization is applied only for managerial cadre in 35.0 percent firms.

Objectives of Training Programme

Training is provided with multidimensional objectives. Table-43 exhibits that training is a generally accepted human resource management activity in all the small and medium enterprises / businesses in Bangladesh. 100.0 percent SMEs provide training for current work tasks to the managerial cadre, clerical/administrative staff and to operational workers. Training is provided on anticipated future work due to change in production /process to managerial staff in 8.33 percent SMEs, to clerical/administrative staff in 7.5 percent firms and to the operational workers in 1.67 percent small and medium firms. 5.0 percent small firms provide for a wide range of skills to the managerial cadre, 1.67 percent to the clerical/administrative staff and none of the production workers are provided with such type of training.

Table-43: Frequency distribution of the respondent small and medium enterprises/business firms according to the objectives of training programme

Objectives of the training programmes	Managerial /Officer (count and %)	Clerical/ Staff (count and %)	Production worker (count and %)
Training conducted for current work tasks	120 100.0%	120 100.0%	120 100.0%
Training conducted in anticipation of future production or process change	10 8.33%	9 7.5%	2 1.67%
Training undertaken for a wide range of skills	6 5.0%	2 1.67%	00 0.0%

Methods of On-the-Job Training and Development Used

It is found that none of the small and medium businesses in Bangladesh provides Off-the -Job training and development to their employees of all cadres. Only On-the-Job training and development is provided. The methods used for this purpose is shown in Table-44.

Table- 44: Frequency distribution of the respondent small and medium enterprises/business firms on the basis of methods used for providing on-the-job training and development to the employees.

Means of providing training and development	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production worker (count and %)
Apprenticeship	8 6.67%	54 45.0%	84 70.0%
Pre-employment training	00 0.0%	00 0.0%	6 5.0%
Vestibule training	0 .0%	2 1.7%	0 .0%
Job Instruction training	6 5.0%	2 1.67%	00 0.0%
Coaching	30 25.0%	32 26.7%	28 23.3%
Job Rotation/Transfer	36 30.0%	28 23.33%	10 8.33%
Understudy assignment	6 5.0	6 5.0%	2 1.67%
Committee assignment/Junior Board	18 15.0%	0 .0%	0 .0%
Mentoring	12 10.0%	5 4.16%	24 20.0%
Action Learning	0 .0%	0 .0%	4 3.3%

It shows that apprenticeship is the most popular method of training and development for clerical and operational staff, 45 percent and 70 percent firms respectively. Only 6.67 percent firms used it for managerial cadre. Coaching is equally used method for all employees, 25.0 percent firms used it for

managerial cadre, 26.7 percent firms for clerical/administrative staff and 23.3 percent firms for operational workers. Job rotation/transfer is used in 30 percent firms for managerial staff, 23.33 percent for clerical staff, and 8.33 percent firms used it for production workers. Mentoring is applied for managerial cadre in 10.0 percent small firms, 4.16 percent firm for clerical staff and 20.0 percent firms for production workers. Understudy assignment is applied in 5.0 percent firms for managerial staff, in 5.0 percent firms for clerical staff and in 1.67 percent firms for production workers. Job instruction training is provided in 5.0 percent small business firms for managerial cadre and 1.67 percent firms for clerical staff. Committee assignment or Junior board is used only for managerial cadre in 15 percent small and medium enterprises. Vestibule training is provided in 1.7 percent small and medium firms for clerical staff only. Pre-employment training is given in 5.0 percent firms for production workers only and action learning is used in 3.3 percent small and medium firms for production workers only too.

Designers of Training Programme

Small and medium enterprises do not employ any training specialist or external experts to design their training and development programme for any type of employees. Table -45 shows that owner-managers design the programme in 70.83 percent small and medium business firms for managerial cadre, in 37.5 percent firms for clerical staff and in 26.6 percent firms for production workers. The table also shows that managers/supervisors design the programme in 29.17 percent firms for managerial cadre, in 62.5 percent firms for clerical staff and in 73.33 percent firms for operational workers. It is evident that most training and development programme for managerial cadre is designed by owner-manger and that for clerical and production workers is designed by managers/supervisors.

Table-45: Frequency distribution of respondent small and medium enterprises /businesses on the basis of types of people designing the training and development programme

Types of people designing the training and development programme	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production worker (count and %)
Training specialists	00 0.0%	00 0.0%	00 0.0%
Owner-manager himself	85 70.83%	45 37.5%	32 26.67%
Manager/Supervisor	35 29.17%	75 62.5%	88 73.33%
External expert	0 .0%	0 .0%	0 .0%

Factors Considered in Designing Training and Development Programme

It is understood from the research that multiple factors are considered while designing a training and development programme. Table-46 shows that “Filling up the skill deficiency” and “Need fulfillment of the employee, job and career needs” are the two major factors that are considered most in the small and medium businesses, 100.0 percent and 87.5 percent respectively, during designing a training and development programme. ‘Skill obsolescence’ is considered in 12.5 percent firms, ‘mutiskilling’ is considered in 11.67 percent firms, ‘human resource plan of the organization’ is considered in 7.5 percent firms, ‘organizational culture and climate’ in 9.17 percent firms, ‘organizational adaptation and improvement’ is considered in 3.33 percent firms. It can be noted from the observation that small and medium enterprises people are very much concern with doing right thing and

right manner as they are interested in making the staff right in doing the job in right way.

Table-46: Frequency distribution of the respondent small and medium enterprises/ business firms regarding the factors considered while designing a training and development programme

Factors considered while designing a training and development programme	Frequency Count and %	
Human resource plan of the organization	9	7.5%
Multi-skilling	14	11.67%
Organizational adaptation and improvement	4	3.33%
Organizational culture and climate	11	9.17%
Organizational effectiveness	00	0.0%
Need fulfillment of the employee, job and career needs	105	87.5%
Filling up the skill deficiency	120	100.0%
Union attitude	00	0.0%
Skill obsolescence	15	12.5%

Preferred Issues/Matters for Providing Training and Development

Table-47 shows the issues/ matters that small and medium businesses prefer for giving training and development. It is observed that managerial staff is given training and development for the issues with the order of problem solving, 53.33 percent; quality control/management, 35 percent; learn to another relevant job, 33.33 percent; team working, 21.7 percent; strategy formulation, 15 percent; computing skills, 8.33 percent; health and safety, 5 percent; and improving communication, 3.33 percent .

Problem solving again is the pioneer preference to small and medium enterprises / businesses for providing training to clerical staff, 68.33 percent. Then team working, 25.0 percent; quality control/management, 21.7 percent; computing skills, 12.5 percent; learn to another relevant job, 10.0 percent;

health and safety, 8.3 percent; improving communication, 5.0 percent; strategy formulation, 4.16 percent; operation of new equipment, 1.7 percent.

Production workers are given training primarily for problem solving, 100.0 percent. The order of other preferred issues are quality control/management, 41.67 percent; health and safety, 36.67 percent; operation of new equipment, 30.0 percent; team working, 28.3 percent; learn to another relevant job, 25.5 percent; computing skills, 16.67 percent; improving communication, 13.33 percent; and the least preferred issue is strategy formulation, 3.33 percent.

Table-47: Frequency distribution of the respondent small and medium enterprises/business firms on the basis of preferred issues for providing training and development to employees .

Name of the training matters	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production Worker (count and %)
Strategy formulation	18 15.0%	5 4.16%	4 3.33%
Problem solving	64 53.33%	82 68.33%	120 100.0%
Team working	26 21.7%	30 25.0%	34 28.33%
Quality control/management	42 35.0%	26 21.7%	50 41.67%
Improving communication	4 3.33%	6 5.0%	16 13.33%
Computing skills	10 8.33%	15 12.5%	20 16.67%
Operation of new equipment	0 .0%	2 1.7%	36 30.0%
Health and safety	6 5.0%	10 8.3%	44 36.67%
Learn to another relevant job	40 33.33%	12 10.0 %	30 25.5%

Challenging Factors That Motivate to Initiate Training and Development

Small and medium enterprises or business firms initiate training and development for their employees when they face the challenge of increasing productivity and quality of product. Table-48 shows that all firms have mentioned these two factors as the primary motivating factors. 92 percent firms said about customer service, 49 percent firms mentioned technology change, 42 percent firms mentioned succession plan, 34 percent firms mentioned corporate culture and 23 percent firms mentioned new market strategy as the driving challenging factors for initiating training and development in their firms. Productivity and quality are the twin most important considerations of SMEs in Bangladesh. This exhibits the concern for market competition, reduction of cost and continuous attention to the maintain ace as well as expansion of market by keeping customers satisfied with both cost and quality. It also shows the alertness of the SMEs management about the critical issues that affect their market and their awareness of impacts of such factors upon the organizational effectiveness, prospects and sustainability.

Table-48: Frequency distribution of the respondent small and medium business firms on the basis of the order of challenging factors for initiating training and development

Challenging Factors	Frequency
Productivity	100%
Quality	100%
Customer service	92%
Technology change	49%
Succession plan	42%
Corporate culture	34%
New market strategies	23%

Training and Development Process

All small and medium size business firms follow all steps of a systematic process of training and development except the step of validating the programme. It is found that there is no standard practice of training and development in any of the SMEs. They do not have also any training expert or formal structure of training and development. The steps arranged in Table -49 are made on the basis of their responses but things are done not as systematically as it is arranged in the table. The action in each step is not critically done, rather causally informally done by the owner-managers or managers. Table-49 shows that only 15 percent of the respondent firms develop budget for the training and development, all others do not make any separate budget for this purpose. It also shows that 20 percent firms conduct some kind of evaluation and follow up.

Table-49: Frequency distribution of respondent small business firms on the basis of their selected steps in the process of training and development

Steps of the process	Frequency
1. Need analysis	100%
2. Selecting objectives	100%
3. Select trainees	100%
4. Determine curriculum	100%
5. Select training method and media	100%
6. Develop budget	15%
7. Validate the program	0.0%
8. Select trainers	100%
9. Conduct training and development	100%
10. Evaluate and follow up	20%

Selection of Trainees

Table-50 shows that the selection of trainees for the training and development is done by checking job description in none of the small and medium enterprises (SMEs), as they do not have any structured job description. 100 percent firms check skill requirements as the owner-manager or immediate supervisors understand it, as none of the SMEs has any written structured job specification, 80 percent firms analyse the present job performance of the incumbents to their skill deficiencies, 12 percent firms check the need for skills and abilities in the next higher position to which the prospective person would be placed in near future, and 5 percent firms conduct the analysis of the need for the skills and abilities in the next assignment or posting. The overall assessment of this count shows a great concern of SMEs for training employees to uplift skills and expertise to increase productivity and quality. The awareness of management of SMEs to select appropriate person for the right training is the indication for training effectiveness too.

Table-50: Frequency distribution of the respondent SMEs on the basis of their mechanism to select trainees

Mechanism of trainee selection	Frequency
Check job description	0.0%
Check skill requirements	100%
Present performance analysis	80%
Need for skills and abilities in the next higher position	12%
Need for skills and abilities in next assignment or posting	5%

Evaluation of Training and Development Effectiveness

All small and medium business firms do some kind of evaluation of the training and development conducted for the employees. Table-51 shows that 100 percent small and medium business firms conduct pre –post performance method to understand the effectiveness of the training and development programme. If performance increases then it is understood that the training and development programme is successful. No other methods are applied in small business firms for understating the skill deficiencies of the incumbents. It shows the high concern of SMEs management for production and performance of employees in the organization. It is good that at least they understand the necessity of testing the effectiveness of the training and development programme to make it improved for the betterment of the human resource and the organization as whole.

Table-51: Frequency distribution of respondent small and medium business firms on the basis of method applied to evaluate training and development effectiveness.

Methods	Frequency
Test-retest Method	0.0%
Pre-post performance Method	100.0%
Experimental Control group Method	0.0%

Off-the –Job Training and Development

It is observed from the study shown in Table-52 that none of the small and medium enterprises conduct any off–the–job training and development programme and even they do not recognize that it is their responsibility to conduct such type of programme to make their human resource competent for their benefit. Almost all respondents comment that ‘We think it is not our

job'; 'We shall take those who will have that skill and knowledge'; 'We don't have capacity to do that'; 'We could not spare out employees from their job' etc. These exhibit their no concern for off-the-job training and development programme and also their high concern for cost for such programme which they think unnecessary for the organization.

Table- 52: Distribution of respondent SMEs on types of off-the -job training and development they use for employee

Method of training	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production worker (count and %)
Lecture and Conference	00 0.0%	00 0.0%	00 0.0%
Computer-assisted Instruction	00 0.0%	00 0.0%	00 0.0%
Seminar	00 0.0%	00 0.0%	00 0.0%
Laboratory training	00 0.0%	00 0.0%	00 0.0%
T-group	00 0.0%	00 0.0%	00 0.0%
Transactional Analysis	00 0.0%	00 0.0%	00 0.0%
Behavioural Modeling	00 0.0%	00 0.0%	00 0.0%
In-basket training	00 0.0%	00 0.0%	00 0.0%
University-related programme	00 0.0%	00 0.0%	00 0.0%
In-house development center	00 0.0%	00 0.0%	00 0.0%
Programmed Instruction/Manual	00 0.0%	00 0.0%	00 0.0%
Experimental Exercise	00 0.0%	00 0.0%	00 0.0%

Pay Administration and Performance Appraisal in Small and Medium Enterprises

Pay or remuneration administration is a vital mechanism to attract and retain qualified human resources in the organization. The observation about the state of affair of pay administration system prevailing in small and medium enterprises in Bangladesh is presented in the following section of discussion.

Pay Structure or Grade

The majority of the small and medium enterprises or businesses do not have any well-designed pay structure or grade; they go on their whim, which is influenced by current pay rate or level in the industry or relevant region of operation. Table- 53 shows that 92.5 percent SMEs do not have any structured pay grade but only 7.5 percent small and medium firms have pay structure/grade for various classes of job and others do not. It exhibits that they do not have any concern for consistency of pay or any reasonable basis for having pay grade for all types of employees.

Table-53: Frequency distribution of the respondent small and medium enterprises/ businesses on the basis of the existence of pay structure or grade for each grade or class of job.

Types of response	Frequency	Percent
Yes	09	7.5
No	111	92.5
Total	120	100.0

Way of Determining the Pay Structure

The study reveals that owner-managers set pay for their employees, no expert opinion or no other knowledgeable persons are consulted to determine pay or no survey is conducted to do so. Only a general guess or understanding or informal information collected by the owner-manger is used to determine the pay of employees of various levels in the organization. It is observed from the Table-53 that in almost all SMEs, that is 90 percent, owner-managers' determine the pay structure for managerial people and for clerical staff on their own sense of judgement and knowledge, and in 100 percent SMEs, same basis has been undertaken by owner-managers for production workers. A very little number of small and medium businesses, 10 percent, follow competitors' pay structure as the guideline for determining firm's pay structure for managerial cadre and clerical staff only. It shows the predominance of whims, common sense, and informal information in setting pay structure for employees in small and medium enterprises in Bangladesh.

Table-54: Frequency distribution of the respondent small and medium enterprises / business firms on the basis of way of determining pay structure

Way of pay determination	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production worker (count and %)
Industry wise collective bargaining	00 0.0%	00 0.0%	00 0.0%
Collective bargaining	0 .0%	0 .0%	0 .0%
Owner-managers' decision	108 90%	108 90%	120 100.0%
Competitors' pay structure	12 10%	12 10%	0 0.0%

Methods of Fixing pay (wages and salaries) for the Employees

The study reveals the method or methods used in small and medium enterprises to fix wages and salaries for the employees. Table-55 shows that majority of the small and medium enterprises or businesses set their wages and salaries of the employees on the judgement of the owner-managers or managers. 66.7 percent respondent firms fix pay of their managerial employees, 62.7 percent for clerical employees and 55 percent for production employees by this method. It is also evident from the table that 30 percent firms used other firms' pay as the benchmark for setting pay for their managerial employees, 33.9 percent for clerical employees and the same percent of firms took other firms pay as the basis for setting pay for their production employees. A very meager percentage of firms did job evaluation for setting pay for all categories of employees, only 1.7 percent. Only 5 percent SMEs negotiated with job seekers to set pay for production employees, and 1.7 percent firms did it for clerical and managerial employees. It is understood from the observation that SMEs set differentiated pay on the presumed difficulties and significance of the job to the production and profit and it is made by owner-managers on their own perception.

Table-54: Frequency distribution of the respondent small and medium business firms on the basis of their employed methods of fixing pay for their employees

Methods of fixing pay		Managerial employees	Clerical employees	Production employees
By own judgement	Count	80	74	66
	%	66.7%	62.7%	55.0%
By collective bargaining	Count	00	00	00
	%	0.0%	0.0%	0.0%
By comparing with other firms	Count	36	40	40
	%	30.0%	33.9%	33.9%
By doing job evaluation	Count	2	2	2
	%	1.7%	1.7%	1.7%
By negotiation with job seekers	Count	2	2	6
	%	1.7%	1.7%	5.0%

Basis of Wage and Salary

The most popular method of wage and salary payment in small and medium business firms in Bangladesh is monthly pay for all cadres of employees. Table- 56 exhibits that all SMEs are found to follow this basis for managerial, clerical employees and 44 percent for production workers. For the payment of wages to operation workers, daily basis of pay is used in 56 percent firms simultaneously with the monthly pay system that is a section of production workers are paid on daily basis besides monthly basis. Weekly basis is not found in any small and medium firm.

Table- 56 : Distribution of the respondent small and medium enterprises according to their bases used for setting wage and salary

Wage and Salary Policy	Managerial/ Officer	Clerical/Staff	Manual/ Productive Employees
Daily basis	0.0%	0.0%	56%
Weekly basis	0.0%	0.0%	0.0%
Monthly basis	100.0%	100.0%	44.0%

Responsibility of Pay Determination

Table-57 shows that owner-managers determine the pay of the employees in 96 percent small and medium business firms except in 4 percent small and medium enterprises firms in which managers conducts the task of determining pay for the employees subject to the final approval of the owners. None of the SMEs take help of external expert or consultants in this respect.

