



## **Human Resource Management Practices in Accord Alliance Compliant and Non-compliant Factories in Bangladesh**

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### **Abstract**

This study aimed to explore human resource management (HRM) practices in a readymade garment industry in Bangladesh. The incident of Rana Plaza has brought into attention the necessity of compliance with Accord and Alliance guidelines. In addition to building and fire safety, the researchers wanted to explore HRM bundles in Accord and Alliance Compliant and Non-compliant factories. To gain a better understanding, a sample was selected from local and foreign-owned companies. This study selected 11 companies of which 6 were local firms (3 complaint and 3 non-complaint) and 5 were foreign-owned firms (3 complaint and 2 non-compliant). HRM bundle of recruitment and selection practices, training and development practices, compensation and benefit policies, performance appraisal policies and other key HR practices were analyzed. Research findings indicated significant differences among compliant and non-compliant factories with regard to their local or foreign ownership styles.

**Keywords:** Human Resource Management Practices; Ready Made Garments (RMG); Compliant and Non-compliant Factories

### **1. Introduction**

Human resource management (HRM) has been one of the key factors in defining the effectiveness of any organization. It deals with all the people-related issues of organizations. HRM is an approach consisting of four functions, namely, staffing, training, development, and motivation, and four activities, namely, getting people, preparing them, stimulating them, and keeping them (Ali, 2013). Becker and Huselid, 1998; Guest, 2007; and Wright et al. 2003 emphasized that, in the age of knowledge economy and changing business environment, achieving competitive advantages and superior employee performance requires proper HRM (Hossan et al., 2012).

The importance of HRM has increased with the emergence of globalization as well. Now, competition among different organizations in a particular industry has crossed local boundaries. All researchers and practitioners are aware of the advantages and disadvantages of a competitive work environment and try to find ways for adapting to competitive conditions. These efforts have mostly focused on HRM practices in the last two decades, especially with the emergence of strategic HRM approach (Burma, 2014). As a result, organizations not only need to update their production, service, and organizational practices par global standard, but they also need to focus on HRM practices. According to Sparrow, Schuler, and Jackson, the world is becoming more competitive and unstable than ever before and organizations are turning to more innovative HRM practices (Tan and Nasuridin, 2011. p.157).

### **2. Literature Review**

Kabeer and Mahmood (2004) stated that the readymade garment (RMG) industry in Bangladesh consists of many small-to-medium garment factories, both registered and unregistered, that produce garments catering

to foreign buying houses (Khosla, 2009). The RMG sector in Bangladesh has become the backbone of the Bangladesh economy, producing around 80% of the country's exports. It is now the second largest garment exporter in the world, exporting over US\$17 billion worth of clothing in 2011 (Sultana and Tania, 2014). According to Aslam et al., 2011; Adbin, 2008; Berik and Rodger, 2008; Hossan et al., 2012a; and Hossan et al., 2012, job satisfaction of RMG workers in Bangladesh is decreasing at the present time due to improper work practices that include insufficient salary, discrimination, unhealthy work environment, frequent work accidents, and hazards (Sarker and Afroze, 2014). Clark and Kanter (2010/2011) argued the main reason of unstable situation of RMG in Bangladesh to be low literacy rate. Only 25 unions are active among 200 unions registered in the garment sector. Local experts report that only 20% of workers receive the minimum legal wage for all hours including overtime (Hossan and Sarker, 2012).

According to Terence Jackson (2014), countries that have been termed "developing," which comprise some 80% of the globe, have suffered from a negative image and underexposure in the mainstream management literature. However, HRM has now become one of the crucial issues for the advancement of developing countries. Bennington and Habir had said, "in spite of the sheer volume of workers in developing countries, commentators have observed that little attention has been given to HRM in those countries" ("Growth-Oriented Entrepreneur's Guide to Human Resources," n.d.).

According to Bowen (2014) and Ilo (2013), the current state of HRM practices is far below the level Bangladesh needs to achieve. Most organizations are family owned and controlled by family members, and HRM activities tend to be viewed as just a company owner's wish. However, in the recent years, labor-intensive and export-oriented industries have begun experiencing pressure from the European Union and North American countries to maintain their labor rights' standards and to improve their factories' working conditions (Mahmood and Absar, 2015).

