Significance of Managerial Capabilities on Successful Entrepreneur: A Study on Women Entrepreneurs in Bangladesh

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ABSTRACT

Bangladesh is densely populated and one of the low per capita income generated countries in the world. For smooth economic development of the country contribution of men and women is imperative. Women in significant number are now seeking employment outside the bounds of their homes in nearly all fields. Non-government organizations have equally joined hands with the government efforts for economic salvation and provided various forms of opportunities for women to help them earn living, paving the way for greater entrepreneurship development. Many of the women are coming to entrepreneurship but their success rate is not so satisfactory. Entrepreneurial talents and managerial capabilities are important for success of any entrepreneur. Managerial capabilities mainly depend on educational background, prior experience, proper training taken by women entrepreneur. Training women for entrepreneurial and managerial capabilities should be envisaged as one of the most important factors for accelerating growth of their organization. Formal and informal education will accelerate the continuous growth of the business.

[**Key Words**: entrepreneur, women, managerial capabilities, growth.]

1. INTRODUCTION

Entrepreneurship is the process of creating new business by taking diversified risks for financial and non financial gain while an entrepreneur is one who initiates and establishes an economic activity. Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. Like a male entrepreneurs a women entrepreneur has many functions. They should explore the prospects of starting new enterprise; undertake risks, introduction of new innovations, coordination administration and control of business and providing effective leadership in all aspects of business (Kumar, 2008). Entrepreneurship is refers to the general trend of setting up new enterprises in a society (Begum, 1993). The International Labor Organization (ILO, 1984, cited in Islam and Aktaruzzaman, 2001) defines an entrepreneur as a person with a set of characteristics that typically includes self-confidence, result-oriented, risk taking, leadership, originality and future-oriented. Given that entrepreneurship is the set of activities performed by an entrepreneur, it could

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be argued that being an entrepreneur precedes entrepreneurship. Generally main features of entrepreneurship are as (i) being an economic agent, (ii) being creative, (iii) taking and bearing risk, (iv) being innovative, and (v) being dynamic(Nawaz, 2009). Entrepreneurship is a more suitable profession for women than regular employment in public and private sectors since they have to fulfill dual roles. Women entrepreneurs as those who innovate imitate or adopt a business activity (Khanka, 2000). Women's entrepreneurship indeed can bolster economic autonomy of women, promote gender balance and ultimately can lead to participation of women in broader decision making processes of the country. Thus, women have been taking increasing interest in recent years in income generating activities, self employment and entrepreneurship. This is seen in respect of all kinds of women both in urban and rural areas. Women are taking up both traditional activities (knitting, pickle making, toy making, jam and jelly) and also nontraditional activities (like computer training, catering services, beauty parlour, gym etc.).It is clear that more and more women are coming forward to set up enterprises (Rajani N., 2008). Women entrepreneurship in the rural industries is a new arena for investigation in the socio-economic environment of Bangladesh. In view of the need to bring the rural women folk in the development stream of the country, both the Government, the NGOs and other related agencies have provided ample opportunities to promote entrepreneurial skill among women (Chowdhury M Rashid (2001).

1.1 LITERATURE REVIEW

Different studies were conducted on key factors behind the successful entrepreneurs in Bangladesh. Habibullah (1987) explained that training is an effective basis for entrepreneurship development in Bangladesh. Rahman, H. (1995) emphasized the importance of project viability, collateral and entrepreneurial evaluation at the project appraisal level of banks. Saleh(1995) identified inadequate cash flows, marketing deficits and discriminating treatment from supportive service agencies to create obstacles to women entrepreneurship development in Bangladesh. Rahman (1999) examines women borrowers' involvement with the microcredit program at NGOs and the grassroots lending structure of the bank. He focuses on the processes of village-level micro credit operation and addresses the realities of the day-to-day lives of women borrowers and bank workers and explains informant strategies for involving themselves in this microcredit scheme. Afrin et al. (2008) aimed at identifying the factors related to the development of entrepreneurship among the rural women borrowers through micro credit programs. Aktaruddin (1999) showed that personal attributes are key factors for entrepreneurial success or failure, while Aktaruddin (2000) focused on the social-economic background of the entrepreneurs. In India, Only 12% of women entrepreneurs employed the workers and 88% didn't hire any employees. Since they are micro-enterprises, they didn't feel the need for hiring the employees. Most of the women entrepreneurs (94%) didn't want to extend their business to other towns and cities. The reasons were that it may affect their families, that with their small business it is almost impossible to expand, few expressed, that they are satisfied with what they are and some entrepreneurs didn't think about it at all. What women need for enterprise management is little training, finance, co-operation and encouragement in the sphere of activities, at all levels - home, the society and the government (Rajani, N., 2008). Afzal, R. A. (2004) defines four tools of entrepreneurship development while education considered as key tool which is important indicators of managerial capabilities of women entrepreneur.