Table-57: Distribution of the respondent small and medium enterprises regarding the responsibility of pay determination

Responsible person	Frequency
Owner-manager	96.0%
Manager	4.0%
External expert/Consultant	0.0%

Time of Setting Wage and Salary

The study also reveals the time of setting wage and salary for the employees of the small and medium enterprises in Bangladesh. The result is exhibited in the Table- 57. The table shows that majority of the firms set their wage and salary on the very point of starting the venture that is 65 percent firms follow action to thought strategy while rest of the firms, 35 percent, set a plan for compensation well ahead of starting their ventures.

Table-57: Frequency distribution of the respondent small and medium enterprises (SMEs) on the basis of time of setting wage and salary of the employees.

Time of Setting	Number of firms	Percentage of firms
Before the beginning of the enterprise	42	35.00
On the point of starting the venture	78	65.00
Total	120	100.00

Pay Policy

Pay policy denotes general guidelines to determine pay of employees. It may be individual or secret pay policy that is, pay is being set through individual bargaining and negotiation. Each employee's pay is kept secret to others. Structured pay policy indicates a policy to set a flat and well structured pay for each category of employees which is made public. Both pay policies have relative merits and demerits. It is observed from the study that all SMEs take individual pay policy for their managerial and clerical employees, and only 25 percent SMEs undertake secret pay policy for production workers(Table 59). It is also exhibited from the table-58 that none follows structured pay policy for managerial and clerical employees but 75 percent firms take structured pay policy for production workers. It indicates that individual judgement of owner-managers or managers about the situations of the firm and qualifications of the applicant get dominance in SMEs in taking the policy of pay. It also shows the lack of corporate culture regarding pay and it is highly personalized.

Table-59: Frequency distribution of the respondent small and medium enterprises regarding their pay policy/policies

Pay Policy	Managerial /Officers	Clarical /Staff	Production workers
Individual/Secret Pay	120 100%	120 100%	30 25%
Structured Sectoral Pay	Nil	Nil	90 75%
Total	120 100%	120 100%	120 100%

Profit Sharing Scheme

It is revealed from the study that profit sharing scheme is not at all known to almost all of the SMEs under study. Table -60 exhibits that 58.33 percent SMEs do not even know the system of profit sharing scheme applicable for managerial employees, 83.33 percent for administrative staff, and 91.67 percent of SMEs do not hear that there is such a scheme for production workers. A very meager number of SMEs follows profit sharing scheme, only 8.33 percent, for managerial employees but that also very irregularly while 66.67 percent not at all adopt it in their organization. All SMEs, that is 100 percent, do not at all follow it for clerical and production workers.

Table -60: Frequency distribution of respondent SMEs regarding adaptation of profit sharing scheme.

Categories of employees	Not at all	Less often	Don't know	Sometimes	Always
Managerial/ Officer	80 66.67%	00	70 58.33%	10 8.33%	00
Clerical/ administrative staff	120 100%	00	100 83.33%	00	00
Production workers	120 100%	00	110 91.67%	00	00

All firms have responded that they do not do nor practice profit sharing scheme for clerical and production workers. So, it is evident from the study that profit sharing scheme is not in operation in SMEs in Bangladesh. This exhibits the lack of awareness of profit sharing scheme as a motivation tool to the management of small and medium enterprises. But it has got a strong impact on whole-hearted and committed involvement of employees with the organization. It creates a strong sense of ownership and belonging with the

organization among employees too (Wehrich and Koontz, 2006, Kreitner, 1989, Garrison and Noreen, 2005).

Individual Incentive for Achievement

It is understood from the study that a good number of SMEs gives incentives for the individual achievement of employees in their respective field of operation particularly those who engage in the production and marketing areas. Table - 60 (1) shows that 33.33 percent SMEs always give and equal percent of SMEs not at all give incentive for individual achievement to managerial employees, 20.83 percent some times give and only 12.5 percent SMEs rarely give incentive to managers for their individual achievement. In the case of administrative employees, 45.83 percent SMEs sometimes give, 29.16 percent always, and 25 percent SMEs rarely give incentives for individual achievement. It is also evident from the table-60 (1)

Table-60 (1): Distribution of the respondent SMEs on the basis of their incentive scheme for individual achievement

Categories of employees	Not at all	Rarely	Don't know	Some times	Always	Total
Managerial/ Officers Percentage	40 33.33%	15 12.5%	00	25 20.83%	40 33.33%	120 100%
Clerical /administrative Staff Percentage	00	30 25%	00	55 45.83%	35 29.16%	120 100%
Production workers Percentage	00	12 10%	00	60 50%	48 40%	120 100%

that highest number of SMEs always give individual incentive for achievement to production workers, 48 firms that is 40percent. It further exhibits that 50 percent SMEs sometimes give and 10 percent SMEs rarely give incentive to production workers for their individual achievement. But it is understood that all SMEs know that there is a practice of giving incentive to all types of employees for their individual achievement in the workplace and as such all firms under study are found practicing this incentive scheme too.

Pay Determining Factors

The study reveals that almost all small and medium enterprises consider a set of factors to determine and structure the pay of the employees. "Employees are paid on their ability and skill"; "Wages are to be given according to the worth of the job"; "I can not pay more because of financial inability" etc statements exhibit the factors that SMEs management consider most in setting wage and salary structure for the employees of their enterprise. The results of the study that is exhibited in the table-61 shows the most considered factor for setting pay for managerial employees and production workers is worth of the employees, 100 percent and 83.33 percent respectively. But in case of administrative staff, 'financial capacity of the firm' is the most considered factor for setting pay, 91.67 percent SMEs. The second most considered factor for pay setting is 'financial capacity to pay of the enterprise' in case of managerial employees, 80 percent SMEs; in case of administrative staff, the second most considered factor is 'worth of the employees', 62.5 percent; and in case of production workers, it is 'both financial capacity of the enterprise and worth of the job', 66.67 percent SMEs. The third considered factor is the 'worth of the job' for managerial employees, 62.7 percent of SMEs; and for administrative staff, 61.7 percent; but for production workers, it is prevailing 'wages and salaries of the industry', 61.67 percent SMEs. This factor is considered at the forth level for setting pay for managerial and administrative

staff, 41.67 percent and 15 percent respectively. It is further known that the SMEs only consider the 'prevailing pay structure of adjacent localities for

Table-62: Frequency distribution of the respondent SMEs about the considered factors for setting wage and salary structure

Considerable factors	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production worker (count and %)
Worth of the job	74 62.7%	74 61.7%	80 66.7%
Worth of the employee	100 83.33%	75 62.5%	120 100.0%
Prevailing wages and salary of the industry	50 41.66%	18 15.0%	74 61.67%
Financial capacity of the enterprise	96 80.0%	110 91.67%	80 66.67%
Economic realities i.e. cost of living & inflation	6 5.1%	6 5.0%	6 5.0%
Government regulation	0 00%	0 00%	8 6.7%

for managerial employees where the respective SME is operating, not industry as a whole. The least considered factor is economic realities like 'cost of living and inflation' by all SMEs, it is only 5 percent. No firms consider 'government regulation' for setting pay for managerial and administrative staff but only 6.7 percent SMEs have taken this factor into consideration. It shows their least attention, awareness, and care to the existing governmental laws, rules and regulation for managing human resources that are made to

ensure rights and privileges of the working people in the industry. It also calls for increasing supervision of enforcing agencies to ensure application of pay related legal provisions, developing awareness about this, and persuading SMEs management to ensure their application into their enterprises.

Compensating Factors

Pay is the compensation paid to the human resource for their efforts or expenditure of energy, use of skill or expertise, taking trouble and responsibility etc. While setting wages and salaries of employees, the contributing elements are determined along with their levels to employment so that those are rightly compensated in order to make the pay satisfactory and motivating to the people working and to the job seekers. It is found in the study on SMEs of Bangladesh regarding the compensating factors taken by the management of such SMEs to set pay for different categories of employees that almost all factors except 'originality required' and 'judgement exercised' are taken into consideration. From table-63, it is understood that education and experience are the first and foremost compensating factor for managerial employees, 50 percent; then know-how, 46.67 percent; then responsibility, 31.7 percent, then difficulty of the job, 20.83 percent, then supervisory responsibility, 20 percent, then both outside contacts and work environment, 8.3 percent; then job complexity, 5 percent; relationship, 4.16 percent, then rental requirement, 3.3 percent; and physical demand, 1.7 percent. Other compensating factors like responsibility of equipments, and judgement exercised are not at all considered for being compensated.

It is further revealed from the study and exhibited in Table-63 that in case of setting pay for administrative staff or clerical employees, know-how is the foremost compensating factor for setting pay of SMEs, 50 percent; next is education and experience, 41.7 percent; next is difficulty of the job, 26.7 percent; next is responsibility, 25 percent; next is work environment, 8.3 percent; next is supervisory responsibility, 6.7 percent; and physical demand is

the last compensating factor that is taken into consideration, only 3.3 percent. Other factors like physical requirement, responsibility of equipments, outside contacts, judgement exercised, relationship, and originality required are not compensated as they are not understood and considered at all as compensating factors for this category of employees.

Table-63: Frequency distribution of respondent SMEs on the basis of the compensating factors for determining worth of the job.

Compensatory Factors	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production worker (count and %)
Difficulty of the job	25 20.83%	32 26.7%	76 63.3%
Responsibility	38 31.7%	30 25.0%	16 13.3%
Know-how	56 46.67%	60 50%	120 100%
Education and experience	60 50.0%	50 41.7%	26 21.7%
Relationships	5 4.16%	0 0.0%	0 0.0%
Mental requirements	4 3.3%	0 0.0%	2 1.7%
Supervisory Responsibility	24 20.0%	8 6.7%	2 1.7%
Responsibility of equipments	0 0.0%	0 0.0%	2 1.7%
Outside contacts	10 8.3%	0 0.0%	0 0.0%
Work Environment	10 8.3%	10 8.3%	12 10.0%
Physical demand	2 1.7%	4 3.3%	24 20.0%
Job complexity	6 5.0%	6 5.0%	24 20.0%
Judgment exercise	0 0.0%	0 0.0%	0 0.0%
Originality required	0 0.0%	0 0.0%	0 0.0%

It is exhibited from the table-62 that for the production workers, the most widely used compensating factor in the SMEs here in Bangladesh for determining worth of the job is know-how, 100 percent; then is difficulty of the job, 63.3 percent; next is education and experience, 21.7 percent; next is physical demand and job complexity, both 20 percent; next is responsibility, 13.3 percent; next is work environment, 10 percent; then all of mental requirements, responsibility of equipments, 1.7 percent. Others like supervisory responsibility; outside contacts, judgement exercised, originality required, and relationship have not been considered in this category of employees.

Pay Increments Bases

It is evident from the study that all small and medium enterprises give primary consideration to 'performance and seniority together' for giving increment to the employees. It is exhibited in the Table-64 that most SMEs give priority to performance along with both performance and seniority for all categories of employees, 73.33 percent performance for managerial employees; 66.67 percent for administrative or clerical staff; and 83.33 percent for production workers.

Table-64: Frequency distribution of respondent SMEs on the bases they use for pay increments

Basis of pay increments	Managerial /Officers	clerical/ administrative	Productive workers
Individual performance/ achievement	00	00	00
Individual seniority	00	00	00
Performance and seniority together but performance gets priority	88 73.33%	80 66.67%	100 83.33%
Performance and seniority together but seniority gets priority	32 26.67%	40 33.33%	20 16.67%

Rest of the small and medium firms gives priority to seniority along with both performance and seniority as a basis for giving increment to the employees. It is understood further from the results of the study, shown in Table -64, that 23.67 percent SMEs management is very much performance oriented and they give recognition for better performance in the form of giving increment to the employees. So, it is evident from the study that the most dominant basis is the combined performance and seniority basis with greater emphasis on performance only.

Need for Effective Pay Administration

The management of small and medium enterprises in Bangladesh recognizes that a well designed and planned pay management is a necessity for the SMEs as it will ensure consistency of pay over years, motivate employees, effective system of pay management as well as adaptability of pay. Table -65 exhibits that all SMEs feel equally the need for an effective pay administration to maintain competitiveness and sustainability of pay in the organization.

Table-65: Frequency distribution of respondent SMEs on the bases of their managerial perception regarding an effective well designed pay administration

Nature of pay administration	Yes	No
Well designed and planned pay administration	120 100%	00
Spot pay administration	00	00

Information Sharing or Suggestion Scheme Practice

On kind of informal suggestion scheme or information sharing is practiced in small and medium enterprises in Bangladesh for all types of employees but it is not frequently done. ' They tell us about pay change or inadequacy of pay giving examples of other firm as well as cost of living situation'; 'Sometimes

our subordinates give us their opinion about pay'; 'Suggestions come in the form of request' etc are a few examples for type of suggestions or information provided by the employees to the owner-managers or managers of SMEs. It is evident from the Table- 66 that informal and infrequent suggestion or information sharing scheme is practiced in all small and medium enterprises.

Table-66: Frequency distribution of respondent SMEs on the bases of their suggestion scheme or information sharing scheme in practice

Nature of pay administration	Regularly	Frequently	Sometimes	Less often/rarely	Not in practice
Managerial /Officer	00	00	00	120 100%	00
Clerical / Staff	00	00	00	120 100%	00
Manual / Production employees	00	00	00	120 100%	00

Performance Appraisal

Performance appraisal is a system of evaluating the performance of individual employees for many reasons. Some pitfalls may make obstacles for its right and appropriate use and contribution to the managing human resources efficiently and effectively and to make them worthy for the organisation. All small and medium enterprises (SMEs) also use one kind of performance appraisal system which has come out of the study.

Existence of Performance Appraisal System

It is exhibited from the Table -67 that all the SMEs under study use performance appraisal system in any form and it is being used regularly. 100 percent SMEs use performance appraisal regularly for managerial employees, 83.33 percent use it regularly for staff but 16.67 percent SMEs reported that

they use it sometimes for the same category of employees. On the other hand, all small and medium enterprises use regularly performance appraisal system for the production workers.

Table-67: Frequency distribution of respondent SMEs regarding the existence of performance appraisal system

Categories of employees	Regularly	Some times	Don't know	Less often/ rarely	Not in practice
Managerial/Officers	120 100%	00	00	00	00
Clerical /Staff	100 83.33%	20 16.67%	00	00	00
Production workers	120 100%	00	00	00	00

Means of Performance Appraisal

It is revealed from the study that majority of small and medium enterprises use informal performance appraisal system with very little documentation. Table 68 shows that this practice is followed by 85 percent SMEs for managerial, 62.5 percent for staff employees but 93.33 percent SMEs for production workers. Only a small percentage of small and medium enterprises use formal structure of performance appraisal. Only 6.67 percent of SMEs use it for both managerial and clerical employees where a printed form is needed to be filled up and that is processed at regular interval. On the other hand, only 3.34 percent SMEs use formal system for production workers. In all, a meager number of SME management is aware of formal methods of performance appraisal. It is due to their lack of educational background on human resource management or any training on management of venture. "We observe them (employees) and their performance over years and that gives us knowledge about how good they are"; "We know who is

good and who is not in his performance”; “We do not need any record, just observe”; -such statements of respondent SME managers show their unwillingness to go for formal method of performance appraisal or to learn about the system to apply in future to make it systematic and more rewarding to the organisational output. Their reluctance comes of their favourable results of their ventures that they are going fine with their present conditions. They don't have any strong desire to improve for they do not know there is ways scope for improving such conditions.

Table 68: Frequency distribution of respondent SMEs regarding formal or informal practice of performance appraisal system

Means of performance appraisal	Managerial employees	clerical/ staff	Production workers
Formal. Forms are filled and processed at regular intervals	8 6.67%	8 6.67%	4 3.34%
Informal. Very little documentation is made.	102 85%	75 62.5%	112 93.33%
No response	10 8.33%	37 30.83%	4 3.33%
Total	120 100%	120 100%	120 100%

Method of Performance Appraisal

It is observed from the study that only 4 (Four) SMEs follow graphical rating scale method for evaluating the performance of managerial employees and equal number of firms follow performance check list method which exhibited in Table -69. It is further evident that for the staff, no other but the performance checklist system is widely applied among four SMEs that use formal structure. For the production worker, the same performance check list method is used only too. The form of performance appraisal is not well

designed but it serves the purposes of SME managers as they perceive. It is further understood that managers of SMEs do not have any knowledge of other methods of performance appraisal and they do not have any interest to go for other methods too as very little of them have any academic background on human resource management.

Table-69: Frequency distribution of respondent SMEs on the basis of method used for performance appraisal

Means of appraisal	Managerial/ Officer	Clerical /Staff	Production worker
Graphical Rating Scale Method	4	00	00
Paired Comparison Method	00	00	00
Performance Check List Method	4	8	4
Essay Appraisal Method	00	00	00
Critical Incident Method	00	00	00
Individual Ranking Method	00	00	00
Group Ranking Method	00	00	00
Forced Choice Rating Method	00	00	00
Management By Objectives Method	00	00	00

Existence of Standard Criteria for Performance Appraisal

It is found from the study that none of the small and medium enterprises under study has any well thought out predetermined set of policies, standard criteria and design for performance appraisal of employees of all categories- managerial, clerical/staff and production worker, which is

exhibited in Table-70. It is understood from their responses and conversation that they just set it on individual whim, judgement or assumption of owner-manager or manager who is responsible for taking decision which is generally called administration that is apex administrator.

Table-70: Frequency distribution of respondent SMEs on the basis of having standard criteria, policies and design used for performance appraisal

Performance criteria	Yes	No	
Standard policies	00	120	100%
Standard criteria	00	120	100%
Standard design	00	120	100%

Who does Performance Appraisal

It is revealed from the study which is exhibited in the table-71 that the owner-managers/chief executives of small and medium enterprises, who are in charge of administration, do the performance appraisal of managerial employees or officers in 91.67 percent SMEs. The performance of clerical employees or staff is evaluated by the immediate supervisors who, in majority of the SMEs are owners themselves, in 69.17 percent SMEs and that of production workers is appraised by the immediate supervisor in 96.67 percent SMEs. Rest of the SMEs do not do performance appraisal, though they are very meager in number, only 10 SMEs that is 8.33 percent in case of managerial employees, 37 SMEs that is 30.83 percent in staff and 4 SMEs that is 3.33 percent in productive workers.

