ABSTRACT OF THESIS TITLED:

STRATEGIC HUMAN RESOURCE MANAGEMENT - A STUDY OF FIRMS IN BANGLADESH

This document presents the abstract of the thesis titled: Strategic Human Resource Management - A Study of Firms in Bangladesh submitted for the award of Ph.D. degree in Business Administration.

The abstract gives brief and concise information about the introduction to the thesis, thesis presentation, objectives of the research study, methodology of the study, major findings of the study and future directions of research in the area of strategic human resource management.

INTRODUCTION

The field of Human Resource Management (HRM) as a discipline is relatively recent. It has developed through an evolutionary process. Different civilizations and philosophies contributed to the development of HRM. During the industrial revolution era, the evolution of personnel management started. At the end of this evolutionary process, when personnel management got its complete shape, organizational planning, manpower planning, manpower selection and other allied issues regarding the management of personnel and high talent manpower assumed significance in the organization. High talent personnel emerged as the key human resource. The emphasis then shifted to 'management of human resource'.

The concept of HRM emerged initially from the work done in the U.S.A. in the 1960s and 1970s. Since then the concept gained impetus around the world. In the U.S.A. where the concept of HRM originated, there is a widespread belief that HRM is the dependent variable and business strategy is an independent variable in their relationship. From the assumption that HRM is derived from the interplay of corporate and business strategy led to the emergence of strategic HRM (SHRM). After the emergence of SHRM different perspectives to SHRM and models of SHRM have been developing gradually.

This thesis is a modest attempt in highlighting the latest developments in the area of SHRM in Bangladeshi business firms. The contribution of manufacturing and service sectors to the GDP is increasing gradually in Bangladesh. In 1949-50 the contribution of the manufacturing sector to the GDP
was only about 3%. In 1997-98 the contribution of industrial and service sectors to the GDP were 19.4 and 48.9 respectively. Export has grown at a rate of 17.4% over the last 6 years i.e. during 1992-98. In 1996-97 total civilian labor force was 7.7 crore; among these, industrial and other labor (except agricultural labor) constitute more than a third of the total labor strength.

**THESIS PRESENTATION**

The thesis is divided into six chapters. *Chapter one* (Stages of Development of Strategic Human Resource Management) highlights the contribution of different philosophies to HRM, the evolution of personnel management (PM), the emergence of HRM, and finally, the emergence of SHRM.

*Chapter two* (Strategic Human Resource Management) explains the conceptual preview of SHRM, different perspectives to SHRM, models of SHRM, elements of SHRM and finally, the approaches to integration among the different elements. These first two chapters provide the basis on which the model of research is designed.

*Chapter three* (Research Design) presents the review of available literature and identifies the research gap. Then the objectives, scope, synoptic view, methodology and limitations of the study are given.

*Chapter four* (Analysis and Interpretation of Findings) describes the profile of respondents and the profile of the responding firms, the strategy, structure, HR system, and SHRM policies and processes of the responding firms. This is followed by *Chapter five* (Summary and Conclusions) which presents section-wise summary and conclusions of the findings that were analyzed and interpreted in the fourth chapter.

The final chapter i.e. the *Sixth chapter* proposes the direction for future research. Besides the potential areas of SHRM research a set of propositions are also suggested for future researchers.

Beside the questionnaire/interview schedule, which is given in *Appendix-I*, a bird eye's view of the various significant aspects of Bangladeshi economy and industry is presented in *Appendix-II*. This is followed by a brief description of the macro-level situation in Bangladesh with regard to human resource development in *Appendix-III*. These two appendices are provided in order to give the reader an idea of the context in which the research work has been undertaken.
The findings of the study may give a direction to the industry associations and individual firms about the latest developments in the area of SHRM and act accordingly. For academicians, the study will be useful for critical appraisal of the latest developments in the area of SHRM and it will also prove helpful in providing a direction for future research.

**OBJECTIVES OF THE RESEARCH STUDY**

The present study has been undertaken to achieve one general as well as five specific objectives. The general objective of the study is to investigate the usage and application of strategic human resource management in Bangladeshi firms. The specific objectives of the study, related to business firms in Bangladesh, are laid down as below:

(a) To identify the corporate and HR strategies followed.
(b) To ascertain the organizational structure.
(c) To study the HR system.
(d) To analyse the position of HR functions in the organization.
(e) To investigate the policies and processes of SHRM.

**METHODOLOGY OF THE STUDY**

In the light of the objectives mentioned above, the techniques of investigation adopted, tools used and pattern of analysis followed are as below.

*Selection of sample:* In order to achieve the objectives of the study, purposive sampling technique was used. The business firms which have at least 1000 personnel or more were selected. Due to the lengthy process of gaining access getting filled-up questionnaire or interview-time of the interviewee, 33 firms could be covered in the study.