2. RESEARCH PROBLEM

A good number of studies were conducted on development of women entrepreneurs in Bangladesh. In view of the need to bring the rural women folk in the development stream of the country, both the Government, the NGOs and other related agencies have provided ample opportunities to promote entrepreneurial skill among women. Large numbers of women entrepreneurs add every day with the contribution of NGOs and government lending organizations but a few percentages showed their success. Many of the women faces social, financial, technical barriers tremendously at the initial stage of starting business, some of them overcome such types of barrier successfully. Afterwards rate of successful women entrepreneurs is not satisfactory mainly in the rural areas. In some cases growth of the individual women entrepreneur is some what low or zero or negative.

2.2 RESEARCH QUESTIONS

Why a women entrepreneur could not achieved expected growth of the business?

Have any impact of management capabilities on the success of the women entrepreneur?

2.3 RESEARCH HYPOTHESIS

Null Hypothesis (H_0): There is no significant impact of managerial capabilities of the women entrepreneur on their success.
Alternative Hypothesis (H_1): There is a significant impact of managerial capabilities of the women entrepreneur on their success.

2.4 RESEARCH OBJECTIVES

The main objective of this paper is to present impact of managerial lack ness on successful women entrepreneur in Bangladesh. Others objectives are -

- to find the factors behind not success of an individual women entrepreneur;
- to measure level of impact of individual managerial variable on success of an women entrepreneur;
- to recommend some guidelines to overcome the barriers for expected growth of success of an women entrepreneur.

3. METHODOLOGY OF THE STUDY

3.1 POPULATION AND SAMPLE

As the study is about the reasons behind the unsuccessful of entrepreneurs, the population included mainly women entrepreneur in the rural areas.

Sample size determined by using the following formula and our sample size was 310.

$$n = \left(\frac{zs}{E}\right)^2$$

3.2 METHOD OF DATA COLLECTION

The sample was selected using non-random opportunity sampling technique as the list of women entrepreneurs available with the business development organizations did not tally to a great extent with the existing women entrepreneurs. In this study, structured questionnaire were used to collect primary data from the respondents while secondary data also used to increase strength of literature review. Entrepreneurial management questionnaire (Dina Lavoie, 1994): to evaluate the management styles of women entrepreneurs. Management training needs as perceived by the women entrepreneurs were also collected to design appropriate entrepreneurial interventions.

3.3 DATA ANALYSIS TECHNIQUE

We have used Correlation, linear regression analysis, ANOVA and descriptive statistics were used to analyze data efficiently.

