DOI <https://doi.org/10.18551/rjoas.2017-03.12>

EMPLOYEE RELATIONS WITH TOP LEVEL MANAGEMENT IN BANGLADESHI GARMENTS SECTOR: AN EMPIRICAL STUDY

Taslim Ahammad

Faculty of Management Studies, Bangabandhu Sheikh Mujibur Rahman Science and Technology University, Gopalganj, Bangladesh

Julker Naim*

Bangladesh University of Professionals, Bangladesh

Islam Rashedul

Marine and Coastal Resources Institute, Prince of Songkla University, Thailand

Prodip Kumar Roy

Bangladesh University of Professionals, Bangladesh

*E-mail: naim.jnu.bb@gmail.com

ABSTRACT

Employee relations are based on an underlying philosophy supported by necessary attitudes and skills. Here it covers the employment relationship with top level management in garments sector, which determine an employer and employee's mutual obligations and expectation towards each other. Every individual at the workplace shares a certain relationship with fellow workers. Human beings are not machines who can start working just at the push of a mere button. They need people to talk to, discuss ideas with each other and share their happiness and sorrows. An individual cannot work alone, workers needs people around. If the organization is all empty, will not feel like sitting there and working. An isolated environment demotivates an individual and spreads negativity around. It is essential that people are comfortable with each other and work together as a single unit towards a common goal. However, recent incident of garments sector is happening due to the conflict relation between management and workers reason of low compensation. Moreover, the present study is designed to unearth the causes of employee relation in garments sector of Bangladesh. The major causes of labor relation with top level management have been explored from the responses of the respondents. Besides, the study also identified causes of poor participation in decision making, absence of willingness of the management, absence of labor union activities, lack of workforce diversity, irregularities in payment, low wage, mistreatment of the workers by managers/officers, rumor, conspiracy, non-execution of labor laws, unruly nature of the workers and political intervention. Furthermore, this researcher suggested most of the employee relations factors have to be improved in the Bangladeshi garments sector for taking competitive advantage in world market.

KEY WORDS

Employee relations, garments sector, top level management.

The export-oriented apparel industry of Bangladesh, popularly known as readymade garment (RMG) or simply the garment industry occupies a unique position in economy of Bangladesh. It is the largest exporting industry, which experienced a phenomenal growth during the last four decades. By didn't of taking advantage of cheap labor and quota-based market in the USA and EU under the provision of Multi-Fiber Arrangement (MFA) of GATT, it attained a high profile in terms of economic growth of the country. The industry started its modest journey in late 1970s and enjoyed a meteoric rise from 30 enterprises in 1980 increased to 4825 in 2008¹. Average growth rate of this sector was over 20% per over the last two decades. This single sector alone earns about 80% of yearly foreign exchange of the

country. Its contribution to GDP reaches 13% in fiscal year 2009-2010. Since independence, no single sector could accelerate the industrialization process in the country as the RMG sector could do. It has created employment opportunity for about 3.5 million people. Most of them are uneducated and unskilled. Among those 80% of them are women. To a creditable extent, it has been able to relieve the country from the burden of unemployment and at the same time contribute to the empowerment of women. Thus this sector is playing a vital role in socioeconomic development of the country. But this sector is struggling with a number of problems. Employee relation between owners and workers, labor unrest, shortage of gas and electricity, poor infrastructure, poor port facility, lead time complexities, conspiracy of home and abroad, advancing competitors in the quota free international market are some of them which are posing a great threat to its survival. In recent time, employee unrest in the garments sector has been a matter of serious concern. Almost every day electronic and print media cover news of labor unrest in garments sector in one place or another across the country. Fixing new minimum wage for the garment employees and issue of implementing the new wage structure have been the prime causes of recent labor unrests across the country. The unrest takes shape of violence and vandalism.