Table-71: Frequency distribution of respondent SMEs about who does the performance appraisal

Who does performance appraisal	Managerial employees / Officers	Clerical /Staff	Productive workers
Immediate Supervisor	00	83 69.17%	116 96.67%
Subordinates	00	00	00
Chief Executive/ Owner-manager	110 91.67%	00	00
Self	00	00	00
Peer colleagues	00	00	00
Rating /Appraisal Committee	00	00	00
No Response	10 8.33%	37 30.83%	04 3.33%
Total	120 100%	120 100%	120 100%

Objectives of Performance Appraisal

Small and medium enterprises in Bangladesh use performance appraisal for multiple purposes. Table 72 shows that majority SMEs, 83.33 percent, do it for giving feedback to employees about their level of performance from the view point of management for the managerial people, and 54.17 percent SMEs do performance appraisal for determining compensation for the managerial employees, But only 16.67 percent SMEs use it for both deciding promotability of the employees as well as to make retention and discharge decision about the managerial employees. On the other hand, 13 percent small and medium enterprises (SMEs) do it for identifying future needs of the

employee development, and only 8.33 percent SMEs use performance appraisal for motivating people through recognition and support.

Table-72: Frequency distribution of respondent SMEs on the basis of objective or objectives of performance appraisal

Reasons for doing performance appraisal	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production worker (count and %)
Giving employee feedback so that they know where they stand	100 83.33%	114 95%	120 100%
Using Performance appraisal result to decide upon promotion of the people	20 16.67%	12 10%	50 41.67%
Using performance results to make retention and discharge decision	20 16.67%	18 15.0%	32 26.67%
Using Performance appraisal result to determine compensation	65 54.17%	62 51.67%	80 66.67%
Using Performance appraisals to identify the future needs of the employee development	16 13.3%	10 8.33%	18 15.0%
Motivating people through recognition and support	10 8.33%	14 11.67%	28 23.33 %
Strengthening superior-subordinate relation	00 00%	00 00%	00 00%
Diagnosing individual and organizational problems	00 00%	00 00%	00 00%

None of the respondent SMEs tells about strengthening superior-subordinate relation and diagnosing individual and organizational problems as the objectives of performance appraisal. For the clerical or staff people the most widely mentioned objective is giving employee feedback so that they know where they stand from the viewpoint of the management's desirable level of performance i.e. 95 percent SMEs. On the other hand, 51.67 percent SMEs do performance appraisal to determine compensation of clerical employees. It is also observed from the Table -72 that 15% SMEs use performance results to make retention and discharge decision; 11.67 % uses it for motivating people through recognition and support; 10% SMEs use performance appraisal to decide upon promotion of the staff or clerical people. A very meager percentage of SMEs, only 8.33 percent SMEs do it for identifying the future needs of the employee development for the same group. None of the respondent SMEs does it for strengthening superior -subordinate relation and for diagnosing individual and organisational problems for clerical as well as for production workers. In case of production workers, 100 percent SMEs does the performance appraisal for giving employee feedback so that they know where they stand from their desired level of performance; 66.67 percent uses performance appraisal result to determine compensation; 41.67 percent small and medium enterprises uses performance appraisal result to decide upon promotion of the people; 26.67 percent uses performance results to make retention and discharge decision; 23.33 percent SMEs do it for motivating people through recognition and support; and only 15 percent SMEs use performance appraisal to identify the future needs of the employee development.

It is observed from the study that majority of the small and medium enterprises does performance appraisal for giving performance feed back to all types of employees -managerial, clerical/staff and production workers. The next popular objective is determining compensation or salaries and wages for the employees. For the promotion purpose, performance appraisal

result is used in large scale for production workers as there is a set of promotional hierarchy among them, but for other cadres, it is not evident as there is no upper hierarchy in the managerial and clerical levels of people. The lack of promotional hierarchy in the SMEs is a cause of lack of motivation for the managerial and staff people to stay, but there exists an increment of salaries and wages with irregular interval.

Determination of Performance Appraisal Criteria

It is observed that almost all the small and medium enterprises under study gets performance appraisal criteria from the rules and standards set by the owner or owner-manger or manager out of their own experience and judgement.

Table - 73: Frequency distribution of respondent SMEs on the basis of how they decide performance appraisal criteria

Sources of performance appraisal criteria	Managerial Employees	Clerical Employees	Production workers
Rules and standards set by the owner/ owner-manager/ manager	115 85%	100 83.33%	90 75%
Rules and standards set by a committee	00 2	00 2	00 15
Rules and standards developed by a consultant	1.67% 3	1.67% 18	12.5% 15
Adopt local/indigenous practices	2.5% 3	8.33% 18	12.5% 15
Criteria developed by intuition	2.5% 120	8.33% 120	12.5% 120
Total	100%	100%	100%

It is exhibited from the table-73 that 85 percent SMEs decides the criteria from this source for evaluating performance for managerial people; , 83.33 percent firms follow this source for clerical and 75 percent SMEs use this source for setting appraising criteria of production workers. A very negligible percent of SMEs gets the criteria from intuition, 2.5% for managerial, 8.3% for clerical and 12.5% for production workers. On the other hand, only 1.67% respondent firms use local or indigenous practices in order to set criteria for performance appraisal for managerial and clerical employees and 12.5% firms for production workers. They do not use any consultant or committee or any expert knowledge for doing this task of setting criteria, though 34 respondent SMEs are private limited companies and many of the firms under study are quite matured firms and functioning for a long time. They still go on the rule-of-thumb method in this respect.

Factors Affecting the Effectiveness of Performance Appraisal

It is observed from the studies that performance appraisal is affected by many factors and therefore, the purpose of the appraisal is lost or the effectiveness of it is reduced (Werther and Davice, 2005, Milkovich and Boudreau, 1997). The small and medium enterprises under study in Bangladesh are not from those errors too. It is found from this study that the effectiveness of 58 percent SMEs' performance appraisal is greatly affected by bias or prejudice error as shown in Table-74. The next major error is irrelevant or subjective judgement error which is disclosed by 54.17 percent respondent SMEs. The next dominant error is central tendency, 41.67 percent. The table further shows that 40 percent SMEs feel that their performance appraisal is affected by the failure to use appraisal data for the development or rewards to the employees and therefore, the purpose of the performance appraisal is lost. 25 percent of the SMEs disclose that halo effect and poor feedback to employee affect much of the effectiveness of the performance appraisal. 20.83 percent SMEs feel that lack of training on rating factors of raters affect the effectiveness of such

appraisal. It is understood from the results of the study that small and medium enterprises in Bangladesh are in the problem of making effective performance appraisal due to overwhelming presence of many strong errors which have to be corrected. The people who are involved with it they also recognize that these pitfalls affects seriously the improvement opportunities of the human resources and of the organization itself. It requires training and development of administrators/ owner-managers involved with this job. They are to be more knowledgeable and attentive to the high consequences of such errors on the performance of the people, sustained growth of the organization and competitiveness of the firm.

Table-74 : Frequency distribution of respondent SMEs on the basis of their mentioned factors affecting the effectiveness of performance appraisal

Factors affecting the effectiveness of performance appraisal	Number of SMEs	
	Count	%
Leniency /strictness error	00	00%
Halo effect error	30	25%
Low appraiser motivation error	00	00%
Irrelevant/subjective judgement error	65	54.17%
Lack of training on rating factors of raters error	25	20.83%
Poor feedback to employee error	30	25%
Failure to use appraisal data error	48	40%
Unclear standards error	00	00%
Bias or prejudice error	70	58.33%
Central tendency error	50	41.67%
Fear of confrontation with appraisee error	00	00%
Complex and time consuming appraisal error	00	00%
Unrealistic standards error	00	00%
Constant error	00	00%

Protection Programmes (Benefits, Safety, Security and Health)

Protection programmes that is benefits, safety, security and health programmes have the most influence on the satisfaction and performance of the employees of all types of organisation. Other than the pay, these are also most desirable protection to the employees too.

Existence of Protection Programmes

In the course of the study on small and medium enterprises of Bangladesh, investigation is done to know the existence of benefits, safety, security and health programmes and all SMEs have confirmed that they have these programmes other than the pay. It is exhibited in the table-75 below:

Table-75: Frequency distribution of respondent SMEs on the basis of the existence of benefit programmes.

Benefit Programmes	Managerial employees /Officers		Clerical employees/staff		Manual/Production employees	
	Count	%	Count	%	Count	%
Yes	120	100%	120	100%	120	100%
No	00		00		00	
Total	120		120		120	

Types of Benefits Offered

It is found from the study that all small and medium enterprises offer a multiple benefits to their employees. It is praiseworthy that management of SMEs has understood the contribution of benefit programmes to the productivity, job satisfaction and motivation of the employees. It is evident from the comments too. "We think it will serve out purpose too"; "It will make employees loyal and responsible"; "Benefits will motivate people to

work and to the firm". It is exhibited from the Table-76 that no SMEs have pension, group insurance, paid vacations, employee education, medical expense payments, accident insurance, tax assistance, and dearness allowance programmes. All firms give benefit of paid holiday and rest pause to their all types of employees. 68.3 percent SMEs pays festival bonus to managerial employees, 70 percent pays to clerical employees and 66.67 percent pays to production workers. Loans or advances are generally paid to all types of employees. Respondents argue that this benefit makes employees obliged to the management or owner, so we get reliable service from them. "We pay advances/loans against their salary/wages that help employees to overcome their immediate financial crises and that make them obliged to the owner or management and responsible to the job", this comment exhibits the perceived purpose of exercising the practice. The table shows that 61.7 percent SMEs gives loans/advances to managerial employees, 60 percent to clerical employees and 58.3 percent SMEs to production workers.

Table-76: Frequency distribution of respondent SMEs on the basis of offered benefits.

Benefits other than basic pay	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production employees (count and %)
Pension	0 0.0%	0 0.0%	0 0.0%
Group Insurance	0 0.0%	0 0.0%	0 0.0%
Discount on goods /service purchase	24 20.0%	24 20.0%	24 20.0%
Free medical treatment	16 13.3%	16 13.3%	18 15.0%
Free lunch	4 3.33%	4 3.33%	8 6.67%
Subsidized lunch/ meal	25 20.83%	10 8.33%	12 10.0%
Paid sick leave	66 55.0%	68 56.7%	62 51.7%
Payment for meal	45 37.5%	50 41.67%	75 62.5%

Rest break	120 100%	120 100%	120 100%
Paid vacations	00 0.0%	00 0.0%	00 0.0%
Paid holiday	120 100%	120 100%	120 100%
Festival bonus	82 68.3%	84 70.0%	80 66.7%
Employee education	0 0.0%	0 0.0%	0 0.0%
Compensation for injury during work	00 0.0%	6 5.0%	85 70.83%
Medical expense payment	00 0.0%	00 0.0%	00 0.0%
Employer's contribution to the provident fund	8 6.7%	10 8.3%	8 6.7%
Accident insurance	0 0.0%	0 0.0%	0 0.0%
Legally required payments	24 20.0%	24 20.0%	48 40.0%
Transport	4 3.3%	2 1.7%	2 1.7%
House rent	18 15.0%	14 11.7%	14 11.7%
Entertainment allowance	18 15.0%	00 0.0%	00 0.0%
Loan /advances	74 61.7%	72 60.0%	70 58.3%
Tax assistance	0	0	0
Traveling allowance	30 25.0%	26 21.7%	20 16.7%
Dearness allowance	00 0.0%	00 0.0%	00 0.0%

It is observed from the study that paid sick leave is another popular benefit given to all types of employees. It is evident from the Table -76 that 55 percent SMEs has this programme for managerial employees, 56.7 percent for clerical /staff employees, and 51.7 percent SMEs has paid sick leave benefit for production workers. It is further understood from Table- 76 that 45 SMEs i.e. 37.5 percent respondent small and medium enterprises maintains a benefit

programme of 'payment for meal' to managerial people, 41.67 percent to staff employees and 62.5 percent SMEs gives it to production workers. Traveling allowance in the form of kind and cash is paid to all types of employees too. It is observed that 25 percent SMEs pays it to managerial people, 21.7 percent to staff and 16.7 percent pays to production workers.

It is revealed from the study on benefit schemes of SMEs in Bangladesh that a good number of firms give goods or services to their employees at a certain discount. It is exhibited from the Table - 76 that 20 percent SMEs maintains this benefit scheme for all types of employees- managerial, staff and production. Another benefit, subsidised meal/lunch, is also found in small and medium enterprises in Bangladesh too. It is understood from the same table that 20.83 percent SMEs gives subsidized lunch or meal to their managerial employees, 8.33 percent to clerical employees and 10 percent SMEs gives it to their production employees. It is further understood that a few SMEs has a benefit policy to give all legally required payments to their employees.

It is evident from the Table - 76 that 20 percent SMEs pays legally required payments to managerial and clerical employees, and 40 percent SMEs pays it to production workers. Free medical treatment is provided to all types of employees while they are affected during work. 13.3 percent SMEs gives it to managerial and clerical employees, and all firms give it to production workers. House rent is separately paid in a very few firms. "We pay consolidated salary or wages which includes all." So, it is found as a separately mentioned benefit in 15 percent SMEs for managerial employees, 11.9 percent for both clerical and production employees. Compensation for injury during work is paid to clerical and production workers only. It is found that 5 percent SMEs gives it to clerical workers and 70.83 percent gives it to production workers (Table-76).

The study also reveals that a very few small and medium enterprises maintains 'Employers' contribution to provident fund' benefit programme. Only 6.7 percent SMEs has this benefit for managerial people, 8.3 percent firms for clerical staff and 6.7 percent firms has it for production employees. Free lunch is also offered in 3.33 percent SMEs for both managerial and clerical employees and 6.67 percent firm for production workers (Table-76). It is further observed that transport facility is also provided by a few SMEs for all categories of employees. It is understood from the Table -76 that 3.3 percent firms provides transportation service to managerial employees while only 1.7 percent firms gives it to both clerical and production employees.

Safety Programmes

Safety is a vital concern for all manufacturing firms. From the study on small and medium enterprises, it is found that a good number of firms have safety measures. It is observed from the study and exhibited in the Table - 77 that 8.3 percent firms provides safety training to managerial employees, 10 percent SMEs provides it to clerical people and 100 percent provides it to production employees. But this is provided on informal basis. There is no structured safety training system. It is further evident from the Table -77 that 23.3

Table-77: Frequency distribution of respondent SMEs on the basis of their safety programmes

Safety programs	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Manual/Prod uction employees (count and %)
Protective dresses	4 3.3%	4 3.3%	45 37.5%
Safety training	10 8.3%	12 10.0%	120 100%
Prohibition of smoking in the workplace	28 23.3%	28 23.3%	32 26.7%
Safety rules of the Bangladesh Labour Code 2006	16 13.3%	16 13.3%	45 37.5%

percent firms have prohibited smoking in the workplace for managerial and staff employees and 26.7 percent SMEs have done it for production workers. A very meager percentage of firms 13.3 percent SMEs have exactly implemented safety rules of the Bangladesh Labour Code 2006 for managerial and staff employees and 37.5 percent SMEs have done it for production workers (Table -77) . It is exhibited from the study that large number of SMEs do not have concern for safety measure even the legally required measures of safety. They have taken a few safety measures which the owner-manager or managers feel to be needed to protect assets and people.

Safety Actions

It is observed from the Table-73 that largest number of small and medium

Table-78: Frequency distribution of respondent SMEs on the basis of their accident reducing actions

Actions taken to reduce accidents	Yes		No	
	Count	%	Count	%
Regular check up and remove unsafe conditions	84	70%	16	30%
Screen out accident prone employees	98	81.67%	12	18.33%
Establish safety rules	64	53.33%	56	46.67%
Set specific safety goals	106	88.33%	18	11.67%
Encourage and train	90	75.0%	10	25%
Regular health and safety inspection	106	88.33%	18	11.67%

enterprises, 106 SMEs out of 120 sample SMEs, that is 88.33% SMEs, have set specific goals for reducing accidents as well as conduct regular health and safety inspections to reduce accidents in their enterprises. It is further evident from the same table that 81.67 percent SMEs has undertaken action to screen out accident prone employees to reduce accidents. It is understood from the Table -78 that 75 percent small and medium enterprises have undertaken

'encourage and train' employees to reduce accidents. The respondents argued, "It is taken rigorously for production workers because they made maximum number of accidents and that will be costly to us. Thus, training about safety rules and regulations as well as encourage them with oral persuasion, positive and negative physical motivation is done regularly". The statement of owner-managers and /or managers has shown their high concern for preventing accidents. The table also exhibited that 70 percent SMEs have been doing regular check up of the safety tools, equipments and other physical instruments and remove unsafe conditions to keep their working conditions free from accidents. It is also evident from the table number 78 that 53.33 percent SMEs have establish formal safety rules but the rest has informally establish safety rules and maintain those carefully. Majority of the respondent SMEs said,"We know and tell employees to do that". So, it is appeared that they are concerned with the safety rules to prevent accidents but they did not make in formal structured fashion.

Objectives of Health and Safety Programme

The owner-managers and/managers have shown different types of reason for having health and safety programme. It is observed from the study and shown in the Table - 79 that all SMEs have undertaken the health and safety programmes to enhance employee morale and none has any intention behind this programmes to avoid unionization. 25 percent small and medium enterprises think that they have undertaken it for attractive recruitment and for retaining qualified employees into their organizations. Only 16.67 percent SMEs mentions safety propaganda as their motivation to start and maintain health and safety programmes.