According to Das (2008), in order to export RMG, it is not only the quality parameters that are important toward acceptance of the product as per the intended end use, but also the working environment, in which the garments are to be produced, is equally important so that sweatshop concept is totally taken care of and the code of conduct must be stretched toward achieving the objectives of social compliance issues (Rahman and Hossain, 2010).

According to Baral (2010), compliance means to comply with something or yield to the wishes of another. Compliance ensures all labor rights and facilities according to the buyer code of conduct. The aim of compliance is to maintain strictly the labor law. Bangladesh Garment Manufacturers and Exporters Association and Bangladesh Knitwear Manufacturers and Exporters Association set standards for compliance. There are many recognized compliance bodies worldwide such as ILO, ISO 14001, WRAP, BSCI, ETI, SAI, and FLA. Owners of RMG factories and government can seek help from those bodies to improve the standard of environment as well as products of their industries (Rahman and Hossain, 2010). It has become more important as many international buyers are demanding compliance with their "code of conduct" before placing any garment import order Tables 1 and 2 (Baral, 2010).

### 3. Methodology

In this study, we made a comparison of the Human Resource Management Practices of different factories in Bangladesh based on two dimensions-accord alliance compliance or non-compliance and local or multinational basis. Thus on one hand, we made a comparison between local complaint and non compliant factories. However, on the other hand, HR practices of multinational compliant and non complaint factories had been compared as well. Moreover, we made a comparison between the HR practices of the local and multinational factories.

In order to make the comparison on above mentioned dimensions, we adopted the qualitative research strategy. In this study, we compared different functions of HR (recruitment and selection, training, performance appraisal, compensation & employee benefits and employee health and safety) of the organizations in consideration. Furthermore, we compared the HR practices by analyzing the sub functions under each of these functions mentioned. Thus more detailed and comprehensive approach seemed appropriate. As a result, we adopted a qualitative study rather than a quantitative one. The qualitative approach allowed us to collect and present the comparative data in a detailed manner.

On one hand, we compared the HR practices of 3 local compliant factories with 3 local non-compliant factories. On the other hand, HR practices of 3 multinational compliant factories were compared with 2 multinational non compliant factories operating in Bangladesh. These led us to make a comparison of HR practices of local organizations with those of multinational ones as well.

Both primary and secondary data were collected for this study. For the secondary data collection, different online and other relevant sources were used. In case of primary data collection, the method of in-depth interview was taken to collect the data in a comprehensive manner. Relevant personnel from the HR departments of the both local and multinational compliant and non-compliant factories were interviewed based on a questionnaire. The questionnaire comprised of both open and close ended questions. It included questions regarding each of the functions of HR (recruitment and selection, orientation, training, performance appraisal, compensation, succession planning, employee benefits, employee health and safety, equal employment opportunity, substance abuse and HR related problems) mentioned. After collecting the data, we placed them in a table format and analyzed the data to compare and contrast the HR practices of the local and multinational compliant/ non-compliant factories operating in Bangladesh.

## 4. Discussion

### 4.1. Recruitment practices

In recruitment process, local compliant companies most of the time conduct personnel forecasting whereas this is not much practiced in non-compliant companies. These companies have similar recruitment strategy. It has also been observed that companies have now started to use online platforms for job advertisement regardless of compliant and non-compliant companies. Then again, most of the companies focus on both internal and external recruitment (exceptions: CL1 and NCL1). Centralized approach is more prominent in these companies as CL2 is the only one practicing decentralized recruitment. There is no significant difference between local compliant and non-compliant companies in case of their rehiring policies where only CLC and NCLA have such policy. Finally, the study suggests that on-campus recruitment is still not much popular in the companies studied.

Multinational compliant (MNC) and non-compliant companies are similar in their personnel forecasting and job responsibility determination approach as none of them have any fixed policy for personnel forecasting whereas usually line managers are responsible for determining the responsibilities of different positions. In most of the cases, both complaint and non-compliant companies usually prefer candidates with a proper balance of education and experience not relying on any of these factors alone. All these companies also practice a combination of internal/external recruitment in a centralized way (exceptions: CMNC2 and NCMNC1). Rehiring policy is more prominent in non-compliant companies compared to complaint ones. Finally, as long as the presence of on-campus recruitment is concerned, it is absent in CMNC1 and NCMNC1.