*Sources of data:* The necessary quantitative and qualitative data have been obtained from both the primary and secondary sources. Different libraries were consulted both in India and Bangladesh. Other sources of secondary data are government, semi-government, and private organizations in Bangladesh. Some international bodies' reports have also been consulted. Primary data were collected from one responsible executive or officer from each of the 33 sample firms, i.e. 33 respondents filled-up the questionnaire or provided information. Informal discussions have also been made with other officials.
Design and content of interview schedule: In order to get the necessary primary data, a questionnaire was designed through identifying the current SHRM issues, which was partly structured and partly open-ended, provided in Appendix-I of the thesis, in the light of the objectives of the study. Before finalizing the questionnaire, it was pre-tested in six business firms in Bangladesh. After pilot testing necessary changes were made and the questionnaire was finalized. In the questionnaire there were 29 questions. These questions were asked to get information on seven broad areas: profile of the respondents, profile of the responding firms, strategies followed by the responding firms, organizational structure of the responding firms, position of the HR functions, and the HR system, policies and processes of SHRM.

Method of data collection: Every effort was made to build a rapport with the respondents. They were assured of the confidential nature of their reports to the researcher. No executive or officer wanted to provide any information immediately. In order to get the necessary information the researcher had to follow the following step by step process: (1) Taking permission from the chief executive of the firm, (2) appointment with interviewee; (3) after seeing and getting the questionnaire, the interviewee takes time, normally one week to 10 days and in some cases 2/3 weeks; and (4) within this time the interviewee had to be given reminders which were normally twice or thrice in most cases.

Data analysis techniques: The collected primary data have been processed, analyzed, and presented in order to make them suitable for the purpose of analysis and conclusions. For the structured part of the questionnaire, few statistical techniques viz. percentage, ratio analysis, mode and means were used and for the open-ended part of the questionnaire qualitative analysis, through identifying issues, was done.

MAJOR FINDINGS

The main findings of the present study are stated as below:

A. Profile of the respondents:

(1) The highest number of respondents are officers. Maximum number of the respondents are from the second highest level to the mid-level of the organizational hierarchy. Most of the data were collected from the people who were well-placed in their organizational hierarchies.

(2) Maximum number of the respondents have more than 2 years experience in the present position,
more than 5 years experience in the present organization, and more than 15 years total length of experience in their careers.

(3) Maximum number of the respondents' age were within 45 years and maximum number of the respondents' had at least a post-graduate degree. Most of the data were collected from the persons who were highly educated and comparatively young in age.

B. Profile of the responding firms

(1) Maximum number of the sampled firms are private limited companies. Except partnership, all forms of ownership-pattern are represented in the sample.

(2) Manufacturing sector covers the maximum number of the responding firms, while an adequate number is in service sector.

(3) The highest number in a responding firms has more than 2000 employees and the second highest more than or equal to 1000 employees.

(4) Maximum of the firms are located in Dhaka. In the sample firms, except two newly created divisions in Bangladesh, all the divisions have the representation.

C. Strategies followed by the responding firms

(1) Maximum number of the responding firms are following diversification strategy. The choice of diversification strategy by an overwhelming majority of Bangladeshi firms is in line with the pattern observed elsewhere in developed as well as developing countries.

(2) The large number of firms not reporting HR strategic changes is an indicator of the slow pace of reaction to change in the business environment. It also shows that firms exhibit organizational inertia in internalising the changes that are necessarily imposed by a change of strategy which in most cases is that of diversification. Two kinds of HR strategic changes getting popularity among the responding firms are developing MIS and introducing / modernizing / making systematic performance appraisal system. The new but rare HR strategic change in Bangladesh is profit-sharing scheme.

D. Organization structure of the responding firms

(1) Maximum number of the responding firms have 4 to 6 levels in managerial hierarchy. But a handsome number of firms have fewer (3 to 4) levels of managerial hierarchy.
(2) The tendency, in the present context, is to decrease the horizontal levels in the organization structure. This trend has yet to catch-up in Bangladeshi firms. Over the last 5 years, maximum number of the responding firms did not change their managerial hierarchical levels; but a good number of firms have increased the levels of managerial hierarchies.

(3) Only few sampled firms have created small independent units, such as SBUs or profit centers etc.

(4) A good number of firms are expanding their organizational size or functional departments. This kind of change is in line with the diversification and expansion strategies followed by the Bangladeshi firms.

E. Position of the HR functions

(1) Maximum number of the responding firms believe that their HR functions are partly or fully represented at the top level.