Table-79: Frequency distribution of respondent SMEs on the basis of the objectives for health and safety programmes

Objectives	Yes		No	
	Count	%	Count	%
Enhance employee morale	120	100%	00	
Avoid unionization	00		120	100%
Compare with other organizations in recruiting and retaining qualified employees	30	25%	70	75%
Safety propaganda	20	16.67%	80	66.67%

Sources of Health and Safety Plans

Small and medium enterprises have set their health and safety plans from a specific source that inspires owner-managers and/or managers to undertake such a course. It is observed from the study that all small and medium enterprises get the idea from the industrial laws that have made specific health and safety measures compulsory for all types of manufacturing and

Table-80: Frequency distribution of respondent SMEs on the of sources of making health and safety plans

Sources	Yes		No	
	Count	%	Count	%
Competing firms	60	50%	60	50%
Industry survey	20	16.67%	100	83.33%
Own idea	00		00	
Law	120	100%	00	

service industries (Table-80). 50 percent SMEs has got the idea from competing firms and rest does not. Only 20 percent SMEs has taken the idea from industry survey and rest of the SMEs does not have the idea from industry survey. "We got the idea from various sources" that indicates that multiple sources have been used for initiating health and safety plans in the SMEs.

Existence of Specific Health and Safety Actions

The study has made a categorical search in specific actions taken so far to ensure health and safety within the enterprise. The results are shown in Table -81. It is evident from the study that all small and medium enterprises (100 percent firms) have provided safety and health training to all employees

Table-81: Frequency distribution of respondent SMEs on the of specific actions taken for health and safety

Specific Actions	Yes		Action Needed	
	Count	%	Count	%
Safety committee or group that allows participation of employees in safety and health activities.	00		120	100.0%
Safety and health training for all employees requiring such training and it is documented.	120	100.0%	00	
All persons know what to do in emergencies.	120	100.0%	00	
A procedure for handling employee complaints regarding safety and health.	50	41.67%	70	58.33%
Electrical /mechanical installations in hazardous dust vapour areas have protections as per Code.	100	83.33%	20	16.67%
Rotating machines have clean and tightly closed cover.	65	54.17%	55	45.83%
All machines are visible and unobstructed.	120	100.0%	00	
All safety and health instructions are marked with readily visible signs and	80	66.67%	40	33.33%

properly illuminated.				
Sufficient exits to escape in emergencies.	90	75%	30	25%
Adequate number and type of portable fire extinguishers.	55	45.83%	65	54.17%
Local fire office is informed of our plant, location and specific hazards.	75	62.5%	45	37.5%
Fire extinguishers are mounted in readily accessible locations.	55	45.83%	65	54.17%
Plant employees are instructed in the use of extinguishers and fire protection procedures.	120	100.00%	00	00
'No Smoking' signs are prominently posted in areas containing combustibles and flammables.	78	65.0%	42	35%
Toilet facilities meet the requirements of applicable sanitary codes.	25	20.83%	95	79.17%
Washing facilities are provided.	120	100.0%	00	00
All areas of business are adequately illuminated.	110	91.67%	10	8.33%
All machines or operations that expose operators and other employees to rotating parts, pinch points, flying chips, particles or sparks are adequately guarded.	88	73.33%	32	26.67%
Mechanical power transmission belts are guarded.	120	100.0%	00	00
All flammable liquids are kept inside building stored in proper storage containers or cabinets.	94	78.33%	26	21.67%
Hospital, clinic or infirmary for medical care is near business.	75	62.5%	45	37.5%
All employees are trained in first aid.	90	75.0%	30	25.0%
Employed doctor.	00	00	120	100%
Protective goggles or glasses are provided and worn in situations of danger of flying particles or splashing corrosive materials.	120	100.0%	00	00
Protective gloves, aprons, and shields or other means are provided for protection from sharp, hot or corrosive materials.	120	100.0%	00	00

requiring such training which is in a few cases documented and all employees know the actions to be taken in case of emergencies; have taken measures to make all machines visible and unobstructed ; have provided washing facilities to all ; have guarded all mechanical power transmission belts and pinch points; have provided protective goggles or glasses to all employees and ensured wearing those in time of operation where there is any danger of flying particles or splashing of corrosive materials; and have provided all concerned employees with protective gloves, aprons, shields or other means for protection from sharp, hot or corrosive materials. None of the sample SMEs has any safety committee or group that allows participation of employees in safety and health activities. None of the SMEs has any employed doctor too.

It is evident from the same table (Table -81) that 41.67 percent SMEs has a procedure for handling employee complaints regarding safety and health while 58.33 percent SMEs has not. It says that majority of the SMEs does not have institutionalized procedure to act on the complaints of employees about health and safety and therefore, lacks improvement opportunities in this area. It is further evident from the study and depicted in the table that almost all the small and medium enterprises have met the provisions of the Bangladesh Labour Code regarding safety, security and health of workers working with electrical/mechanical installations in hazardous dust vapour areas, 83.33 percent SMEs. Rest of the SMEs does not conform with the provisions till now, but they admit the need for and the legal obligations of such action. 54.17 percent SMEs has machines tightly closed with cover and regularly cleaned, while 45.83 percent SMEs does not have. It presents a safety threat to the working people. "We shall cover those immediately"-is the comment of the owner-manager or managers of respondent SMEs. It means they are concerned with it and they understand the consequences of such neglect. The Table -81 also shows that 66.67 percent SMEs has safety marks and warnings with readily visible sign that is properly illuminated while others, 45.83

percent firms do not. Majority of the SMEs, 75 percent as evident from the Table - 81, has sufficient exits or passages and staircases to ensure prompt escape in case of emergencies but rest 25 percent SMEs does not have such facilities which stands as a serious safety hazard for the all types of working people in those firms.

It is observed from the study that only 55 SMEs , that is 45.83 percent, has adequate number and types of portable fire extinguishers in their firms while rest 54.17 percent firms does not have. It is found that a few firms do not have any portable fire extinguisher but almost all the firms have portable fire extinguishers but insufficient number. The minimum number of fire extinguishers that a firm should have is mentioned in the Bangladesh Labour Code 2006. It is understood from the Table - 81 that only 75 out 120 sample SMEs under study that is 62.5 percent firms have informed local fire department about their plant, location and specific hazards, while rest of the firms do not. It is legally mandatory for all manufacturing concerns that they should keep local fire office well informed with their plant, location and specific hazards. This negligence may cause serious damage to property and lives due to delay in fire service at the time of emergencies and lack of preparation of the firefighting office with sufficient equipments and training.

It is further observed from the study, as it is shown in the Table - 81, that 55 SMEs i.e. 45.83 percent firms have fire extinguishers that are mounted in readily accessible locations, but rest of the firms, that is 54.17 percent SMEs do not have fire extinguishers located in readily accessible locations which is a direct violation of the directions give by the law. The respondents have felt embarrassment while asked about the violation as they are well aware of the danger for not having fire extinguishers in the right place. "We shall make the passage clear immediately"; "We shall replace those in right location now" etc are their replies. It reflects their good intension to make the place safe for working people. All SMEs under study, that is, 100 percent firms, have provided plant employees with instructions for the use of extinguishers and

fire protection procedures. It shows the managerial alertness to make employees informed, understood and trained on the use of fire extinguishers in the proper manner.

It is evident from the Table - 81 that 65 percent SMEs have 'No Smoking' signs that are prominently posted in areas containing combustibles and flammables but 35 percent respondent SMEs do not maintain it, though it is clearly mentioned in the Labour Code 2006. This shows managerial carelessness to fire hazard and enormous damage that may cause out of it. Every respondent said, "We know" while asked about the danger. This situation is in no way acceptable. A strong supervision on the part of the inspectors of factories will ensure this and will protect lives and properties from future destruction. It is understood from the Table - 81 that only 25 SMEs maintain toilet facilities that meet the requirements of applicable sanitary codes, and the rest 95 SMEs, that is 79.17 percent firms do not maintain that. The number, convenient location, lighting, water, air passing facility, cleanliness and hygiene condition of the latrines and urinals do not properly maintained all the time. This causes health hazard for the employees and reduces commitment to the firm. The majority of the respondent SMEs, that is 91.6 percent firms have all areas of business adequately illuminated, and a small portion, only 8.33 percent SMEs do not have adequate illumination in all areas of the firm.

It is exhibited from the observation shown in Table - 81 that 73.33 percent of the respondent SMEs have all machines or operations that expose operators and other employees to rotating parts, pinch points, flying chips, and particles or sparks adequately guarded with cover and/or fencing, but 26.6 percent firms do not have all guarded with protective cover. The SMEs that do not have such guarded machines and equipments violate the strongly mentioned safety provisions of the law that says that all machines, either in motion or in use, shall have to be strongly fenced by adequate construction maneuver with a view to making it free from the risk. It is further observed that majority of the respondent SMEs, that is 78.33 percent, have kept all flammable liquids

inside the building stored in proper storage containers or cabinets, but 21.6 percent SMEs do not maintain well protected containers or cabinets to store flammable liquids. This exposes total business to the danger of destruction at any time. Management is found careless, though the a law strongly suggests that.

So far the health care of the employees is concerned, the SMEs are found fairly aware and careful. It is exhibited in the Table – 81 that majority of the SMEs have been maintaining first aid facilities within the venture, and have maintain a close link with nearby hospitals, clinic and pharmaceutical facilities. 62.5 percent SMEs are found located with hospital, clinic or infirmary for medical care near business and rest, 37.5 firms do not have such services nearby. On the other hand, only 25 percent SMEs have provided their employees with first aid training while 75 percent firms have not done it.

Employee Relations

Employee relations or industrial relations are maintained to ensure smooth functional relationships with the workers, government and other employers in the industry to have a conducive environment for performing organizational operations successfully. Small and medium enterprises need to maintain good employee relations for their own interests. Trade union is an organized formal entity of employees to protect and promote interests of employees that act as an agent to bargain with and to maintain mutually benefiting relations with management or employer in any organisation.

Existence of Trade Union

It is found in the study that none of the respondent small and medium enterprise has trade union or any informal association of any categories of employees who have legal right to form trade union as it is exhibited in Table-82. So, none of the small and medium enterprise has any experience of

bargaining with trade union. It is understood from the dialogue with owner-managers or managers of sample SMEs that issues are settled individually.

Table-82: Frequency distribution of respondent SMEs on the of the existence of trade union of employees

Existence trade union of employee category	Yes		No	
	Count	%	Count	%
Trade union of workers	00	0%	120	100%
Trade union of non-productive, non-supervisory employees	00	0%	120	100%

Suggestion Scheme

Suggestion scheme is primarily undertaken to get reengineering information from different categories of employees so that operations process or systems can be improved. It is believed that employees can give better suggestions about the problems or difficulties in the methods, process, rules, policies or any area of working conditions with which organization can improve its overall efficiency and effectiveness through cost reduction, increasing output, reducing wastage of resources or may increase customer satisfaction. With these ends, many organizations installed suggestions scheme. It is evident from the sample survey as shown in the Table - 83 that a large number of small and medium enterprises, 72.5 percent, exercises suggestions scheme frequently with their managerial employees, but they do not do it regularly and 16.67 percent SMEs, sometimes exercise it. It is also observed that 10.83 percent small and medium enterprises do not have any kind of suggestions scheme for managerial employees. It is also observed that this scheme is not formal and structured; suggestions are taken informally by the owner-managers or chief executive. For taking suggestions from the staff or clerical employees, it is evident from the Table - 83 that only 25 SMEs out of

120 that is 20.83 percent using suggestions scheme and rest 95 SMEs that is 79.17 percent do not execute any programme to take suggestions from the staff or clerical employees. It shows that management of SMEs does not feel clerical employees competent for giving any suggestions in their area of operation. It is also found that suggestions scheme for production workers is in force in a few small and medium enterprises, only 12.5 percent of SMEs taken under study (Table - 83) and rest 87.5 percent SMEs do not have such suggestions scheme for production workers. 'What will workers tell about production improvement? They are not competent' such is the statement of owner-managers or managers of SMEs under study.

Table-83: Frequency distribution of respondent SMEs on the of the existence of suggestion schemes

Categories of employees	Regularly Count %	Frequently Count %	Sometimes Count %	Less often /Rarely Count %	Not in practice Count %
Managerial	00	87 72.5%	20 16.67%	00 00	13 10.83%
Staff/Clerical	00	00	00	25 20.83%	95 79.17%
Production employees	00	00	00	15 12.5%	105 87.5%

Communication Method used for Suggestion Scheme

The small and medium enterprises which use suggestions scheme for getting valuable opinions or suggestions for improving the existing systems or operations, do not have any formal communication method. All SMEs use informal communication to get suggestions from the employees (Table # 79). Employees of all types - managerial, clerical and production workers-

communicate their suggestions through their immediate supervisors as it is depicted in Table - 84. No other method like quality circle, regular meeting, trade union etc is used for communication of suggestions.

Table -84: Frequency distribution of sample SMEs on the basis of method used to communicate suggestions

Employee communication methods	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Production employees (count and %)
Through immediate superior	120 100.0%	120 100.0%	120 100.0%
Through trade union or work council	0 0.0%	0 0.0%	0 0.0%
Through regular workplace meeting	0 0.0%	0 0.0%	0 0.0%
Through quality circle	0 0.0%	0 0.0%	0 0.0%
No formal method	120 0.0%	120 0.0%	120 0.0%
Others, please specify	0 0.0%	0 0.0%	0 0.0%

Existence of a System of Keeping Employees Informed about Strategies and Policies of SMEs

Human resources are to be informed about the strategies and policies of SMEs to make them involved with strategic decisions and policies of the firm so that they will be totally committed to goals and objectives of the organization along with a strong commitment to their achievements. Human resource management does it with installation of a system of employee involvement. The study reveals that all small and medium enterprises practice a system of keeping employees informed about strategies and policies of SMEs . Majority of the owner-managers or managers of small and medium enterprises in Bangladesh practices it regularly as it exhibited in

Table -85 which 79.17 percent of SMEs under study. The rest, that is, 20.83 percent SMEs does it frequently (Table -85). On the other hand, 58.33 percent SMEs does it frequently for clerical or staff employees; 29.17 percent less often; and 12.5 percent does not practice it at all (Table - 85).

Table - 85 : Frequency distribution of respondent SMEs on the basis of the existence of any system to brief employees about their strategies and policy related issues.

Categories of employees	Regularly (Count and %)	Frequently (Count and %)	Don't know (Count and %)	Less often /rarely (Count and %)	Not in practice (Count and %)
Managerial/ Officer	95 79.17%	25 20.83%	00	00	00
Clerical/staff	00	70 58.33%	00	35 29.17%	15 12.5%
Manual/ production workers	00	20 16.67%	00	25 20.83%	75 62.50%

In the case of manual or production workers, it is found that only 16.67 percent keeps them informed about the firm's strategies and policies frequently; 20.83 percent less often and the rest 62.50 percent does not exercise it at all in their organizations (Table -85). It is evident from the study that managerial and staff employees are kept informed about the strategies and policies of SMEs because owner-managers or managers believe that they are the key employees for executing and achieving such decisions. 'The managers should know strategy and policies and they are to involve in the process of crafting such plan'; 'Managers and staff are the key employees who will implement SMEs strategies and policies through operating people, so they

must be involved and informed’; ‘Production workers will be informed by their supervisors, so they need not to be informed by the management’; etc are the observations of the owner-managers or managers of SMEs about the necessity of the system of keeping employees informed about strategies and policies of SMEs . These statements reveal that owner-managers or managers of SMEs understand the significance of keeping employees informed about SMEs strategies and policies for the successful designing and implementing those to achieve goals of the organization. Thus, majority of small and medium enterprises maintains the system.

Existence of Grievance Handling System

It is observed from the study that none of the small and medium enterprises in Bangladesh has a formal system of grievance handling in black and white form but almost all small and medium enterprises follow an informal mechanism to handle grievance of employees of various cadres – managerial, clerical and production workers. This fact is exhibited in Table - 86.

Table - 86: Frequency distribution of respondent SMEs on the basis of the existence of any grievance handling system

Categories of employees	Yes		No	
	Count	%	Count	%
Managerial /Officers	00		120	100%
Clerical/Staff	00		120	100%
Manual /Production workers	00		120	100%

Method used to Resolve Individual Grievance or Conflict in a Meaningful Way

Conflict is inevitable in all formal and informal organizations. Grievance is any kind of dissatisfaction or discontent that affects a person negatively and

makes him/her unproductive and frustrated. So, it is desirable to provide employees with a structure of grievance handling system through which people may ventilate out their dissatisfaction amicably and feel good with the organization that it takes care to resolve their grievance in a satisfactory manner. It is observed that small and medium enterprises in Bangladesh under study have an informal way but no formal structure to resolve grievance. The Table - 87 exhibit that in all SMEs, immediate superior or line managers handles individual grievance and there is no others means SMEs use to handle individual employee's grievance or conflict such as through trade union, departmental representative committee, formal official procedure etc.

Table - 87: Frequency distribution of respondent SMEs on the basis of the method used for resolving individual grievance

Grievance Handling Procedures	Managerial/ Staff		Clerical /Staff		Manual/ Production Employees	
	Count	%	Count	%	Count	%
Through representative trade unions	00		00		00	
Through departmental representative system	00		00		00	
Through immediate superior or line manager	120	100%	120	100%	120	100%
Through formal official procedure	00		00		00	
Through other way	00		00		00	

Existence of Employee Representative System

It is observed from the study that in majority of small and medium enterprises do not have any employee representative system as it is evident in the Table- 88 that it is 100 percent SMEs that do not give attention to maintain an employee representative system in any form to keep employee relations smooth and benefiting to both the parties of the organization. The respondents are asked to mention whether they have any kind of employee representative system like work council, shop floor committee etc other than trade union in their organisations. All the respondents have answered negatively and mentioned that no such system is in practice in their organisations which is shown in Table - 88.