4.1 SCENARIO OF WOMEN ENTREPRENEURSHIP IN BANGLADESH

Women in the rural informal sector are either self-employed or employed in family based enterprises that includes both agricultural and non-agricultural sector. These activities which include homestead agriculture, livestock and poultry rearing, fish farming, nursery and tree plantation, tool making, kantha sewing, fish net making, food processing, tailoring, rice processing etc. have been regular and invisible sources to family income supplementation. A sector-wise distribution of employed persons in rural areas shows that agriculture is the pre-dominant source of female employment, followed by the manufacturing sector (Rahman, M.M., 2004).Women entrepreneurs constitute less than 10% of the total business entrepreneurs in Bangladesh whereas women in advanced market economies own more than 25% of all businesses. It is heartening to note that despite many barriers, a new women's entrepreneur class has arisen in the country taking on the challenge to work in a male-dominated, competitive and complex economic and business environment. Not only have their entrepreneurship improved their living conditions and earned more respect in the family and the society, but they are also contributing to business and export growth, supplies, employment generation, productivity and skills development of the country. A recent United Nations report concluded that economic development is closely related to the advancement of women. "In countries where women have advanced, the economy has usually been steady. By contrast, in countries where women have been restricted, the economy has been stagnant." (Hossain, A., 2007). Women entrepreneurs have higher success rate than men (Histrich and Brush, 1986) but in Bangladesh scenario is not so suitable.

4.2 COMPUTATION OF MANAGERIAL AND NON MANAGERIAL VARIABLES

Success of an entrepreneur mainly depends on some factors known as dependent and independent variables. In our study we have considered growth of the entrepreneur as a dependent variable which was determined through the calculation of the growth of the net capital and this growth estimated as simple growth rather than compound growth. Rajani N. (2008), Bhuiyan M. B. and

Abdullah R.(2007), Rahman M. M. (2005), Choowdhury M R (2001) analyzed education, training, and experiences are the prerequisites for the successful entrepreneurs. Our pilot study also supported these three are key variables for increasing efficiency of the management level peoples and lead to success of a women entrepreneur. So we have considered educational capability, prior experiences of the practiced business, training taken during the business operations as managerial variable for measuring capabilities of the successful women entrepreneur. From the in depth study others some factors influence the capabilities of the entrepreneur, among the survey findings only five factors are considered as non managerial variable like Instructions of Lender, Business Type, Govt. Support, Non Government Support, and Family Support. All of non managerial variables are evaluated as equally weighted.

Score of Managerial variable:

$y_j = \sum_1^3 \alpha_{ij} x_{ij}$ [i = 1, 2, 3] & [j = 1, 2, 3, -----310]

$$(y_1) = \alpha_{1,1}x_{1,1} + \alpha_{2,1}x_{2,1} + \alpha_{3,1}x_{3,1}$$

$$\vdots$$

$$(y_j) = \alpha_{1,j}x_{1,j} + \alpha_{2,j}x_{2,j} + \alpha_{3,j}x_{3,j}$$

Score of Non-Managerial variable:

$z_j = \sum_1^5 \alpha_{ij} x_{ij}$ [i = 1, 2, 3, 4, 5] & [j = 1, 2, 3, -----310]

$$(z_1) = \alpha_{1,1}x_{1,1} + \alpha_{2,1}x_{2,1} + \alpha_{3,1}x_{3,1} + \alpha_{4,1}x_{4,1} + \alpha_{5,1}$$

$$\vdots$$

$$(z_j) = \alpha_{1,j}x_{1,j} + \alpha_{2,j}x_{2,j} + \alpha_{3,j}x_{3,j} + \alpha_{4,j}x_{4,j} + \alpha_{5,j}$$

Weight for managerial variables (y_j)			
			Weight
1	Education	α_1	.4
2	Experiences	α_2	.3
3	Training	α_3	.3
Weight for non managerial variables (z_j)			
1	Instructions of Lender	α_1	.2
2	Business Type	α_2	.2
3	Govt. Support	α_3	.2
4	Non Government Support	α_4	.2
5	Family Support	α_5	.2