BACKGROUND OF THE STUDY

The growth of garments sector in Bangladesh is amazing one and it has been possible mainly because of hard work of labor-force. Rashid, (2010) observes, "It is a story of success, of winning against all odds. It is a story of a nation, which has vowed to overcome all the barriers with limited resources and immense passion. It is not a story of "Veni Vidi Vici2". Rather, it is a tale of toil, a tale of rising, of starting small and finally finding glory". But this glory is being diminished day by day due to employee unrest in this sector. The study has drawn on "Employee relation between top level management and Organizational employee in garments sector where Security of Sustainable Human Resource Development:(A Study on Dhaka City, Bangladesh)"models of appropriate situation initiatives for the purposes of increasing the knowledge base and amplification the capacity to develop or improve the existing programs in this area.

Literature review. James, Debra and Laurie (2006) reported that while participation in workplace decision making may have positive effects on employees' attitudes toward their work, it may have less impact on employee performance. In addition, the cost of implementing participatory management systems may far exceed the actual return. However, the commentators provide numerous professional examples to suggest that participation in workplace decision making in government setting not only improves employees' attitudes toward work, but also increases their performance. Changes in the nature of organization and task environments, employees' desires to participate in workplace decision making, as well as rapid advances in technology facilitating such exchanges, may make participation an even more important determinant of performance in the future.

Mariam Jamila, Bakhtear Uddin and Salma Ahmed (2006) reported that both the unskilled and semi-skilled women workers have an opportunity to be employed in the garments industry in Bangladesh. This paper found that women in the garments sectors of Bangladesh are not discriminated because they are women. Albeit there may be individual incidence of gender-based wage discrimination in the garments sector, most of the worker's wage is determined by their skill, work per hour, experience and age.

Participation tends to improve motivation because employees feel more accepted and involved in the situation. Their self-esteem, job satisfaction and cooperation with management may also improve. The results often are reduced conflict and stress, more commitment to goals, and better acceptance of change. Turnover and absence may be reduced because employees feel that they have a better place to work and that they are being more successful in their jobs. The act of participation in itself establishes better communication as people mutually discuss work problems. Management tends to provide workers with increased information about the organization's fiancés and operations, and this

sharing of information allows employees to make better-quality suggestions (Newstrom & Davis, 2004).

Bashir et. el. (2003) identified that the job design, structure and its relation to the motivation and performance of the employees in insurance industry sector of Bangladesh. A redesigned interview schedule study was conducted on 40 executives of various levels of two insurance companies in the private and public sectors. The finding of the study reveals that executives of the insurance sector in Bangladesh are motivated in their job in terms of task variety, clearly defined authority and responsibility, accountability, information processing, internal co-ordination and job security.

Sultan (2010) says, from the total net profit, only 30 per cent is being spent on the workers whereas around 50 per cent is spent on workers' wages in other countries. He further notes, „in our country, people do not pay heed to any movement unless you come out to the roads. The same happened in the case of the garment workers. They were facing severe problems and unless they came out on to the roads, no one would have taken their problems seriously."

Fahmida and Moazzem (2007) suggest a number of factors need to be considered while fixing the minimum wage of industrial workers. These are : i) workers' minimum requirement for decent living; ii) enterprise's capacity to adjust with the additional cost originating from the rise in wage; iii) consideration of the wage structure of similar types of industrial sectors; and iv) adjustment of the wage with country's economic development.

An overview of Bangladesh garments industry. The RMG industry is the only multi-billion-dollar manufacturing and export industry in Bangladesh. Whereas the industry contributed only 0.001 per cent to the country's total export earnings in 1976, its share increased to about 75 per cent of those earnings in 2005. Bangladesh exported garments worth the equivalent of \$6.9 billion in 2005, which was about 2.5 per cent of the global total value (\$276 billion) of garment exports. The country's RMG industry grew by more than 15 per cent per annum on average during the last 15 years. The foreign exchange earnings and employment generation of the RMG sector have been increasing at double-digit rates from year to year. Some important issues related to the RMG industry of Bangladesh are noted in Table 3.