Table- 88: Frequency distribution of respondent SMEs on the basis of employee representative system

Categories of employees	Regularly	Frequently	Don't Know	Less often/Rarely	Not in Practice
Managerial/Office r	00	00	00	00	120 100%
Clerical/Staff	00	00	00	00	120 100%
Manual/Productio n Employees	00	00	00	00	120 100%

Disciplinary or Grievance Handling Procedure

It is observed that small and medium enterprises do not follow a written standardized procedure but all SMEs follow some kind of process to resolve or settle grievance of employees or to take disciplinary action against employees. The steps that are sequentially followed in various forms by the respondent SMEs are shown in the Table - 89 as a flow diagram. It is evident from the table that only 16.67 percent SMEs receive grievance or notification of offence in writing from the aggrieved employee and 83.33 percent takes it orally. It is also evident from the Table- 89 that 16.67 percent SMEs issue

formal show cause notice in writing to the aggrieved incumbent and ask to explain his/her position in person or in writing to the authority that issues the show cause, generally that is owner-manager or manager or immediate supervisor. But large number of SMEs i.e. 83.33 percent, follows oral method to ask the aggrieved person to explain his/her position personally to the owner-manager or manager or immediate supervisor. It is found in the study that all firms, that is, 100 percent SMEs gives personal hearing to the aggrieved employee or to the person against whom disciplinary action is going to take for serious violation of organizational norms or rules.

'It gives us detail picture of the situation'; 'We understand well the reasons that make the person aggrieved'; 'In person, people open their mind and that gives us a scope to mitigate the problem amicably'; etc comments of owner-managers or managers show that they find personal hearing a very good avenue to have a clear picture of the situation and that helps them to handle the problem satisfactorily.

It is found in the study that all small and medium enterprises examine personal records of the employee to know his/her past good or bad behavioural records. It is particularly done in case of taking disciplinary action. Though it is observed that majority of the small and medium enterprise does not keep personnel file for employees, and thus, they verify the past record of a particular employee from their memory. All SMEs consults organizational norms, practices, rules etc in relation to a particular situation in hand before giving decision to an aggrieved person or to an undisciplined person. A very little number of SMEs has a very few written rules, norms etc. So, owner-managers or managers do it to keep consistency with the past action, custom, norms or presumed norms that they feel good for the organization.

Table -89: Frequency distribution of respondent SMEs on the basis of steps undertaken to handle grievance or take disciplinary action

Steps in grievance handling or disciplinary action	Yes	No
1. Receive grievance or notification of offence in writing	20 16.67%	100 83.33%
1a. Receive grievance or notification of offence orally	100 83.33%	20 16.67%
2. Issue show cause in writing to the incumbent to explain his position in person or in writing	20 16.67%	100 83.33%
2a. Ask the person orally to explain in person his/her grievance	100 83.33%	20 16.67%
3. Give personal hearing	120 100%	00 0.00%
4. Examine personal records of the employee	120 100%	00 0.00%
5. Consult organizational and legal provisions	15 12.5%	105 87.5%
5a. Consult organizational provisions	120 100.0%	00 0.00%
6. Take appropriate action.	120 100%	00 0.00%

It is evident further from the table that a small number of SMEs, 12.5 percent, consult legal provisions of the existing industrial and labour laws in the country and the organizational standing provisions or practices while taking decision about the grievance or indiscipline situation. But it is observed that all SMEs consult with organisational norms in this regard, that is 100 percent.

It is further observed from the field survey that none of the owner-managers or managers has thorough knowledge on existing industrial and labour laws under which SMEs are governed. Even, none of them has completed any course on industrial and labour law from any education or training organization, but many of them claim that they could handle the situation very well. 'I am a graduate in English literature and I am working as manager well though I did not go through any of the industrial and labour

law; “I don’t know much of any law but I am running my venture very well;” are a few statements from owner-manager or manager that shows unequivocal confession of their ignorance in law and fallacious belief about their capabilities as managers working in manufacturing SMEs.

The study reveals that all small and medium enterprises take action that individual owner-manager or manager deems fit in a given situation. Generally, it is consistent with organizational practices with exceptions in unusual situations in which owner-manager or manager gives decision on his own best judgement.

Discharging Employees

Discharge means termination of the service of worker by the employer on account of physical or mental disability (GOB, 2006). The Bangladesh Labour Code 2006 further says that a discharged worker will get compensation at the rate of 30 days wages or gratuity if he or she completes one year continuous service. For the clerical staff and managerial employees, it depends on organizational culture that with what benefits they will be discharged. It is understood from the study that 79.16 percent small and medium enterprises (Table # 90) give minimum one month and maximum three months wages to the discharged workers at a time as benefit on humanitarian grounds and/or maintain legal formalities. In case of managerial and clerical/staff employees, it is found and depicted in table # 83 that 62.5 percent SMEs give one to three months salary as benefits to managerial employees in case of their termination as discharge and 50 percent SMEs give the same for clerical /staff employees under such case of discharge. This is paid only on humanitarian ground and as per organizational practice. It is further evident from the Table # 90 that 37.5 percent SMEs do not pay anything to managerial employees in case of discharge, 50 percent SMEs do not give anything to clerical/staff in such case and 20.83 percent SMEs pay nothing to workers in case of discharge. Workers

have got legal right to get wages or gratuity in this case but a few SME do not bother for that.

Table - 90: Frequency distribution of respondent SMEs on the basis of actions taken during discharging employees.

Mode of action	Managerial/ Officer (count and %)	Clerical/ Staff (count and %)	Manual/ Production employees (count and %)
Give him one/two/three months salary/wage	75 62.5%	60 50.0%	95 79.16%
Hold a terminal interview	00 0.00%	00 0.00%	00 0.00%
Give him nothing	45 37.5%	60 50.0%	25 20.83%

None of the small and medium enterprise is found to conduct a terminal interview with the discharged employee with an aim to get insight information about the unfavourable situations that exist in the organisation. The management is found unconcerned with this aspect of terminal interview at the time of discharge in order to improve human and non-human environment of the venture with fearless disclosure of facts of physical and human environment thwarting desired achievement and progress of the organization which is a significant task of human resource management.

Actions with Dissatisfactory Performers

It is observed from the study that all types of SME follow a gradual process to deal with a dissatisfactory performer in all types of employee - managerial, clerical/staff and production workers. Table # 91 exhibit that 100 percent SMEs give warning to an employee who does not perform satisfactorily so that he/she could get time for improving him/herself through self learning or taking special self financed training from outside sources. This shows organizational intention to give opportunity to and retain an employee even if

he or she does not work well now. It is also understood from the Table # 91 that 60 percent SMEs provide training to a dissatisfactory performer while the

Table - 91: Frequency distribution of respondent SMEs on the basis of their of nature of actions with dissatisfactory performer.

Actions with Dissatisfactory Performers	Yes Count %	No Count %
Give him/her warning to improve	120 100%	00 0.00%
Give him/her training	72 60.0%	48 40.0%
Dismiss him/her	48 40.0%	72 60.0%

rest 40 percent SMEs do not give any training to any employee to enhance his/her quality of work. It is also evident from the same table that 40 percent SMEs dismiss those employees who do not work well after giving him/her warning to improve and could not improve within the expected time. But 72 percent SMEs do not dismiss employees but train and retain them unless the individual employee is appeared as totally incapable to improve oneself.

Mode of Dealing with Resigning Employees

Respondent small and medium enterprises have been asked about their mode of dealing with employees who want to resign from the organisation. It is observed from the study that 66.67 percent small and medium enterprises try to retain employees who want to resign and rest 33.33 percent SMEs do not try to retain resigning employees as exhibited in the Table # 92. It is further evident from the same table that 33.33 percent SMEs allow the person immediately to resign and leave the organisation without any hesitation and 66.67 percent SMEs do not allow employees to leave the organisation immediately. The owner-managers or managers who allow the employee to leave and accept their resignation immediately comment that “Why shall I

retain those who have already withdrawn their minds from my organisation?"; "The person who is unwilling to work for my organisation, what service I shall get from him/her if I retain him/her"; "He/she will leave one day if he/she desires to leave, so it is better to allow him/her to leave". But all of them confess that they allow employees to leave only after either surrender of one month salary /wage or getting one month notice for leave. They remark that this time is required to get alternative employee. It is understood from the comments of those owner-managers or managers of SMEs who try to retain their resigning employees. They do it because

Table - 92: Frequency distribution of respondent SMEs on the basis of their mode of dealing with resigning employees.

Mode of dealing with resigning employees	Yes		No	
	Count	%	Count	%
Try to retain him/her	80	66.67%	40	33.33%
Allow him/her to leave immediately	40	33.33%	80	66.67%

(i) trained and experienced employees are assets of the enterprise; (ii) searching for new employees takes time; (iii) losing of employees with well experienced, skilled and knowledgeable about enterprise is costly to the venture; (iv) Unknown persons are always risky. So, they feel that it is better to convince the resigning employee to retain even with negotiated rewards for the benefit of the enterprise.

This discussion contains an elaborate description and analysis of different field level scenarios in such a way so that we could understand what exactly is happening in the area of human resource management of small and medium enterprises of Bangladesh. The next chapter will deal with over all findings and conclusions of the study.

CHAPTER - 06

FINDINGS AND CONCLUSIONS

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Findings

The discussion and analysis of study results in previous chapter have pointed out multidimensional aspects of existing human resource management practices in small and medium enterprises of Bangladesh. It exhibits an elaborate picture of the present state of art of human resource management practices which is so far not unveiled. It is understood that many areas of human resource management are to be improved while many areas are to be introduced and many other areas are to be redesigned to make it effective and contributive to the smooth functioning of the SMEs in Bangladesh. However, the findings are narrated below in a fashion of functional categories of human resource management along with findings of general characteristics of small and medium enterprises of Bangladesh:

A. General Characteristics of SMEs

1. The majority of the small and medium enterprises (SMEs) under study are sole-trader firms (59 percent). The rests are private limited company (28 percent) and partnership firm (13 percent). It is evident that the sole-tradership is the predominant form of business in the SME sector in Bangladesh.
2. The SMEs in Bangladesh is operating in a predominantly competitive market (85 percent) and rests few SMEs are functioning in oligopoly market(14 percent) and monopoly market (4 percent) only.
3. A little bit above than fifty percent of the SMEs under study are at maturity stage of their life cycle. From among the rests, 30 percent SMEs are at the maturity stage, about 15 percent SMEs are at decline

stage, and 3 percent SMEs are at their turnaround stage and little above than 1 percent SMEs is at their introduction stage.

4. The capital investment in the majority of the SMEs (72 percent) is below Tk. 2 crore. The rests of the SMEs are found with the capital from Tk. 2 to Tk. 10 crore.
5. The majority of the SMEs are found self financed firm, about 60 percent and rests of the SMEs have various combination of debt-equity capital.
6. Family is the biggest source of fund/capital of the majority of the SMEs in Bangladesh (46 percent). The next biggest source is bank (35 percent) and rests are other sources.
7. The SMEs under study are 1 to 31 years old. Majority of the SMEs under study is 6 to 10 years old (36 percent). 1 to 5 years old SMEs are 22 percent, 11 to 15 years old SMEs are 13 percent, 21 to 25 years old SMEs are 12 percent and rests are with various years.
8. Managerial employees vary from one to fifteen in the SMEs under study. The highest 15 managerial people are found in 4 SMEs and lowest one manager is found in 24 SMEs. Rests of the SMEs have 2 to 10 managerial persons.
9. Highest 20 clerical staff is found in only 2 SMEs and no clerical staff is found in 32 SMEs. One staff is found in 28 SMEs and rests of the SMEs are found with 2 to 10 clerical staff.
10. The highest number of regular production workers is found in 13 SMEs with 51 to 241 and the lowest 5 to 10 production workers are found in 32 SMEs. Rests of the SMEs have 11 to 50 regular production workers with varying number.

11. The SMEs under study also use irregular workers. 60 SMEs are found with no irregular worker but rests are found with irregular workers from 1 to 30.
12. The SMEs under study are found with various business strategies to sustain in the market. 75 percent SMEs are found using low-cost /high volume strategy and 25 percent SMEs use market niche strategy.
13. It is found that 35 percent SMEs is single unit organisation having no department, but majority of the SMEs have two and more departments naming production, administration and accounts finance. A very little number of SMEs has separate marketing and personnel departments.
14. Almost all the SMEs deal with local market (90 percent) and only 10 percent SMEs deal with foreign market besides local market.
15. Majority of the SMEs under study operates with either process or mass production methods. Rests of the SMEs operates with lean method (12 percent) and batch method of production (7 percent).
16. Majority of the SMEs (90 percent) starts their ventures from scratch that is under Greenfield method and rest of the SMEs (10 Percent) starts their ventures through acquisition of other on-going businesses.
17. Majority of the SMEs does not have any organisation chart (73 percent) and only 27 percent SMEs has organogram.

B. Resourcing organisation: Human resource planning, recruitment, selection and placement

1. The Small and Medium Enterprises (SMEs) in Bangladesh do not give any emphasis on staffing and therefore, they do not make any short-term and long-term human resource plan in black and white terms. They also do not have any human resource policy but a few has unwritten policy guidelines in this regard. Though majority of SMEs have admitted the need for a sound human resource policy but rests did not even admit the necessity of human resource planning and policy.
2. The SMEs do not have any systematic job description, job specification and thus, they could not assign jobs to the incumbents systematically.
3. Almost all the SMEs assign jobs to their employees as they feel good instantly. It obviously makes the job assignment imperfect and ambiguous. It also makes the employee confused and misunderstood about the jobs to be done in proper manner which will lead low job performance and non-attainment of goals on stipulated time.
4. They do not have any well thought out replacement policy too i.e. succession plan for any kind of employee- workers, clerical staff and managerial except a very negligible SMEs. This generally makes organisation short of efficient, talented and competent successor of higher vacant positions. Even, new entrants could be the most desirable persons. Most serious matter is that it will reduce SMEs competence to sustain in present open market economy and may be a threat to even their very existence in the economy.
5. Almost all the SMEs reported that they employ relatives- close and remote - in various categories of job as they feel them reliable,

dependable and trustworthy. They do not take any formal interview but make a casual talk and understand their ability and place them in a position which owner-managers / managers feel good for a particular job. Almost all managerial and clerical staff positions are employed from first degree relatives. A few production workers are employed from outside as relatives are inadequate in number to fulfill employment need. This practice is not objective oriented that serves the purpose of the efficiency and competitiveness and thus obviously affects the performance of various functional units as well as effectiveness of the organisation.

6. The SMEs do not have any written policy guidelines for recruitment and selection of employees of any category but unwritten in case of a very few. They do it as they feel good on situation. This condition does not make SMEs effective with competent personnel due to lack of focus on right way of attracting and selecting most desirable candidates for the open positions.
7. The SMEs use personal search and references from friends and relatives as their major sources of recruitment of all categories of employees which are considered as the most effective sources of recruitment. These have obvious benefits but these also seriously limit the scope of choices. The SMEs will ultimately suffer from talents.
8. The majority of SMEs have policy of filling their vacant positions from external sources except a few from internal sources only. This one sided policy affects employee morale and motivation negatively.
9. The small and medium enterprises follow a mixed basis containing merit and seniority to give promotion of employees which is favourable to employee motivation, productivity, commitment and employment continuity.

10. They use educational qualification, experience, skill, trainability, age etc selection criteria for managerial and administrative staff. On the other hand, for selecting production workers, SMEs consider candidate's skill, experience, educational qualification, trainability etc in sequential order. This obviously makes the selection effective if carefully and sincerely administered.
11. In the selection process of employees – managerial, staff and worker-interview is the only instrument of selection that is widely used along with reference check. Other tools like employment test, medical check etc are not used that much. This makes the goal for the selection of right persons for the right positions ineffective and thus, organisations suffer from overall inefficiency, incompetitiveness and lack of profit viability.
12. Reference check is made through personal enquiry only for all cadres of people in SMEs. It is done with face -to-face contact or over telephone. Other forms of check are not used. So, SMEs do not get scope for cross-checking of information and thus, suffer from lack of reliability and authenticity of quality of employees.
13. The SMEs do not take any medical check up for any kind of employee. Physical fitness is checked with visual examination of the body of new workers. It is evident that medical examination will disclose hidden diseases that may be fatal or contaminatable and will prevent organisation from medical cost burden and production disruption. This is not taken care of in the SMEs in Bangladesh.
14. Panel and one-on -one interview methods are used in almost all small and medium enterprises. These are effective and widely applied methods of interview but their effectiveness is heavily dependent on their unbiased application. Therefore, multiple methods are to be

applied to avoid any kind of selection flaw and ineffective selection due to bias of any kind.

15. Unstructured interview technique is widely used technique of interview in SMEs for screening applicants for management, and staff positions. It requires competent interviewer for making the interview most effective and goal oriented. But the owner-manager or managers themselves take such interview without any competence. So, the purpose of interview is lost. For worker selection, situational problem solving technique is used equally with unstructured interview technique. This makes the evaluation and selection free from flaws.
16. None of the small and medium enterprises has any written hand book that contains job description for any category of employee – managerial, staff and worker. All employees just learn their jobs from their supervisors orally. This does not make employees fully understood about their jobs and keep them in vague, confused and camouflaged state of understanding of jobs. This obviously affects negatively the job performance, commitment to the job, motivation to learn the job and job related knowledge and skills, and also motivation to stay in the organisation of employees. The organisation will suffer from lower job performance and reducing competitiveness.

C. Training and Development

1. The focus of orientation programme of all small and medium enterprises is not long term but immediate. All the SMEs give orientation training to all newly appointed employees only to make them familiar with work and inmates besides to create interest in job and in the firm. But very small number of firms provides it to inform organisational philosophies, and to inform organisational policies and practices to employees except managerial recruits. This detract from

the purpose of the orientation does not create a sense of affiliation, motivation and career dream into new recruits.

2. No formal induction is given in any small and medium enterprise but new employees are given informal presentation by the departmental heads about jobs. A meager number of SMEs engage senior staff in this program only for managerial employees. There is no printed hand book of information for any types of employee.
3. All the SMEs under study agree that they provide training with the employees of all kinds to make them competent to perform current work tasks efficiently. No other objectives such as future job requirements, wide range of skills development are considered. This approach is of limited contribution to the purpose of the organization as it does not optimize the use of time for providing other types of knowledge to trainees within training period that will make a person multi-skilled and knowledgeable about present and future jobs as well as about organisational culture as a whole.
4. The SMEs in Bangladesh widely use apprenticeship, not any other method of on-the-job training and development, for providing training to clerical/staff employees and production workers but it is insignificantly used for managerial employees.
5. A very small number of the SMEs, 25 percent on an average, uses coaching and job rotation for all categories of employees. This limited use of methods, does not fulfill multi-various dimensions of skills and knowledge required in the course of quality performance or progress of the organization.