(2) Senior executives are more involved in the representation of the HR functions at the top-level management committees. Senior executives of the firms, which have no separate HR departments, are more involved in representing the HR functions at the top-level management committees than those of the firms which have separate HR departments.

(3) Less than half of the sampled firms consider that in their firms the positions of the HR functions are on par with other functional areas, such as production, marketing etc.

(4) There is no relationship among the three variables of: (a) the position of HR function in a company, (b) the representation of HR exhibits at the top-level management committee, and (c) the existence of separate HR department in the organization.

(5) Maximum number of the responding firms have at least some consideration about HR issues and, at the same time, a good number of firms do not give any importance on HR strategy in deciding the business strategy.

(6) HR functions are becoming specialised functions which need professional help in order to be performed. Nearly one-fourth of the sample firms are taking help from external agency.

F. The HR system

(1) Bangladeshi firms are attempting greater transparency in dealing with the employees, but at the same time they are showing autocracy and conservatism in their HR systems.
(2) Most of the sample firms do not have any communication/information sharing policy. Those who have this kind of policies, actually follow two categories of policies: (a) formal way of communication/information sharing, and (b) informal way of communication/information sharing. Most of the responding firms are issuing circular/notices 'sometimes' regarding matters that affect the employees. In most of the responding firms the bulk of communication takes place in the verbal form.

(3) For employee empowerment, among the respondents, some are taking organizational measures, viz. delegation of authority and decentralization of power, some are taking interactional measures, viz. consultation and discussion with employees, while others are taking developmental measures, viz. training, promotion, and/or OD.

(4) The level of mid-level managers' representation in the decision making is 'normal' in most of the sample firms.

(5) The extent of control exercised by the headquarters on the local-level unit is 'normal' in maximum of the sample firms' cases. Most of the sample firms' extent of control did not change over the last 5 years, but the rest of the sample firms' extent of control had changed with a tendency towards increased extent of control.

G. Policies and processes of SHRM

(1) Recruitment and Selection: Over the last 5 years, three categories of change in the recruitment and selection policies took place: (a) Open advertisement, (b) Centralization of recruitment and selection, and (c) Selection of competent personnel. Three major kinds of strategic changes have caused the policies changes: (a) To meet competition, (b) To make the organization profitable, and (c) To make the selection process systematic and reduce the cost of recruitment and selection. Two major changes took place in the recruitment and selection processes: (a) Making recruitment and selection processes systematic, and (b) Academicians involvement in the recruitment and selection processes.

(2) Training and Development: Most of the sample firms did not bring any changes in the training and development policies. The rest of the firms had brought two kinds of changes: (a) Starting training programs, and (b) Setting up training institutes. Two categories of strategic changes caused
the above changes: (a) to improve the product standard, and (b) to make the personnel competent.

In the processes of training and development two major categories of changes took place: (a) in-company training have increased, and (b) company executives as well as external experts are directly involved in the training programs.

(3) Performance Appraisal: Most of the sample firms did not bring any change in their performance appraisal policies. The few firms who brought some changes in their policies can be grouped into three categories: (a) Systematic performance appraisal system introduced, (b) Greater openness in performance appraisal system, and (c) Clear objective/s of performance appraisal. The strategic change that caused the firms to bring the above changes is making personnel more performance-oriented. In the processes of performance appraisal three categories of changes took place: (a) Moving toward using printed 'form', (b) Moving toward more methodical process, and (c) Introduction of 360° feedback.

(4) In the policies of compensation, three categories of change took place: (a) Revising pay structure, (b) Establishing relationship between performance and pay, and (c) Establishing profit-sharing scheme. The changes are in response to the following strategic changes: (a) To give a feeling of ownership, and (b) To increase productivity.

(5) In the area of career planning and development policies and processes only few sample firms brought changes. These changes can be grouped into four categories: (a) Higher pay, (b) Better posting, (c) Promotion or double promotion, and (d) Providing development opportunities.

FUTURE DIRECTIONS OF RESEARCH

The thesis culminates in identifying certain directions for future research in the area of SHRM. These directions can be encapsulated as below:

Potential areas for future research on SHRM such as (i) more representative sample can be there, (ii) extensive coverage with a varied sample of industries, (iii) sector-specific studies, (iv) industry-specific studies, (v) replication of research study in other countries, (vi) intensive coverage with in-depth investigation, (vii) case-based studies etc.

Some propositions are developed from this exploratory research which will also show the direction of future research for the researchers, such as (i) business firms are developing / changing
MIS and performance appraisal system, (ii) HR functions are properly represented at the top level and the senior executives are more involved in this representation in the business firms, (iii) business firms have at least some considerations about HR issues, (iv) business firms are using fewer (managerial hierarchical) levels in the organization structure and there is a tendency not to change these levels etc.