Table 3 – Important issues related to the Bangladesh ready-made garment industry

Year	Issue
1970-1980	Early period of growth
1982-1985	Boom days
1985	Imposition of quota restriction
1990	Knitwear sector developed significantly
1993	Child labor issue and its solution
2003	Withdrawal of Canadian quota restriction
2005	Phase out of quota restriction
2006	Riots and strike by garments labor
2007-2008	Stable growth

Source: Compiled by the databases of the Bangladesh Garment Manufacturers and Exporters Association, and the Export Promotion Bureau, Bangladesh.

Currently, there are more than 4,000 RMG firms in Bangladesh. More than 95 per cent of those firms are locally owned with the exception of a few foreign firms located in export processing zones (Gonzales, 2002).

The RMG firms are located mainly in three main cities: the capital city Dhaka, the port city Chittagong and the industrial city Narayanganj. Bangladesh RMG firms vary in size. Based on Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data, Mainuddin (2000) found that in 1997 more than 75 per cent of the firms employed a maximum of 400 employees each. Garment companies in Bangladesh form formal or informal groups. The grouping helps to share manufacturing activities, to diversify risks; horizontal as well as vertical coordination can be easily found in such group activities. Ready-made garments manufactured in Bangladesh are divided mainly into two broad

categories: woven and knit products. Shirts, T-shirts and trousers are the main woven products and undergarments, socks, stockings, T-shirts, sweaters and other casual and soft garments are the main knit products. Woven garment products still dominate the garment export earnings of the country. The share of knit garment products has been increasing since the early 1990s; such products currently account for more than 40 per cent of the country's total RMG export earnings (BGMEA website). Although various types of garments are manufactured in the country, only a few categories, such as shirts, T-shirts, trousers, jackets and sweaters, constitute the major production-share (BGMEA website; and Nath, 2001). Economies of scale for large-scale production and export-quota holdings in the corresponding categories are the principal reasons for such a narrow product concentration.

Figure 1 – Bangladesh RMG Export

Foreign buyers are concerned about the different compliance of law. So, they were bothered about the child labor issue of Bangladesh. But later on this problem is salute and now garments are restricted to employ child labor. In 2005 the quota facilities for Bangladesh was withdrawn. Everybody thought it would be a great shock for garments industry. But in reality Bangladesh has faced this challenge with great courage. The fact is that the export of garments product has increased after the withdrawn of this quota. And the last two years were really good time for garment industry. The political situation was stable under the country's state of emergency and this boost the growth of the industry.

Finally, our main objectives are: to investigate the Employee relations with top level management in Bangladeshi garments sector; to make suggestions most of the employee relations factors have to be improved in the Bangladeshi garments sector for taking competitive advantage in world market.

METHODOLOGY OF RESEARCH

The sample of the study consisted of 100 workers from five selected garment factories situated in and around Dhaka city. Data were collected from 20 workers from each factory. A close ended structured questionnaire with 5 items has been used for data collection. The

performance related data were obtained from the factory records. Both parametric and non parametric statistical tools were used to analyze the data.

RESULTS AND DISCUSSION

Results of the study have been summarized in the following Table and analysis:

Table 2 reveals the distribution of employees according to their service experience. The Table shows that 60% employees are with more than two years' experience. 20% are of 0-1 year' and 1-2 years' experience. It shows the distribution of employees according to their age. In this Table 48% of the respondents are within 25-30 age range. Again 34% and 18% respondents are 20-25 and 30-35 age range respectively. The table reveals the distribution of respondents according to their educational background. 52% of the respondents are below SSC and 24% of the respondents are both SSC and HSC level. The Table exhibits the distribution of employees according to their skill level. 54% of the respondents are skilled level. Again 32% and 14% of the respondents are semiskilled and unskilled level.