6. A very few SMEs use understudy assignment, committee assignment/junior board, and mentoring methods for managerial employees in providing training and development. This indicates that SMEs are gradually becoming aware of this type of methods which is widely accepted as most effective for developing managerial employees. Mentoring is also used for production workers in a very few cases. Mentoring is quite an effective method of making production workers competent within a short period.
7. None of the SMEs uses pre-employment training, vestibule training, job instruction training and action training for any type of employees. These they consider not required for SMEs. This is a wrong perception and exhibits their knowledge about these methods and their effects.
8. In the SMEs under study, on-the-job training and development programmes are designed by the owner-managers themselves who are neither qualified nor specialists in this area. In a few cases, these are designed by managers or supervisors but they are also found not even educated in the discipline of management or human resource management. So, they are equally unqualified for designing an effective need-based training and development programme. They do it as they feel good. This type of design obviously does not give desired results expected from a training program.
9. It is evident that SMEs do not have any concern for successful succession planning, making employees compatible with versatile knowledge, that is, multi-skilling, adaptation to organizational culture and climate, re-skilling due to skill obsolescence, and making employees oriented to organisational effectiveness through training and development. It is found that only 'need fulfillment of the employee, job and career needs as well as filling up the skill deficiency' are the three factors that are considered most in designing on-the-job

training and development programmes. This will make SMEs vulnerable to sustain in today's competitive open market economy of Bangladesh.

10. The SMEs do not have strategic consideration or focus in designing and providing training and development as it is observed that strategy formulation is least preferred issue. This is a serious flaw in human resource management of SMEs that will not only make employees incapable to face future job needs, but also handicap the organisation to sustain in the market.
11. The SMEs do not give any importance to develop computer operation skill and team working of employees in designing and executing training and development programmes which are the bear necessity in every organisation of today in the age of information technology and e-business. The lack of attention to this necessary skill and quality of employees will make SMEs incompetent in future to survive in competition. Even. Quality work and quick adaptability will suffer from incompetence of workforce of SMEs.
12. The SMEs are found equally less concerned for health and safety and quality control /management while giving training and development. Neglect to these issues makes SMEs incompatible under the codes of International Organisation for Standardization (ISO), Bangladesh Standard and Testing Institute (BSTI) and Bangladesh Labour Code of 2006. This incompatibility will discard SMEs and their product from the market any day in future.
13. It is found that the SMEs are totally negligent to improve communication skill through training and development of all types of employees - managerial, clerical/ staff and workers. Even, they are not concern for its essentiality for maintaining good human relations

within the firm as well as all external actors. It will seriously handicap organisational adaptability and functionality. It will also delimit SMEs competitiveness in the market.

14. The SMEs consider productivity and quality as the two most vital challenging factors that motivated them to initiate training and development programme for the employees. All the SMEs under study have agreed unanimously with these two factors.
15. They do not even consider making people quality conscious and knowledgeable about its control mechanism as it is a less considered issue in providing training and development to the employees. It is undesirable under the present day of quality operations and product. The SMEs must initiate quality management and control for making employees committed to total quality management which is the most demand of the day.
16. Almost all the SMEs admitted that customer service is the second challenging factor that motivated them to initiate training and development program in their organization, but it is not a factor that has been taken into account for designing such program. This lack of attention to the customer service focus will make SMEs at loss of present and prospective customers in future due to lack of competence of employees in handling customer care and service in desired manner.
17. The respondent SMEs placed technology change in third place, succession plan in fourth place, corporate culture in fifth place and new market strategies in the sixth place in order of preference but the most astounding fact is that none considers in designing a training or development program except strategy which is also least considered factor. This inconsistency makes SMEs mismatch with the reality of the market.

18. None of the SMEs under study provides off-the-job training and development to their employees. This limits the required capacity development of employees which in turn affects efficiency and productivity of the organisation.
19. SMEs do not follow any structured pattern of training and development process but sporadic actions are taken that are incidentally coinciding with systematic process.
20. SMEs do not prepare training/development budget except a very few and do not validate the designed program with any expert. Non-preparation of budget shows that they do not assess training /development program on cost-benefit basis but it is just done on whim. On the other hand, the success potential of a training / development program decreases if validity of such program is not ensured with expert and knowledgeable persons before executing it.
21. SMEs do not have any job description and job specification and therefore they do not check those to select employees for training /development. But they have a mental picture of job requirements of an incumbent which all SMEs reported that they check it as well as present performance of an employee to select any one for training/development. This is self defeating and contradictory.
22. They do not consider 'need for skills and abilities for next higher position or next assignment' to select employees for training /development which thwart organizational performance in future and affects productivity and efficiency seriously. For making an employee capable and skilled for higher position, job specification for that position or assignment is the primary consideration for giving training/development to an incumbent.

23. Evaluation of the effectiveness of training and development programme is done by pre-post performance method only. Though other methods are required to do for understanding the effectiveness of training and development programme but it is praiseworthy that they use pre-post performance method to know the effectiveness of such programme and to make improvements.

D. Pay Administration and Performance Appraisal

1. Almost all the small and medium enterprises do not have any well designed structured pay scale for employees of all kinds. It is being set on whim or set with the knowledge and consideration of owner -manager or managers. This practice does not motivate employees to join with the organization and to stay in for a long time.
2. Owner - managers or managers of SMEs determine the pay structure on their own sense of judgement and knowledge though majority of them do not have any relevant education on business management and economics. This situation could not make SMEs attractive to job candidates and incumbents due to improper setting of pay. A very least number of SMEs follow competitor's pay structure in this regard which gives a better and competent pay for the employees of the SMEs.
3. The pay fixation that is wage rate and salary amount is set on the judgement of owner-mangers or managers in majority of SMEs that could not make it compatible with the going rate of pay in the industry which is demotivating to the employees. A least number of SMEs follows a comparative rate with other firms in the locality that somewhat makes the rate attractive to the incumbents as well as to new entrants.

4. Monthly basis of pay is popular in small and medium enterprises in Bangladesh for all kinds of employees besides daily basis of pay that is used for production workers in many SMEs.
5. Owner-managers are sole responsible persons to determine pay in the small and medium enterprises without taking any expert help or opinion from external sources although the owner-managers do not have any competence in this area. They do it on their whims and judgement as the feel good.
6. Wages and salaries are set on the point of starting the venture in majority of SMEs on the need basis of hustle decision except a few SMEs which sets pay before the beginning of the enterprise with well thought out plan. It is always desirable to set pay in advance with consideration to the entire relevant factor that will make pay compatible and acceptable to all.
7. Almost all the small and medium enterprises follow individual or secret pay policy for managerial and administrative staff to recognize individual knowledge, expertise, experience and educational qualification separately but majority of the SMEs follow a structured pay policy for production workers to maintain a consistency of pay for the workers and to avoid discontent among workers regarding discrimination in pay. The policy is compatible to the demand of the day.
8. No profit sharing scheme exists in small and medium enterprises and even they do not know about it except a very few SMEs that follow it for managerial employees only. It is evident that employees feel motivated, committed and fully involved if they have a share in profit. It also increases productivity and production.

9. Individual incentive scheme for achieving target performance is well understood and frequently used in SMEs for all types of people. Nearly half of the SMEs under study apply this scheme regularly and rest is irregularly. It is noteworthy and productive for the firm.
10. Majority of the SMEs uses standard factors to determine wages and salaries of their employees. . Worth of job, worth of employee, financial capability of the firm and prevailing wages and salaries of the industry are taken into consideration in this regard. If these are considered honestly and effectively, then the pay would be fair and just for the employees.
11. The compensable factors that SMEs consider for setting wages and salaries are almost same for all cadres of employees. The most common compensable factors are education and experience, know-how, difficulty of job. For managerial people, responsibility, work environment, outside contact (public relations) and supervision are additional compensable factors. For administrative and clerical people, responsibility is the only major additional compensable factor. For production workers, physical demand, job complexity work environment and responsibility are the additional compensable factors. Here, it is found that the management of small and medium enterprises takes into account the generally accepted compensable factors for setting wages and salaries of employees.
12. Most of the SMEs consider 'performance and seniority together but performance gets priority' rule most to increase pay of all types of employees. Moreover, for giving pay increment 'performance and seniority together but seniority gets priority' rule is also considered in some cases for managerial, administrative and workers too.

13. All owner-managers or managers of small and medium enterprises strongly feel that a well designed and planned pay administration is a necessity for consistency and sustainability of firms successfully in the industry and in the economy. This understanding and recognition to this critical action is praiseworthy and a notable matter. Though it is not executed today in any SME, but their feeling is the fore-step in this path of having written, well thought-out and designed pay policy and structure in future.
14. All the SMEs use some sort of suggestion or information sharing scheme for setting, revising and adjusting existing pay to make it dynamic and accommodative to all. This is a good practice that will enrich and improve pay situation and reduce pay conflict in the SMEs.
15. Performance appraisal is regularly done in all SMEs in Bangladesh. Management of all SMEs feels that this is very much required for making improvement in individual and organizational performance. It is regularly done for managerial and production employees but not frequently done for administrative and clerical employees. Performance appraisal should be done regularly for all types of employee in order to get its benefits for the organisation and for the employees.
16. Performance appraisal is done in SMEs in informal way with very little documentation in almost all cases. Only a very few does it in formal manner with regular interval. It is a point of concern that majority does not do it formal and regular fashion which is essential for improvement of skills, performance and commitment of employees.

17. Those SMEs which use formal performance appraisal follow check list method for all types of employee but a few SMEs uses graphical rating scale too for managerial people only. Any method will serve the purpose if rightly administered and objectively directed.
18. No standard criteria is used for designing and conducting performance appraisal either formal or informal method. It depends on the whim, judgement or assumption of owner-manager or manager. This obviously affects the quality of appraisal system and reduces the effectiveness such appraisal.
19. Performance appraisal in the SMEs is done by chief executive /owner-manager himself for managerial people. Performance appraisal of clerical or administrative staff and production workers is done by the immediate supervisor.
20. The reasons for performance appraisal are many which sequentially stands as (1) giving employee feedback so that they know where they stand in the eye of the firm, (2) determining compensation, (3) deciding promotability of the employees, (4) identifying future needs of the employee development, and (5) motivating people through recognition and support.
21. Performance appraisal criteria are determined on the basis of rules and standards set by the owner-manager or manager of the SMEs. It is also set by the intuition too by the owner-manager or manager. It does not make the appraisal successful due to improper criteria setting.
22. The effectiveness of performance appraisal in the SMEs is greatly thwarted by firstly, bias or prejudice error, secondly, irrelevant or subjective judgement error, thirdly, central tendency error ,

fourthly, failure to use appraisal data error, fifthly, halo effect and poor feedback to employee errors, sixthly, lack of training on rating factors of raters error. These pitfalls affect the success of performance appraisal and the management of SMEs should try to overcome these flaws to make the system effective.

E. Benefits, Security, Safety and Health

1. All small and medium enterprises (SMEs) have benefit programme in any form. It is recognized by the management of all SMEs that benefit programmes contribute to the productivity, job satisfaction, and motivation of the employees as it make them loyal, responsible, committed and motivated to the job and to the firm.
2. No SME has pension scheme, group insurance, paid vacations, employee education programme, medical expense payments, accident insurance, tax assistance, and dearness allowance programmes. SMEs show their financial incapacity and their smallness as responsible reasons for not having such programmes.
3. All SMEs give benefit of paid holidays and rest pauses to their employees of all types as all of them recognize the necessity of such benefit schemes to retain employees.
4. Majority of the SMEs pay festival bonus to all types of employees who are working for at least one year in the firm in the form of basic pay. Rests of the firms do not pay such festival bonus. But all SMEs do not pay two festival bonuses with full basic pay in each festival but nearly one third of them pay it as half of the basic pay in each festival in two Eid festival days for Muslim employees and others are paid with equal amount in one festival occasion.

5. All types of employees get loans or advances as it is understood by the SME management that it makes employees obliged to the management or owner that ensures reliable service from them. This benefit is practiced by nearly sixty percent SMEs and others do not.
6. A slightly higher than fifty percent of SMEs (54 percent on an average) pay paid sick leave to all types of employees regularly and rests of the firms do not take any responsibility for bearing wage or salary burden for sick employees. As per law, ten days sick leave with pay is payable to all workers which is not maintained in many of the SMEs under study.
7. Nearly fifty percent of SMEs under study gives cash payment for meal at the noon to all types of employees of which production workers are large in number. It is highly motivating to employees and therefore, others should introduce it in their SMEs.
8. A small percentage of SMEs pays traveling allowance to employees for the work of the organization. But in other SMEs, it is paid by the employee himself. It is an unjust burden upon employees and thus, it should be paid by the firm.
9. A very low percentage of SMEs pays the goods or services produced in the firm to the employees at a discount price but other firms do not have any such scheme. This practice of giving discount on firm's product obviously make employees obliged to the firm and make them more committed and involved with the firm.
10. A very low number of SMEs gives subsidized lunch or meal to their employees but this benefit is provided largely for managerial employees, not other staff or production workers. This discrimination may be harmful to the overall environment of the

firm and thus it should be removed or minimized as early as possible. Those which are not giving such facility can introduce it for the employees as a compensation package to reduce financial burden and to motivate them to the work and to the organisation.

11. A very low number of SMEs gives all legally required payments to their employees but in case of production workers, this compliance is high, 60 percent. This non-compliance of legal obligation is unacceptable and derogatory to the morale employees besides negative legal consequences.
12. In all SMEs, free medical treatment is given to all types of employees while they are injured during work. It is given to all production workers but very low number of other employees gets it, only 14 percent SMEs give it to managerial and administrative staff.
13. A very few SMEs pays house rent separately. They pay it as a part of consolidated pay to employees.
14. Majority of the SMEs pays compensation to workers for injury during work. Only 5 percent SMEs pays such benefit to clerks but no such benefit is given to managerial employees.
15. A very few SMEs maintains contributory provident fund which is less than seven percent on an average.
16. A meager number of SMEs gives free lunch to employees that is only six percent among the lot.
17. Only two percent SMEs provides transport facility to the employees in which managerial people are the most. Workers are generally not given this facility.

18. All production workers are provided safety training in all the SMEs under study but not to managerial and administrative employees. This is not consistent with the law as well as safety management rules.
19. Fifty percent of SMEs provides protective dresses to production workers but not to managerial and clerical people who work in factory.
20. Only a small percentage of SMEs (24 percent) prohibits smoking in workplace without any concern for danger or compliance with law. SME managers also do not have any knowledge of safety measure that is legally obligatory to maintain in the firm particularly in manufacturing concern.
21. Large number of SMEs, nearly 70 percent, do regular check up of safety tools , equipments and other physical instruments and remove unsafe conditions for reducing accidents in their enterprise but rest 30 percent SMEs do not take any such action. It makes their work place vulnerable to accidents.
22. Almost all the SMEs have undertaken steps to screen out accident prone employees to reduce accidents and it is done on the basis of past observation only.
23. Only half of the SMEs under study establish formal safety rules for all employees particularly for production workers and rest of the firms do not do it. A few SMEs maintains informal safety rules in their firms.

24. Almost all the SMEs under study have set specific safety goals to reduce accidents and it shows their concern for accidents and measures to reduce accidents.
25. The management of SMEs is found highly concerned for safety issues. Two third SMEs under study encourage and train employees on safety matters and the rests do not do that. They encourage employees with oral persuasion, positive and negative motivation on regular basis. It is a point of concern that one third SMEs are under high safety threats.
26. Almost all the SMEs are found to make regular safety and health inspection to ensure maintaining their set practices whatever those are. It shows their concern for safety and health matters for smooth functioning of their operations.
27. The overall safety situation of SMEs is not at all satisfactory. It is evident from the study that large number of SMEs do not have any concern for safety measures even the legally required measures of safety are not executed. Owner-managers or managers just do what they feel good for the safety of assets and people.
28. So far the objectives of health and safety measures are concerned; it is found that SMEs maintain those to enhance employee morale. A very few SMEs has done it for safety propaganda and for getting advantages in over other organizations in recruiting and retaining qualified employees.
29. All the SMEs have got the safety and health idea from the relevant law which is now Bangladesh Labour Code 2006. Besides that, half of the SMEs under study have got it besides law from competing firms and a few has got that from industry survey. It is evident that

small and medium enterprises in Bangladesh have knowledge about relevant law but are not very much concerned to comply with law in this respect even if they know that it will help them to make continuous operations of the firm without any hazards.

30. None of the SMEs has safety committee or group that allows participation of employees in safety and health activities. It seriously deteriorates safety conditions of SMEs.
31. All the SMEs provide safety and health training to all employees who need to take such training and it is documented. Owner – managers or managers are highly concern for the prevention of accidents that will cause damage to their property, not for the working people.
32. All the SMEs have ensured that all employees know what are to be done in time of emergencies. This is provided through oral instructions, not by formal training.
33. Majority of the SMEs under study has no established procedure for handling employee complaints regarding safety and health quickly and rest of them has a set of established procedure to handle such complaints.
34. Almost all the SMEs, except a very few, have protected electrical and mechanical installations situated in hazardous dust vapour areas as per the Code.
35. Only 65 SMEs out of 120 have rotating machines with clean and tightly closed cover and rest of SMEs have not. It shows managerial carelessness as well as ineffective inspection that are to be made by the inspector of factories. It is quite alarming that a large number of

SMEs are operating with such dangerous working conditions for the people and for the firm.

36. All machines are visible and unobstructed in all SMEs which conform with the Code.
37. Two third SMEs under study have found with all safety and health instructions marked with readily visible signs and properly illuminated but rests are not.
38. Majority of the SMEs have sufficient exits to escape in emergencies but 25 percent SMEs do not have such facility which endangers people of those SMEs in emergency situations.
39. Only 46 percent SMEs have adequate number and type of portable fire extinguishers and others have got no such facility. It is a matter of high concern that majority of the SMEs are operating with out any fire extinguisher.
40. A bit higher than fifty percent SMEs (62.5 %) have informed the local fire office about their plant, location and specific hazards and others do not inform fire office about anything of their operations. It puts those firms in highly hazardous condition and also puts local fire office in difficult position to serve at the time of emergency.
41. Less than half of the SMEs (45.33%) under study has placed fire extinguishers in readily accessible location within the premise and the majority of SMEs (54.17%) do not. It exhibits the managerial neglect to the safety matters.
42. All the SMEs have provided plant/factory employees with instructions for the use of extinguishers and fire protections procedures though not in systematic way in many firms.