The study reveals that local and MNC and non-compliant companies have some similarities as well as differences in their recruitment practices. Combination of internal–external recruitment in centralized manner is common in all companies. One key difference is on their on-campus recruitment practices which are more common in multinationals than locals.

### 4.2. Selection practices

There is no distinct difference between local compliant and non-compliant companies' screening and testing approach. It has been observed that written test is the most common practice. Then again, all the companies use both structured and unstructured interviews based on the position. Companies usually rely on HR managers or HR representatives for conducting interview. However, CL1 has a separate committee for this purpose. Finally, both compliant and non-compliant companies follow similar approaches in employee background check and informing selected candidates.

Table 1: Human resource practices of local compliant and non-compliant companies

Criteria	Complaint			Non-complaint		
	CL1	CL2	CL3	NCL1	NCL2	NCL3
Recruitment						
Personnel forecasting	Not done	Based on skill	By top management	Not done	Not done	Not done
Determination of job duties	Management	Management	Top management	HR and administrative manager	Management	Management
Required educational qualification and experience	Bachelors/ technical skill for labor	Bachelors/ technical skill for labor	Bachelors (government institution preferred)	Bachelors for managerial employees	Bachelors for managerial employees	Bachelors for managerial employees
Recruitment strategy	Not much preference for high CGPA but on experience	CGPA not less than 3 and multitasker	Not much preference for high CGPA	Mainly based on skill	Mainly based on experience	Mainly based on skill and expertise
Job advertisement	Newspapers mainly for external recruitment	Online	Online and reference	Online and reference	Online and reference	Online, newspaper, campus, and reference
Internal/external recruitment	Mainly internal	Internal/informal for labor, external for managerial positions	Both	Internal link	Both	Both
Centralized/ decentralized recruitment	Centralized	Decentralized	Centralized	Centralized (general process)	Centralized	Centralized
Rehiring policy	No	No	Yes	Yes	No	No
On-campus recruitment	No	Yes	No	No	No	Yes

(Contd...)

Table 1: Human resource practices of local compliant and non-compliant companies

Criteria	Complaint			Non-complaint		
	CL1	CL2	CL3	NCL1	NCL2	NCL3
Equal Employment Opportunity						
Gender Policy	No discrimination	No discrimination	Glass ceiling for females	No discrimination	No discrimination	No discrimination
Policy Regarding Minority	No specific policy	No specific policy	No specific policy	No specific policy	No specific policy	No specific policy
Policy Regarding Disability	No specific policy	No specific policy	No specific policy	No specific policy	No specific policy	No specific policy
Policy Regarding Sexual Harassment	Yes	Yes	Yes	Yes	Yes	Yes
Substance Abuse Screening Test	No specific policy	No specific policy	No specific policy	No specific policy	No specific policy	No specific policy
Actions to be taken against substance abuse	No specific policy	No specific policy	No specific policy	No specific policy	No specific policy	No specific policy
Selection process						
Screening	Manually by HR	Online screening	Manually by HR	Manual	Manually by HR	Manually by HR
Testing approach	Technical and functional ability test	Intellectual quotient (IQ), technical and functional ability test, and written test	Written test	Written test	Intellectual quotient (IQ) and technical and written test	Technical and functional ability test and written test
Interview	Structured/unstructured	Structured/unstructured	Structured/unstructured	Unstructured	Structured/unstructured	Structured/unstructured

(Contd...)

Table 1: Human resource practices of local compliant and non-compliant companies

Criteria	Complaint			Non-complaint		
	CL1	CL2	CL3	NCL1	NCL2	NCL3
Interview committee and administration of interview	Two- or three-person committee from HR and relevant department	Particular hiring committee consisting of HR and relevant department	Two or three personnel from HR department	two or three personnel from HR department	Two or three managers from relevant department along with HR representative	two or three personnel from HR department
Referencing checking	Yes	Yes	Not much	Not much	Yes	Yes
Informing selected employees	Phone and email	Phone and email	Phone and email	Phone	Phone and email	Phone and email
Orientation						
Departmental/ organizational	Both	No specific orientation	No specific orientation ; depends on needs	Both	Both	Both
Orientation	Formal	N/A	Formal	Informal	Informal	Informal
Curriculum						
Training						
Applicable of training	All level of employees	All level of employees	All level of employees	All level of employees	All level of employees	All level of employees
In-house training	Present	Present	Present	Present	Present	Present
On-/off-the-job training	On the job	On the job	Both	Both	Both	On the job
Training evaluation	Yes	Yes	Yes	Yes	Yes	Yes
Approach	Job rotation	Coaching/peer trainers	Computer Aided Program (CAD) and others	Based on job	Based on job	Based on job

(Contd...)