Table 2 – Distribution of respondents according to their service experience, age, educational background and skill level

Variables	Range	Frequency	% of the respondents
Experience	0-1Year	15	20%
	1-2 Years	20	20%
	2-4 Years	25	40%
	5+ Years	40	20%
Age	20-25	15	24%
	25-30	46	40%
	30-35	30	24%
	35-40	09	12%
Educational Status	Below SSC	51	40%
	SSC	18	20%
	HSC	19	20%
	Trainee	12	20%
Skill Level	Unskilled	13	14%
	Semi-Skilled	45	30%
	Skilled	17	40%
	Most Skilled	30	16%

Table 3 shows the distribution of employees according to their opinion in level of managerial decision making. According to the opinion of the respondents 60% decision making are held at top level employee. Here top level employee relation is the best with top level management. On the other hand 25%, 10% and 5% decision making occurs in middle level employee, lower level employee and worker respectively. Here the results show that the workers level participation is only 5%. But this worker level do the main work for Bangladeshi garments sector.

Table 3 – Employee relation with top level management

Decision making level	Frequency	% of the respondents
Top Level Employee	45	60%
Middle level employee	20	25%
Lower level employee	20	10%
Worker level employee	15	5%

The present study attempts to describe the present situation of employee relations with top level management in Bangladeshi garments sector. The result is, as table-2 shows that the highest decision making occurs at top level employee of garments sector and there is only 5% worker level employee participation in employee relation with top level management at the lowest level. Here only focus on top level management. Sometime top level employees don't make any decision with management.

Several major conclusions emerged from the present study: employee relation by the management is mostly done in top level employee and at worker level it is the lowest, only 5%; direct participation in decision making has occurred in managerial activities and goal setting in a limited range; participation in decision making has negative correlation with motivation and performance; only few motivational activities such as bonus, transport, canteen, medical facility and profit sharing are used in garment sector for the employee relation; the worker level of garments sector identified five major causes of poor relation with top level management, such as absence of willingness of the top level management, absence of labor union activities, lack of workforce diversity, illiteracy of the workers and political grouping among the workers.

CONCLUSION

The findings may have significance for government, the policy makers in the Garments sector as well as the top level management of this industry. The findings seem to have wide implications in the present context of garment sector in Bangladesh. Management of a garment industry can benefit immensely by adopting appropriate measures, in the light of the present study by reducing poor employee relation of the workers in decision making.

REFERENCES

1. Hossain M.N (1992), "Job Satisfaction of Secondary School Teachers in Bangladesh: A Case Study in Dhaka City", *Journal of Behavioral Science*, 3, 2.
2. Huda, S. S., Akhtar, N., and Akhtar, A. (2011). Employee's View on Job Satisfaction: A Study on Garments Industry in Bangladesh. *Indus Journal of Management & Social Science (IJMSS)*, 5(1), 1-9.
3. Ivancevich, J. M., Matteson, M. T., & Konopaske, R. (2002). *Organizational behavior and management*, 9th edition, McGraw-Hill Publishing, New York, 13-40.
4. James, Debra and Laurie (2006), "Motivating Employees in a New Governance Era: The Performance Paradigm Revisited", *The Premier Journal of Public Administration*, Vol.66 No.4, [http:// www.joe.org](http://www.joe.org)
5. Janjhua, D. Y., and Dubey, S. (2011). Employee engagement: a study of HPSEB employees. *International Journal of Research in IT & Management*, 1(6), 74-89.
6. Kothari, C.R. (1990). *Research Methodology*, 1st edition, New Age international (P) Limited, New Delhi, 30-70
7. Neog, B. B., and Barua, M. (2014). Factors Influencing Employee's Job Satisfaction: An Empirical Study among Employees of Automobile Service Workshops in Assam. *The SIJ Transactions on Industrial, Financial & Business Management (IFBM)*, 2(7), 305 – 316.
8. Sehgal, S. (2012). Job satisfaction of bank employees in Shimla-A comparative study of private & public sector bank (Axis Bank & UCO Bank). *International Journal of Marketing, Financial Services & Management Research*, 1(7), 124-146.
9. Sinha, E. (2013). A research work on Employee Satisfaction measurement with special reference to KRIBHCO, Surat. *International Journal of Modern Engineering Research*, 3(1), 523-529.