43. Majority of the SMEs (65%) have posted prominently 'No Smoking' signs in areas containing combustibles and flammables but rests (35%) have not done it. It keeps a good number of SMEs vulnerable to fire hazard.
44. A very meager percentage of SMEs , only 20.83 percent, has met the requirements of applicable sanitation provisions of the law and the rest 79.17 percent, the large majority of SMEs do not have right number of sanitation facilities as per the law which have adverse effects on the hygiene and health conditions of the working people.
45. All the SMEs have washing facilities for the employees in the office and factory premises but with interrupted water supply. It is being fulfilled with tube wells to ensure supply of water.
46. Almost all the SMEs have adequate light facilities except a very few and that provides sufficient illumination in the work place but that is interrupted with load shedding in regular fashion which is fulfilled with small generator or IPS in many SMEs. A small number of SMEs are found functioning with such extra facility of power supply during load shedding.
47. Nearly two third of the SMEs under study have kept guarded all their machines or operations that expose operators and other employees to rotating parts, pinch points, flying chips, particles or sparks . Others do not do that and people in these SMEs are under threat of physical injury which is no good a situation for human resources working there.

48. All the SMEs are found to have their mechanical power belts well guarded too. This covers the legal as well as ethical standard of the human resource management.
49. Majority (78.33%) of the SMEs have kept all flammable liquids inside their building stored in proper storage containers or cabinets but rests of the SMEs do not store these flammable materials in safety conditions. It is highly risky as fire may cause any time and put people under death and injury hazard. It is also a violation of legal codes of Bangladesh Labour Code 2006.
50. Majority of the SMEs (62.5 %) are located in such areas where hospitals, clinic or infirmary for medical care are available within easy reach so that in case of accident immediate medical help can be provided to accident victims but rests of the SMEs do not have such near facilities. These SMEs do not have any employed doctor and health care center too. This is a totally illegal and unethical situation under which people are working.
51. Only 25 percent of the SMEs under study have provided first aid training for their employees and rests do not which has kept 37.5 percent SMEs at under-trained employees in first aid. The management of these SMEs does not have much concern about providing training to all employees in first aid too. It needs to change.
52. None of the SMEs has employed a doctor in the firm. All have said that they bring doctors from outside or take patient to the nearby hospitals or clinics. But many SMEs are not located nearer to any hospital or clinic and that takes long time to carry injured or sick employee to medical facility.

53. All the SMEs have provided protective their employees with goggles or glasses who are working within the situation of danger with flying particles or splashing corrosive materials and ensure wearing of such goggles and glasses during such dangerous work.
54. All the SMEs have provided their employees with protective gloves, aprons, and shields or other means for protection from sharp, hot or corrosive materials. This has kept working people free from physical hazards.

F. Employee or Industrial Relations

1. It is found that none of the SMEs under study has any trade union. Neither labourers are interested to form trade union nor are owners interested to allow labourers to form trade union as there exists an informal relationships between management and workers. There is also a fear among owner-managers of trade union as it will create problem for them.
2. Majority of the SMEs have a suggestion scheme for managerial people and owner-managers take frequent suggestions from them to run their ventures successfully or to resolve a problem to overcome a particular situation. But though rarely used, a very meager number of SMEs has used this suggestion scheme for clerical and production workers.
3. The SMEs using suggestions scheme generally use informal communication to get suggestions from their employees. No formal communication method is used in this respect. Therefore, it is not institutionalized but owner-managers or managers recognize its potentials and contribution to the organisation. So, all SMEs can utilize suggestion scheme for the promotion of human environment, sense of

belonging among the people and also for getting innovative ideas from the people that will contribute to the organisational effectiveness.

4. The SMEs using the suggestions schemes get suggestions through immediate supervisor not directly from working people. They can use other means by which people may feel free and unobstructed to communicate their suggestions.
5. Almost all of the SMEs use a mechanism to brief managerial employees about firm's strategies and policy related issues regularly. Only a meager percentage of SMEs (21%) do it frequently but not regularly with managerial employees. Majority of the SMEs (58%) also inform administrative employees about organizational strategies and policy issues frequently and a small percentage of SMEs (29%) inform them less often and rests of the SMEs do not inform them any time. A meager number of SMEs inform production workers about organizational strategies and policy issues frequently to make them motivated and committed to the work for achieving target output; nearly same number of SMEs informs production workers less often and majority of the SMEs do not do it with workers.
6. All of the SMEs under study have grievance handling system of any kind- formal or informal, systematic or unsystematic. This shows SMEs intention to handle and resolve grievance in order to pacify working people so as to make them satisfied, motivated and committed. This practice is good for both the organisation and the employees.
7. All SMEs mitigate or resolve grievance among managerial employees, administrative employees or production workers through immediate supervisor or line manager.

8. None of the SMEs has any kind of employee representation system in any type in the organization. There is no welfare committee or trade union or any other form of body where workers can represent their interests.
9. SMEs follow chronological steps to handle grievance or to take disciplinary action against any employee. Many grievances are resolved with oral discussion and resolution. Others have followed written and documented systematic steps to resolve the dispute and grievance but the steps are not well conceived and understood. Whatever the method of resolution of grievance or disciplinary action, it takes systematic steps: Firstly, receive grievance or notification of such offence in writing or in oral presentation. Secondly, ask the person orally or in written form to explain his or her position. Thirdly, give personal hearing to the person against whom charge is being brought in. Fourthly, examine personal records of the employee to know his/her past behaviour / activities and actions so far taken against him/her. Fifthly, consult organizational provisions, legal provisions related to such type of offence or grievance. Sixthly, take appropriate action as per law and convention of the organization. But these are sometimes overlooked.
10. None of the SMEs under study has owner-managers or managers who have degrees that contain courses like industrial and labour laws or knowledge about employment related laws of the country. But surprisingly they claim that they are able to handle such kind of situations. It is a fallacious belief they hold about themselves.
11. Majority of the SMEs (62 percent) give one or two or three months salary or wages along with other legally permissible benefits to the employees who are being discharged in case of managerial, administrative staff and production workers.

12. Nearly forty percent (38 percent) SMEs do not give any salary or wage equal to any month to the discharged managerial employees and fifty percent of the SMEs do not give anything to discharged administrative employees though it mentioned in the law to give admissible pays. But in the case of production workers, least number of SMEs does not pay anything to them while they are being discharged.
13. None of the SMEs conduct terminal interview with the discharged or terminated or retired employees. Though many SMEs have recognized the need for such type of interview for it is a good avenue for getting information for improvement of organisational environment.
14. All the SMEs under study give warning first to dissatisfactory performers of all categories of employees - managerial, clerical or production workers- so that they can improve themselves.
15. Majority of the SMEs (60%) give training to concerned dissatisfactory performer to enhance their skill or knowledge to match with the demand of the job but rests of the SMEs do not provide any such kind of training with deficient employees.
16. A significant number of SMEs (40%) dismisses or terminates the under performer employees at the end of the observation period of improvement after warning but rests of the SMEs do not dismiss them in the hope that they will be able to improve with continual advising, mentoring and training until the individual employee is appeared as totally incapable to improve himself.
17. Majority of the SMEs under study, nearly 67 percent, is found to retain employees who want to resign from their jobs by influencing them and others immediately accept their resignation without any effort to retain

them. Those SMEs who try to retain resigning employees believe that they will lose efficiency and further employment will be costly in all senses such as (i) trained and experienced employees are assets of the enterprise; (ii) searching for new employees takes time; (iii) losing of employees with well experienced, skilled and knowledgeable about enterprise is costly to the venture; (iv) Unknown persons are always risky. So, they feel that it is better to convince the resigning employee to retain even with negotiated rewards for the benefit of the enterprise. But the SMEs which do not take any effort to retain resigning employees believe that they are unwilling people and have already withdrawn their minds from the organization and therefore they will be problem persons if we retain them.

Conclusions

The research is undertaken to project the existing human resource management practices in small and medium enterprises (SMEs) functioning in Bangladesh. With this end, the rationale of the study is reasonably presented with necessity of human resource management in making SMEs successful besides a description of the essentiality of SMEs for the socio-economic development of Bangladesh in chapter one.

The methodology of the study describes all essential elements that are relevant to it. For the purpose of the research, 120 small and medium enterprises have been selected at random from the Dhaka district. A questionnaire is designed with both closed and open ended questions to collect data from the primary source which is finalized after a pilot testing. All necessary analysis techniques are used to analyze and interpret data.

A thorough literature review is made to project the findings of other researches so far being made in the SMEs of Bangladesh regarding their human resource management practices. It is evident from the literature

survey that no such study is ever made in Bangladesh and thus, this study is a maiden study on human resource management practice in small and medium enterprise of Bangladesh.

A theoretical framework is designed with all aspects of human resource management. It contains a description of the normative level of human resource management in a systematic manner which is needed to make successful management of human resources in all types of organizations and therefore, in SMEs of Bangladesh. The employment laws in Bangladesh particularly Bangladesh Labour Code 2006 (as amended) is cited in brief that are obligatory to maintain.

The existing scenario of human resource management practices in small and medium enterprises (SMEs) of Bangladesh is presented systematically in this thesis taking all facets of human resource management. The findings will provide academics, future researchers and practitioners with insight information about present human resource management practices in small and medium enterprises of Bangladesh.

It is observed from the study that there are lots of opportunities to improve the existing human resource management practices in SMEs of Bangladesh. The practice does not conform to the normative standards of human resource management in many situations. The existing human resource management also does not maintain legally obligatory provisions of labour laws and other civil laws applicable in the people management. The universal fundamental human rights as well as constitutional rights are not maintained for the unwillingness of owner-managers/managers of SMEs but for their unawareness of rights.

It is found that the people involved in managing human resources do not have relevant educational background on human resource management and employment laws. So, their ignorance causes deviations much bigger. They

also do not have interest to take such education and training from academic institutions to make them qualified to run their SMEs successfully by maintaining a conducive people-oriented environment in which individuals can work together in a group with satisfaction. To that effect, they need education and training on human resource management and employment laws from academic and/or training institutes to make their managing people successful which will lead to venture success.

The findings of the research would be benchmark information about the human resource management situations in the SMEs of Bangladesh upon which further in-depth research can be made to investigate into specific aspect of such management critically. Since, this research is a virgin study in the field of human resource management in SMEs of Bangladesh; it will provide teachers and students of human resource management with basic field level operational information in this area which will enrich their knowledge.

Every human effort always has an eternal destiny besides the motive of serving immediate target of this world. The effort which I have given to conduct the whole work of preparing this thesis bears a motive to contribute to the knowledge world regarding practices of human resource management in the existing small and medium enterprises of Bangladesh and to participate in the progress of society and civilization. This thesis if becomes a little part of this destiny will achieve its success.

The End

Appendix 1

Questionnaire On Human Resource Management Practices in Small and Medium Enterprises of Bangladesh

Dear Respondent Sir/Madam

I am a doctoral researcher in the Department of International Business, University of Dhaka, studying under the supervision of Professor Dr. Abu Hossain Siddique. My research topic is: *Human Resource Management Practices in f Small and Medium Enterprises of Bangladesh*. The study will explore the various HRM practices in small and medium enterprises operating in Bangladesh. The findings will contribute to the development of appropriate HRM practices in SMEs of Bangladesh.

I, therefore, request you to co-operate fulfilling the questionnaire by giving required information of your organization as well as providing other necessary information in this regard. The provided information will be kept confidential and will be used only for academic purposes. Findings will be made available to you at later stage.

Yours sincerely,

Muhammad Mohiuddin
Professor
Department of Management
University of Dhaka

- a. Acquisition
- b. Greenfield sites (newly established)

8. Total number of employees:

Categories of employees	Number
Managerial/Officer	
Clerical/ Administrative Staff	
Regular Production Workers	
Irregular workers/staff	
Total employees	

9. What is the general business strategy of the organisation?

Business strategy	Please tick here in appropriate box
Market niche strategy i.e. specialty products	
High Volume/low cost strategy i.e. Standardized product	

10. How many product/service divisions do you have in your organisation?

- Single unit organization
- Production Department
- Marketing Department
- Administrative Department
- Accounts/Finance Department
- Personnel /Human Resource
- Management Department

11. Do you have any organizational chart? Yes ---- No-----

12. How do your production systems could be best described?

Production system	Please tick here
Production is tailored to meet the local demands.	
Some of the products are exported to foreign markets.	

13. What types of market does the organization operate?

Nature of the market	Please tick here
Monopoly i.e. virtually no competition in the market	
Oligopoly i.e. a few competitors in the market	

Competitive i.e. fierce competition in the market	
---	--

14. Could you please indicate the present 'Life Cycle Stage' of your organisation (tick the appropriate).

Life Cycle Stages	Please tick as you assume
Introductory	
Growth	
Maturity	
Decline	
Turnaround	

15. What type of production method exists in your organization? Please tick the most prevalent.

Production system	Please tick here
Lean/flexible	
Mass	
Process	
Batch	

Questions related to Human Resource Planning, Recruitment and Selection/Acquisitions

1. Do you think staffing is a very important task of you? Yes No

2. Has the firm any human resource policy? Yes No

3. If yes, what is its form? Written Unwritten

4. Do you have any formal human resource plan? Yes No

5. Do you think that the human resource planning is needed for your organization? Yes No

6. How do you assign job or duty to your employees?

From your mind that you think fit

From your planned thought about ones duty

From a written job description that you have

7. Do you have any ready list of qualifications or qualities required for each type of positions? Yes No

8. When you recruit any employee do you specify skills, qualifications etc for each position? Yes No

From current non-regular employees			
Advertise externally			
Recruitment agencies			
Apprentices			
Personal search			
Universities			
Friends & relatives			
Trade Associations			
Vocational Schools and Colleges			
Competing Firms			

16. To fill a vacant post what policy do you follow ?

Basis for promotion	Managerial /Officer	Clerical /Staff	Production workers
From within the firm			
From outside the firm			

If you have any internal promotion system, then

17. What are the bases for internal promotion? (Please rank the following)

Basis for internal promotion	Managerial /Officer	Clerical /Staff	Production workers
Seniority			
Performance/Merit			
Performance/Merit and seniority together			
Others			

18. Do you have specific job description (duties and responsibilities) for all the positions to be performed by individual employees?

Categories of employees	Not at all	Very little	Don't know	Fair guidelines	Highly specific
Managerial/Officer					
Clerical/administrative					
Production employees					

19. Would you please rank the importance of the following factors in selecting new employees?

Name of the factors	Managerial /Officer	Clerical/ Staff	Production workers
Educational qualifications			
Experience			
Reference			

Skills			
Trainability			
Commitment			
Family background			
Relatives/Friends recommendations			
Age			

20. Please indicate the steps you follow in selecting employees for a new position?

Steps in selection Process	Managerial /Officer	Clerical /Staff	Production workers
Preliminary Screening Interview			
Application Blank/ on plain paper			
Employment Test in writing			
Reference Check			
Interview			
Medical Test/Physical Examination			
Final Selection & Probationary Appointment			
Orientation/Induction			
Foundation Training			
Placement			

21. What test or test do you apply to select your employees ?

Types of Test	Managerial /Officer	Clerical/ Staff	Production workers
Achievement Test			
Aptitude Test			
Mental ability/Intelligence Test			
Personality Test			
Interest Test			
Physical ability test			
Substance Abuse Test			
Work Sample Test			
Miniature Job Test			

22. How do you verify the reference of a new employee?

Mode of reference check	Managerial / Officer	Clerical / Staff	Production workers
Direct Personal Enquiry			
Sending a structured Form to referee			

23. How do you conduct the physical examination of your employees during selection ?

(If there is no physical examination system during the selection, please skip this question)

Physical examination method	Managerial /Officer	Clerical /Staff	Production workers
Visual check by you /your staff			
Check by Medical Officer			

24. How do you conduct your interview process ?

Types of interview	Managerial /Officer	Clerical /staff	Production workers
Group Interview			
Panel Interview			
One-on-one Interview			

25. What is your technique of interviewing employees?

Techniques of Interview	Managerial /Officer	Clerical /Staff	Production worker
Structured Interview			
Unstructured Interview			
Situational Problem Solving			

26. If you have any orientation program for the new recruits, how have you done that ?

Means of orientation	Managerial /Officer	Clerical /Staff	Production worker
Give a brief formal lecture on organizational issues			
Give them printed handbook			
Ask a senior staff to show everything			
Ask the work head to give him a brief of the job			
Give just an informal lecture			

27. Do you have any written handbook ? Yes ----- No-----

B: Questions related to Training and Development

Do you provide any formal training (induction programme) for the new employees after joining at your organisation?

Categories of employees	Always	Sometimes	Don't know	Less often/rarely	Not in practice
Managerial/ Officer					

Clerical/Staff					
Manual					

What is the aim of this induction programme?

Aim of the induction programme	Managerial/Officer	Clerical/Staff	Production worker
To inform company philosophy			
To learn company policies and practices			
To familiar with work and inmates			
To provide hands on experience			

Could you please indicate the main objectives of your training programmes?

Objectives of the training programmes	Managerial/Officer	Clerical/Staff	Production worker
Training conducted for current work tasks			
Training conducted in anticipation of future production or process changes			
Training undertaken in a wide range of skills			

4. Who does design the training programmes in your organisation?

	Managerial/Officer	Clerical/Staff	Production worker
Training specialist			
Owner -manager himself			
Manager			
External -expert			

How do you provide on-the-job training and development to your employees?