Table 1: Human resource practices of local compliant and non-compliant companies

Criteria	Complaint			Non-complaint		
	CL1	CL2	CL3	NCL1	NCL2	NCL3
Link among training, performance and career progression	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities
Performance appraisal Frequency	Need basis	Annually	Need basis	Need basis	Depends on the profit	Annually
Appraised by	Management	HR department	Line manager	Line manager	Management	HR
Steps against poor performance	Monetary punishment	2/3 verbal warning, training, and termination	Warning and termination	Monetary punishment	Warning and termination	Warning, coaching, and termination
Method	KPI	Checklist method/ based on sales/ hours worked	Based on sales volume	Based on sales volume	Based on sales/ hours worked	KPI
Incentives (financial or nonfinancial)	Both	Both	Mainly financial	Mainly financial	Both	Both
Promotion	Based on performance	Based on performance and perception of management	Based on performance	Based on performance	Based on performance	Based on performance and perception of management
Employee recognition program	No	No	No	No	No	No
Available Opportunity for Succession	Yes	Yes	Yes	No	Yes	Yes

(Contd...)

Table 1: Human resource practices of local compliant and non-compliant companies

Criteria	Complaint			Non-complaint		
	CL1	CL2	CL3	NCL1	NCL2	NCL3
Method regarding succession planning	Training	Training	No systematic manner	N/A	Through Experience	Through Experience
Compensation	Industry standard	Industry standard	Industry standard	Lower than industry	Industry standard	Industry standard
Strategy	BDT 50,000-70,000	BDT 50,000-60,000	BDT 50,000-80,000	BDT 30,000-40,000	BDT 50,000-80,000	BDT 50,000-80,000
Managerial-level salary	BDT 20,000 to 40,000	BDT 20,000 to 40,000	BDT 20,000-30,000	BDT 15,000-25,000	BDT 20,000 to 40,000	BDT 20,000 to 40,000
Junior-level salary	Bank	Bank	Bank	Cash	Bank	Bank
Medium	Allowance	Car for senior officers and above	Yes	Yes	No	No
Employee benefits	Allowance	Yes	Yes	Yes	Allowance	Allowance
Transportation	Yes	Yes	Yes	Yes	Company policy	BLA 2006
Telecom	Yes	Yes	Yes	Yes	Company policy	BLA 2006
Annual leave	Yes	Yes	6 months	Yes	Company policy	BLA 2006
Maternity leave	Yes	Yes	Yes	Yes	Company policy	Yes only after 1 year tenure
Bonus (annual, festival)	Yes	Yes only after 1 year tenure	Yes	Yes	Company policy	Yes
Medical insurance/benefits/allowance	Yes	Yes	Yes	Medical expense and compensation	Company policy (case to case)	Yes
Workers compensation	Amount is decided by the authority	Decided by the management	Decided by the authority	Medical expense and compensation	Decided by the authority	Management
Retirement benefits	Contributory provident fund	Contributory provident fund	Contributory provident fund	No PF	Company policy	No PF

(Contd...)



Table 1: Human resource practices of local compliant and non-compliant companies

Criteria	Complaint			Non-complaint		
	CL1	CL2	CL3	NCL1	NCL2	NCL3
Life insurance	No	Yes	No	No	No	No
Canteen/lunch facilities	Food allowance	Food allowance	No	Paid	No	No
Employee health and safety						
EHS training	Yes	Yes	Yes	Yes	Yes	Yes
First aid	Yes	Yes	Yes	Yes	Yes	Yes
Fire alarm	Yes	Yes	Yes	Yes	Yes	Yes
Fire exit	Yes	Yes	Yes	Yes	Yes	Yes
Safety of building and machinery	Yes	Yes	Yes	Yes	Yes	Yes

CAD: Computer-aided

Table 2: Human Resource Practices of Multinational or Foreign Owned Compliant and Non-compliant Companies

Criteria	Complaint			Non Complaint	
	CMNC1	CMNC2	CMNC3	NCMNC1	NCMNC2
Recruitment					
Personnel Forecasting	No	No	No	No	No
Determination of job duties	Line manager	Line manager	Management	Line manager	Line manager
Required Educational Qualification & Experience	5 years' experience with masters degree for managerial posts	Undergraduate	Undergraduate and experience	Experienced	Undergraduate and experience
Recruitment Strategy	Based on experience	Average grade but good communication skill	Education and experience	Education and experience	Education and experience

(Contd...)

Table 2: Human Resource Practices of Multinational or Foreign Owned Compliant and Non-compliant Companies

Criteria	Complaint			Non Complaint	
	CMNC1	CMNC2	CMNC3	NCMNC1	NCMNC2
Job Advertisement	Online and newspaper	Mainly Online	Mainly Online	Job websites and internal sources	Online, newspaper and employee referral
Internal/External Recruitment	Both	Internal preferred	Both	Internal preferred	Both
Centralized/Decentralized Recruitment	Centralized	Decentralized	Centralized	Decentralized	Decentralized
Rehiring Policy	No	Yes	No	Yes	Yes
On Campus Recruitment	No	Yes	Yes	No	Yes
Equal Employment Opportunity					
Gender policy	Yes	Equal	Yes	Equal	Yes
Policy Regarding Minority	No	No	Yes	Yes	Yes
Policy Regarding Disability	No	No	No	Yes	No
Policy Regarding Sexual Harassment	No	No	No	No	No
Substance Abuse					
Screening Test	No	No	No	No	No
Actions to be taken	N/A	N/A	N/A	N/A	N/A
Selection Practices					
Screening	Initial Sorting	Manual CV Sorting	Manual CV Sorting	Manual CV Sorting	Manual CV Sorting
Testing Approach	No written test but viva	Written test and viva	Written test and viva	Written test and viva	Written test and viva
Interview	Unstructured	Unstructured	Structured	Structured	Unstructured

(Contd...)

Table 2: Human Resource Practices of Multinational or Foreign Owned Compliant and Non-compliant Companies

Criteria	Complaint			Non Complaint	
	CMNC1	CMNC2	CMNC3	NCMNC1	NCMNC2
Interview Committee & administration of interview	Panel (consisting of personnel from both HR and relevant department)	Panel (consisting of personnel from both HR and relevant department)	Panel (consisting of personnel from both HR and relevant department)	Panel (consisting of personnel from both HR and relevant department)	Panel (consisting of personnel from both HR and relevant department)
Background & Referencing Checking	Yes	Yes	Yes	Yes	Yes
Informing Selected Employees	Phone and email	E-mail	Phone and email	Phone and email	Phone and email
Training & Development	Both	Both	Both	Both	Both
Departmental/Organizational Orientation	Both	Both	Both	Both	Both
Orientation Curriculum	Informal	Formal	Formal	Formal	Formal
Applicable of training	Need basis	Need basis	Need basis	Depends on position	Depends on position
In-house training department	Absent	Present	Present	Present	Absent
On/Off the Job Training	Both	Both (trainings abroad also available)	On the job	Both	Both
Training Evaluation	Line Manager	Line Manager	HR	HR	Line Manager
Approach	Seminar & Coaching	Seminar & Coaching	Job Rotation	Seminars and others	Workshop and others
Link among training, performance and career progression	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities	Training designed in alliance with performance and career progression opportunities

(Contd...)