Means of providing training	Managerial/Officer	Clerical/Staff	Production worker
Apprenticeship			
Pre-employment training			
Vestibule training			
Job Instruction training			
Coaching			
Job Rotation			
Transfer			
Understudy assignment			
Committee assignment/Junior board			

Mentoring			
Action Learning			

6. How do you provide off-the -job training and development to your employee ?

Method of training	Managerial /Officer	Clerical/ Staff	Production worker
Lecture and Conference			
Computer-assisted Instruction			
Seminar			
Laboratory training Case studies Incidence Process Role Playing			
T-group			
Transactional Analysis			
Behavioural Modeling			
In-basket training			
University-related programme			
In-house development center			
Programmed Instruction/Manual			
Experimental Exercise			

7. Which of the following do you think guided you most to initiate training and development programme in your organization ? Please tick .

- a. Management careers are in a state of flux as new jobs are opening up and traditional, stable jobs disappearing -----
- b. People want to know more about their immediate jobs, other jobs in their organization and about their organization as a whole.-----
- c. As more emphasis is placed on teams and team work, supervisor and managers need to acquire additional skills in interpersonal communications, group decision making and chairing meeting. -----
- d. Employees need their organization’s help to help themselves. -----
- e. Basic skills are still important and cannot be overlooked. -----

f. Many career transitions represent ideal training opportunities. -----

8. What factors do you consider while designing a training and development program?

- a. Human resource planning of the organization.
- b. Multi skilling
- c. Organizational adaptation and improvement
- d. Organizational culture and climate
- e. Organisational effectiveness
- f. Need fulfillment of the employee, job and career needs
- g. Filling up the skill deficiency
- h. Union attitude
- i. Skill obsolescence

9. It is believed that the training and development is a process. The following is the process. Will you please point out what steps of this process do you follow ?

- a. Need analysis
- b. Setting objectives of the training and development
- c. Select trainees
- d. Determine curriculum
- e. Select training method and media
- f. Develop budget
- g. Validation of the program
- h. Select trainers
- i. Conduct training and development
- j. Evaluation and follow up

10. How do you select a trainee for the training and development programme ?

- Check job description
- Check skill requirements
- Performance analysis/present skill level
- Need of skills and abilities in the next post of promotion
- Need of the next assignment or posting

11. How do you evaluate the effectiveness of the training and development ?
(Tick please)

- a. Test-retest Method -----
- b. Pre-post training and development performance method-----
- c. Experimental control group method -----

12. Which of the followings do you think cause challenges to you that have motivated you to initiate training and development programme ? Please tick

- a. Quality improvement -----

- b. Technological changes -----
- c. Customer service -----
- d. Corporate culture -----
- e. New market strategies -----
- f. Centralization of the authority -----
- g. Productivity improvement -----
- h. Decentralization -----
- i. Succession planning -----
- j. Acquisition or merger -----
- k. International competition -----

13. Is there any system to rotate across jobs or tasks for the employees at your organisations?

Categories of employees	Regularly	Sometime s	Don't know	Less often/rarely	Not in practice
Managerial/Officer					
Clerical/Staff					
Manual					

14. Do you provide any multi-skill (more than one task or job) training to your employees?

Categories of employees	Regularly	Sometim es	Don't know	Rarely	Not in practice
Managerial/Officer					
Clerical/Staff					
Production worker					

Discussion with the employees and the supervisors in this regard. If possible, about their outcomes as well.

15. What kinds of matters your organisation prefers in providing training to employees? (please rank)

Name of the training matters	Managerial / Officer	Clerical/ Staff	Production worker
Strategy formulation			
Problem solving			
Team working			
Quality control/management			
Improving communication			
Computing skills			
Operation of new			

equipment			
Health and safety			
Learn to another relevant job			
Operational Skills			

C: Questions related to pay and performance appraisals

1. Do you use any performance appraisal system for individual employees at your organisation?

Categories of employees	Regularly	Sometimes	Don't know	Less often/rarely	Not in practice
Managerial/Officer					
Clerical/Staff					
Production worker					

2. Could you please indicate how performance appraisal is being done in your organisation?

Means of appraisals	Managerial/Officer	Clerical/Staff	Production worker
Performance appraisals are very formalized. Forms are filled and proceed at regular intervals			
Performance appraisals are very informal. There is very little documentation			

Collect some manuals and other materials used in employee performance appraisals. Discussion with employees and first line managers, HR managers.

3. Could you please indicate what method of performance appraisal is being done in your organisation?

Means of appraisals	Managerial/Officer	Clerical/Staff	Production worker
Graphical Rating Scale Method			
Paired Comparison Method			
Performance Check List Method			
Essay Appraisal Technique			
Critical Incident Technique			
Individual Ranking Method			
Group Ranking Method			

Forced Choice Rating Method			
Management By Objective Method			

5. Do you have any established policies, standard criteria and design for performance appraisal system? Yes----- (Collect related materials)
No-----

6. Who does the appraisal?

- a. Immediate Supervisor
- b. Subordinates
- c. Chief Executive/Owner-manager
- d. Self
- e. Peer colleague
- f. Rating/ Appraisal Committee

4. Could you please indicate why performance appraisal is being done in your organisation?

Reasons for doing appraisals	Managerial / Officer	Clerical/ Staff	Production worker
Giving employee feedback so that they know where they stand			
Using Performance appraisal results to decide upon promotion of the people			
Using performance results to make retention and discharge decision			
Using Performance appraisal results to determine compensation			
Using Performance appraisals to identify the future needs of the employee development			
Motivating people through recognition and support			
Strengthening superior-subordinate relation			
Diagnosing individual and organizational problems			

From among the below, what factor/factors do you think affect/affects your appraisal ?

- a. Leniency/ strictness
- b. Halo-effect
- c. Low appraiser motivation
- d. Irrelevant /Subjective standards
- h. Unclear Standard
- i. Bias /Prejudice
- j. Central Tendency
- k. Fear of confrontation

- e. Lack of training on rating factors appraisal
- f. Poor feedback to employee
- g. Failure to use appraisal data
- l. Complex and time consuming
- m. Unrealistic standards
- n. Constant error

8. How do you determine the performance appraisal criteria in your organisation?

Level of performance criteria setting	Managerial /Officer	Clerical/ Staff	Production Worker
Follow the rules and standards set by the owner/owner-manager/manager			
Rules and standards set by a committee			
Rules and standards developed by a consultant			
Adopt local/indigenous practices			
Criteria developed by intuition			

9. Do you include any type of individual performance elements in determining basic pay for individual employee?

Categories of employees	Regularly	Sometimes	Don't know	Less often/rarely	Not in practice
Managerial/Officer					
Clerical/Staff					
Production worker					

If yes

10. What measures of performance are used to determine the amount of performance related pay? (Please tick the appropriate one, or if more than one, rank them with preference)

Means of performance measures	Managerial / Officer	Clerical/ Staff	Production worker
Individual performance			
Group performance measures			
Workplace based measures			
Organisation based measures			
Others please specify.			

11. If individual performance, how is individual performance or output measured?

Measure of individual performance	Managerial/ Officer	Clerical/ Staff	Production worker
Piece rate			
Other measures of output			
Assessment by supervisor			
Acquisition of skills/competencies			
Pre-set /Target objectives achievement			
Other, please specify.			

Collect in-depth information and examples in this regard.

12. How do you determine the pay structure of your organisation?

Levels of pay Determination	Managerial /Officer	Clerical /Staff	Manual/ Production employees
Industry wise collective bargaining			
Collective bargaining			
Management decisions/Own analysis			
Competitors pay structure			

13. How do you fix wages / salaries of your employees?

Ways of fixing remuneration	Managerial /Officer	Clerical /Staff	Manual/ Production employees
By your own judgment			
By collective bargaining			
By seeing other firm's wages for the same job			
By doing job evaluation			
By negotiation with the job seekers			

14. Do you have any pay range or structure for each grade/class of job? Yes--
No--

15. Do you think your wages and salaries are competitive? Yes-----
No----

16. If yes, how so you know that?

From wages and salary survey in the industry -----

From competitors wage and salary scale -----

From your personal belief -----

17. What basis pf wage and salary policy do you follow ?

Wage and salary policy	Managerial / Officer	Clerical/Staff	Manual/ Production employees
Daily basis			
Weekly basis			
Monthly basis			
Straight basis			
Incentive basis			
Straight plus incentive basis			

18. Who does the task of determining the wage and salary of the employees ?

- Owner -----
- Owner-manager-----
- Manager-----
- External expert/ Consultant-----

19. When is the wage and salary structure set ?

- Before the beginning of the enterprise-----
- On the point of starting the work -----

20. How do you determine the pay for your employees ?

Pay policy	Managerial / Officer	Clerical/ Staff	Production worker
Individual Pay/Secret Pay			
Structured Sectoral Pay			

21. Do you have any profit sharing scheme at your organisation?

Categories of employees	Not at all	Less often	Don't know	Sometimes	Always
Managerial / Officer					
Clerical/administrative Staff					
Production worker					

22. Do you give any incentive for individual achievement at your organisation?

Categories of employees	Not at all	Rarely	Don't know	Sometimes	Always
Managerial / Officer					
Clerical/administrative Staff					
Production worker					

23. What are the bases for pay increments at your organisation? (if more than one, please rank the following)

Basis for pay increment	Managerial /Officer	Clerical/ Staff	Production worker
Individual performance /achievement			
Individual seniority			
Performance & seniority together but performance get priority			
Performance & seniority together but seniority get priority			
Others, please specify			

24. What factors do you consider while designing the wage and salary structure of employees?

Considerable factors	Manageria l/ Officer	Clerical/ Staff	Production worker
Worth of the job			
Worth of the employee			
Prevailing wages and salary of the industry			
Financial capacity of the enterprise			
Economic realities i.e. ability to pay, cost of living & inflation			
Government regulation			

25. When you measure the worth of the job, what compensatory factors do you consider determining the worth of the job?

Compensatory Factors	Managerial / Officer	Clerical / Staff	Production worker
Difficulty of the job			
Responsibility			
Know-how			
Education and experience			
Relationships			
Mental requirements			
Supervisory Responsibility			
Responsibility of equipments			
Outside contracts			
Work Environment			

Physical demand			
Job complexity			
Judgment exercise			
Originality required			
Knowledge required			

D: Questions related to employee relations

1. Are the employees in your organisation represented by a union? (If yes, please specify the number of unions and the percentage of employees in the various categories who have been unionised. If no, please write no).

Employee category	No of unions
Production workers	
Non-production , non-supervisory employees	

Collect relevant information from the HR manager.

2. How would you describe the state of union-management relations in your organisation? (You may rank if more than one category is relevant).

- a. Confrontational (due to inter-union rivalry).
- b. Confrontational (due to mistrust of management).
- c. Political (due to politicisation of union).
- d. Harmonious
- e. Accommodative
- f. Harmonious, if accommodative

Discussion with employees and trade union officials.

3. Have you recognised trade unions for the purpose of collective bargaining?

Categories of employees	Not at all	Less often	Don't know	Sometimes	Always
Managerial/Officer					
Clerical/administrative					
Production employees					

If yes,

4. What issues do usually you include in the bargaining agenda? (Please rank your preferences)

- a. Basic pay
- b. Welfare activities
- c. Organisation of work
- d. Issues related to individual working conditions
- e. Individual grievance and conflict solving methods
- f.

Collect materials on previous bargaining agendas. Discussion with employees, trade union officials and HR managers.

5. Do you follow any information sharing/ suggestion scheme practices in your organisation?

Categories of employees	Regularly	Frequently	Sometimes	Less often/rarely	Not in practice

Managerial/Officer					
Clerical/Staff					
Manual/Production employees					

If yes,

6. What methods are usually used by employees to communicate their views to management?

Employee communication methods	Managerial/Officer	Clerical/Staff	Manual/Production employees
Through immediate superior			
Through trade union or work council			
Through regular workplace meeting			
Through quality circle			
Through suggestions box			
Through attitude survey			
No formal method			
Others, please specify			

7. Do you have any system to brief employees about company strategies and other policy related issues?

Categories of employees	Regularly	Frequently	Don't know	Less often/rarely	Not in practice
Managerial/Officer					
Clerical/Staff					
Manual/Production employees					

8. Do you have any departmental committee to discuss the issues related to daily or routine work of the department or work division?

Categories of employees	Regularly	Frequently	Don't know	Less often/rarely	Not in practice
Managerial/Officer					
Clerical/Staff					
Manual/Production employees					

9. Do you have any individual conflict resolution/grievance handling system at your organisation?

Categories of employees	Regularly	Frequently	Don't know	Less often/rarely	Not in practice
Managerial/Officer					
Clerical/Staff					
Manual/Production employees					

If yes

10. How do you try to resolve individual grievance/conflict in a meaningful way?

Grievance handling procedures	Managerial/Staff	Clerical	Manual/Production employees
Through respective trade unions			
Through departmental representative system			
Through immediate superior or line manager			
Through formal official procedure			
Others, please specify			

11. Do you have any employee representative system like work councils, shop floor committees' etc. other than trade unions at your organisation?

Categories of employees	Regularly	Frequently	Don't know	Less often/rarely	Not in practice
Managerial/Officer					
Clerical/Staff					
Manual/Production employees					

If yes,

12. What are these representative systems?

Categories of Employees	Name of the representative body
Managerial/Officer	
Clerical/Staff	
Manual/Production employees	

12. Is any of the following practices followed in your organisation?

- a. Common uniform for all the employees.
- b. Common canteen for all the employees.

- c. Common transport for all the employees.
- d. Common medical care for all the employees.
- e. Common educational facilities for all the employee dependants.
- f. Common uniform for officers and employees.

14. Please tick on the right space to indicate the steps you follow to take disciplinary action or to handle grievance of your employees

- a. Receive of the grievance / offence
- b. Issue show cause to the incumbent to explain his position in person /in writing
- c. Give personal hearing
- d. Examine the personal records of the employee
- e. Consult organizational and legal provisions
- f. Take appropriate action.

15. What do you do while discharging an employee ?

Mode of action	Managerial/ Officer	Clerical/ Staff	Manual/Productio n employees
Give him one/two/three months salary/wage			
Hold a terminal interview			
Give him nothing			

16. Before discharging key employees, do you think it is better to consider carefully the impact of his leaving on the production/efficiency of the firm ?

Yes----- No-----

17. What do you do with an dissatisfied performer ?

- a. Give him warning to improve-----
- b. Give him training -----
- c. Dismiss him -----

18. If any of your employee want to leave your firm, will you try to retain him or allow him immediately ?

Try to retain him----- Allow him to leave -----

E: BENEFIT, SAFETY AND HEALTH PROGRAMME

1. Do you have any benefit plan other than the basic pay for the employees ?

Benefit plan	Manageria l /Officer	Clerical/ Staff	Manual/Productio n employees

Yes			
No			

2. What are benefits you offered to your employees? Please tick

Benefits other than basic pay	Managerial /Officer	Clerical/ Staff	Manual/Production employees
Pension			
Group Insurance			
Discount on goods /service purchase			
Free medical treatment			
Free lunch			
Subsidised lunch/ meal			
Paid sick leave			
Payment for meal			
Rest break			
Paid vacations			
Paid holiday			
Festival bonus			
Employee education			
Compensation for injury during work			
Medical expense payment			
Employer's contribution to the provident fund			
Accident insurance			
Legally required payments			
Transport			
House rent			
Entertainment allowance			
Loan /advances			
Tax assistance			
Traveling allowance			
Dearness allowance			

2. What health and safety programmes do you have in your firm for the employees ?

Health and safety programs	Managerial /Officer	Clerical/ Staff	Manual/Production employees
Wages paid to injured			
Dispensary services			
Compensation for injury			

Protective dresses			
Regular health checkup			
Safety training			
Prohibition of smoking in the workplace			
Safety rules of the Factories Act, 1965.			

4. Why do you think that health and safety programmes are good ? Please give tick.

- a. To enhance employee morale -----
- b. To avoid unionization -----
- c. To compete with other organizations in recruiting and retaining qualified employee.-----
- d. Safety propaganda.-----

5. What actions have you taken to reduce accidents? Please tick from among the

below:

- a. Regular check up and remove unsafe conditions.-----
- b. Screen out accident prone employees. -----
- c. Establish safety policy. -----
- d. Set specific safety goals. -----
- e. Encourage and train. -----
- f. Regular health and safety inspections. -----

6. How do you set these plans ?

- a. From competing firms-----
- b. From industry survey -----
- c. From own idea -----
- d. From the law -----

Yes
Action
needed

7. Do you have a safety committee or group that allows participation of employees in safety and health activities

8. Do you provide safety and health training for all employees requiring such training and is it documented?

9. Do all persons know what to do in emergencies?

10. Do you have a procedure for handling employee complaints regarding Safety and health ?

- 11.If you have electrical/mechanical installations in hazardous dust Vapor area , do they meet the factory act's provisions ?
12. Are rotating machines mounted in clean , tightly closed cover ?
- 13.Are all exists visible and unobstructed ?
14. Are all exists marked a readily visible sign that is properly illuminated ?
- 15.Are there sufficient exists to ensure prompt escape in case of emergencies ?
16. Are portable fire extinguisher provided in adequate number and type
17. Are fire extinguishers mounted in readily accessible locations?
18. Are plant employees instructed in the use of extinguishers and fire protection procedures ?
19. Is your local fire department well acquainted with your plant, location and specific hazard ?
20. Are NO SMOKING signs prominently posted in areas containing combustibles and flammables ?
- 21.Do your toilet facilities meet the requirements of applicable Sanitary codes?
22. Are washing facilities provided ?
23. Are all areas of business adequately illuminated ?
24. Are all machines or operations that expose operators and other employees to rotating parts, pinch points, flying chips, particles or sparks adequately guarded ?
25. Are mechanical power transmission belts and pinch points guarded?
26. Are all flammable liquids that are kept inside building stored in proper storage containers or cabinets?
27. Is there a hospital , clinic or infirmary for medical care near your business?

28. Do you have one or more employees trained in first aid?
29. Do you have any employed doctor?
30. Are hard hats provided and worn where any danger of falling objects exists?
31. Are protective goggles or glasses provided and worn where there is any danger of flying particles or splashing of corrosive materials?
32. Are protective gloves, aprons, shields or other means provided for protection from sharp, hot or corrosive materials?

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