Table 2: Human Resource Practices of Multinational or Foreign Owned Compliant and Non-compliant Companies

Criteria	Complaint			Non Complaint	
	CMNC1	CMNC2	CMNC3	NCMNC1	NCMNC2
Performance Appraisal Frequency	Annually	Quarterly	Semi- Annually	Annually	Annually
Appraised by	Department Head	Line manager	Line manager	Line manager	HR
Steps against poor Performance	1 year time to improve	Guide employees	Monetary Punishment	time to improve	time to improve
Method	Traditional	Ranking method	KPI	KPI	KPI
Incentives (Financial or nonfinancial)	Increment or bonus	Both	Promotion and monetary benefits	Both	Both
Promotion	Based on Performance	Based on Performance	Based on Performance	Based on Performance, Viva and management preference	Based on performance and other relevant factors
Employee recognition Program	No	Yes	Yes	Yes	Yes
Available Opportunity for Succession	No	No	Yes	Yes	Yes
Method Regarding Succession Planning	N/A	N/A	Training	Training	Training
Compensation Strategy	Industry Standard	Industry Standard	Industry Standard	Industry Standard	Industry Standard
Managerial Level Salary	BDT 50,000-100,000	BDT 70,000-100,000 (or above)	BDT 50,000 and above	BDT 50,000 and above	BDT 50,000 and above
Junior Level Salary	BDT 25,000-40,000	BDT 20,000 – 40,000	BDT 20,000-30,000	BDT 25,000-30,000	BDT 20,000-30,000

(Contd...)

Table 2: Human Resource Practices of Multinational or Foreign Owned Compliant and Non-compliant Companies

Criteria	Complaint			Non Complaint	
	CMNC1	CMNC2	CMNC3	NCMNC1	NCMNC2
Medium	Bank	Bank	Bank	Bank and cash	Bank
Employee Benefits					
Transportation	Yes	Yes	Yes	Yes	Yes
Telecom	Yes	Yes	Yes	Yes	Yes
Annual Leave	Yes	Yes	Yes	Yes	Yes
Maternity Leave	Yes	Yes	Yes	Yes	Yes
Bonus (for example; annual, festival etc.)	Yes	Yes	Yes	Yes (also attendance bonus and performance bonus,	Yes
Medical Insurance/benefits/allowance	Yes	Yes	Yes	Yes	Yes
Workers Compensation	Provided	Provided	Provided	Provided	Provided
Retirement Benefits	Yes	Yes	Yes	Yes	Yes
Life Insurance	No	No	Yes	No	Yes
Canteen/Lunch facilities	Yes	Yes	Yes	Yes	Yes
Employee Health & Safety					
EHS Training	Yes	Yes	Yes	Yes	Yes
First Aid	Yes	Yes	Yes	Yes	Yes
Fire Alarm	Yes	Yes	Yes	Yes	Yes
Fire Exit	Yes	Yes	Yes	Yes	Yes
Safety of building and machinery	Yes	Yes	Yes	Yes	Yes

MNC and non-complaint companies are also similar in their screening and testing approach. All the MNC use both written test and viva for employee selection (exception: CMNC1 where only viva is used). Although these companies vary in their interview process (either structured or unstructured), panel interview is used by all. Finally, background and reference checking is a vital part of selection process in all the MNC studied.

Then again, there is no significant difference between compliant and non-compliant companies' selection practices (either local or multinational). However, while comparing local and MNC, it has been observed that multinationals give more importance on background checking compared to the locals.

#### 4.3. Orientation practices

All the companies offer both departmental and organizational orientation to their newly recruited employees regardless of compliant and non-compliant ones (exception CL2). Compliant companies have formal curriculum for the orientation whereas orientation curriculum is informal in non-compliant companies.

In case of MNC and non-compliant companies, both departmental and organizational orientation with formal curriculum is practiced with an exception of CMNC1.

There is no major difference in orientation practices for compliant and non-compliant companies. However, multinationals follow more structured and formal orientation than the local ones.

#### 4.4. Training practices

Both complaint and non-complaint local companies provide training to all of their employees. All the companies studied have internal or in-house training, keeping more emphasis on on-the-job training. Furthermore, these companies differ in their training approaches that include job rotation and coaching.

Most of the MNC studied have an in-house training center, emphasizes on both on-/off-the-job training regardless of being compliant or non-compliant. Seminar, job rotation, coaching, and workshops are the highly used training approaches.

In-house training centers and a combination of on- and off-the-job training are common in both local and MNC/non-compliant companies. Compliant multinationals provide training based on employees' need, whereas it depends on the positions in non-compliant MNCs.

#### 4.5. Performance appraisal practices

The local compliant and non-complaint companies' frequency of performance appraisal mainly depends on need. However, CL2 and NCL3 conduct performance appraisal annually. For both complaint and non-complaint companies, performance appraisal is done by either line manager or HR department of the respective company. Verbal warning and termination is the most common step against poor performance in local complaint and non-complaint companies. CL1 and NCL1 have different policies than other companies studied as they sometimes use monetary punishment for poor work performance. Then again, both complaint and non-compliant local companies appraise the performance based on sales. Moreover, employees are promoted based on their performance whether it is a compliant or non-compliant company. It has also been observed that practice of employee recognition program is not prominent in any of the local companies.

Employee performance is appraised on a quarter, semi-annual, or annual basis in the MNC and non-compliant companies. KPI has been observed to be the most common appraisal system in these MNC. Regardless of compliant and non-complaint, most of these companies provide both financial and non-financial incentives whereas promotion is usually performance based. Employee recognition program is also an integral part of performance appraisal system in these companies, with an exception of CMNC1.

All the companies studied vary in their frequency of conducting performance appraisal. The study suggests that these locals and multinationals have significant difference in employee recognition program practice. This practice has been observed to be more prominent in multinationals than locals.

#### 4.6. Compensation practices

Whether compliant or non-compliant, most of the local companies design the compensation packages keeping the industry standard in mind. However, based on the data from companies studied, it has been observed that, on an average, managerial-level salary is lower in non-compliant companies compared to compliant ones.

Like the local ones, MNC also follow industry standard in designing compensation structure. However, unlike local ones, there is less variance in managerial-level salary in compliant and non-compliant MNC.

#### 4.7. Succession planning

There are available succession opportunities for the employees in local compliant and non-compliant companies with two exceptions. In case of CL2, the family members of the top management usually become the successors. Most of the compliant companies provide training to employees to be prepared for the higher positions whereas non-compliant ones mostly focus on preparing the candidates by experiencing different roles in the organization.

Similar to local companies, MNC studied rely on different training programs to prepare the successors of the key positions in organization.

Hence, companies, whether compliant or non-compliant, local or multinational, do not vary in the succession planning practices.

#### 4.8. Employee benefits

In case of local compliant and non-compliant companies, all provide transportation services to employees except NCL3. Both local compliant and non-compliant companies provide different employee benefits including telecom, annual leave, maternity leave, bonus, medical insurance, and worker compensation. Then again, retirement benefits are more prominent in compliant ones compared to non-compliant ones.

MNC, whether compliant or non-compliant, ensure different employee benefits, namely, telecom, annual leave, maternity leave, bonus, medical insurance and worker compensation, retirement benefits, and canteen services.

There is slight difference between local compliant and non-compliant companies in providing retirement benefits to employees. However, all the multinationals, both compliant and non-compliant, are similar in different employee benefits.

#### 4.9. Employee health and safety

Whether it is a compliant one or non-compliant, all the local as well as MNC highly emphasize on different employee health and safety issues including EHS training, fire alarm, and fire exit.

#### 4.10. Equal employment opportunity

All the companies studied (local or multinational), whether compliant or non-compliant, ensure no discrimination in work based on gender. Companies have zero tolerance for any kind of sexual harassment at work as well.

#### 4.11. Substance abuse

All the companies studied do not have any particular policies regarding substance issues.

#### 4.12. HR-related problems

Both compliant and non-compliant local companies have participatory committee or labor union for collective bargaining. Moreover, these companies have proper grievance committees as well.

All the MNC, regardless of being compliant or non-compliant, encourage the practices of labor union and grievance committee except one. CMNC2 does not have any specific labor union or grievance committee.

## 5. Conclusion

This study focuses on comparing the HR practices of companies in two different perspectives-local or multinational and compliant or non-compliant. Both similarities and differences have been observed while comparing compliant with non-compliant and locals with multinationals.

To sum up, differences have been observed between locals and multinationals in some practices including recruitment, selection and orientation. On the other hand, for compliant and non-compliant companies difference lies on compensation (especially managerial positions) and some areas of employee benefits mainly. Some HR practices like succession planning, substance abuse seem to be irresponsive to the nature of company-compliant or non-compliant, local or multinational.

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