5. ANALYSIS AND DISCUSSION

An in-depth analysis of the survey findings on basic factors of managerial and non-managerial capabilities of women entrepreneurs was made to project significant. Most of the women entrepreneurs' level of education is less than SSC about 80% (table -A02). The women entrepreneurs (80.6%) are trained whether it is short or longer duration but the zero experienced women entrepreneur about 64% while 89% have less than 1 year experience (table A03 & A04). Half (53.2%) of the women interviewed, followed to the lenders' instruction to utilize their credits and rest of them are run on their wish (table –A05). As a source of the credit only 10% women entrepreneur were used govt. bank or other govt. financial institution while about 70% were not informed about such types of govt. facilities (table-A07). But, at the same time maximum (69.7%) women entrepreneur loan taken from NGOs or private bake to smooth operation of their business but 20.3% used their personal funds and family support to operate their venture(table –A07&A08). Study focused on the success of women entrepreneur in Bangladesh and this success rate mainly estimated by the key variable growth of entrepreneur. Mean growth rate of women entrepreneur is 22.91% but range of high and low growth rate is so much big which is greater than 100%. Literature study found successful entrepreneurs' growth rate generally higher than the borrowing rate of different organization. In Bangladesh, lending rate of different NGOs more than 25 percent.

(simple flat rate) (Daily Star, 2007). Study also found about 50% women entrepreneurs growth was less than 20% (table –A01). From the analysis of managerial and non managerial variables, we have found relationship among variables in table: 01, 02, 03 and 04.

Table: 01 - Descriptive Statistics of the survey study

	N	Minimum	Maximum	Mean	Std. Deviation
Growth of Business	310	-.20	1.00	.2307	.22903
Completion of education	309	0	5	1.52	1.378
Training taken	310	0	1	.19	.396
Experiences in year	309	0	3	.49	.759
Instructions of Lender	310	0	1	.47	.500
Business Type	308	1	7	3.77	1.960
Govt. Support	309	1	3	2.60	.665
Non Government Support	310	1	3	1.40	.665
Family Support	310	1	4	2.89	1.049
Capital Base	310	50000	450000	206403.23	112160.954
Factors of managerial capabilities	**310**	**.00**	**2.80**	**.8132**	**.76310**
Factors of non-managerial capabilities	**310**	**1.60**	**3.00**	**2.2265**	**.41110**
Valid N (list wise)	305				

Table: 02 – Correlation between Growth of business and managerial variables

Correlations			
		Growth of Business	Factors of managerial capabilities
Growth of Business	Pearson Correlation	1	**.803****
	Sig. (2-tailed)		.000
	N	310	310
Factors of managerial capabilities	Pearson Correlation	**.803****	1
	Sig. (2-tailed)	.000	
	N	310	310
**. Correlation is significant at the 0.01 level (2-tailed).			

Table: 03- Correlation between Growth of business and non- managerial variables

Correlations			
		Growth of Business	Factors of non-managerial capabilities
Growth of Business	Pearson Correlation	1	**-.183****
	Sig. (2-tailed)		.001
	N	310	310
Factors of non-managerial capabilities	Pearson Correlation	**-.183****	1
	Sig. (2-tailed)	.001	
	N	310	310
**. Correlation is significant at the 0.01 level (2-tailed).			

Table: 04-Linear regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	**.803**[a]	**.645**	**.643**	.13683
a. Predictors: (Constant), Factors of non-managerial capabilities, Factors of managerial capabilities				

Table: 04a -**ANOVA**[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.461	2	5.231	279.390	**.000**[a]
	Residual	5.748	307	.019		
	Total	16.209	309			
a. Predictors: (Constant), Factors of non-managerial capabilities, Factors of managerial capabilities						
b. Dependent Variable: Growth of Business						

Table: 04b-**Coefficients**[a]						
		Un standardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.037	.047		.791	.429
	Factors of managerial capabilities	.241	.010	.803	23.019	**.000**
	Factors of non-managerial capabilities	.000	.019	-.002	-.050	.961
a. Dependent Variable: Growth of Business						

Analysis found relationship between growth of business and managerial variables is .803 which is highly positively correlated. From the research question, hypothesis was there is no impact of managerial capabilities on success of women entrepreneur (growth of the business) i,e 'i =0'. Study (table -04a &04b) from the analysis found is significant means $i \neq 0$ and null hypothesis is rejected and alternative is accepted so, there is impact of managerial capabilities on success of women entrepreneur in Bangladesh.

6. CONCLUSION AND RECOMMENDATIONS

Entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Success of women entrepreneur mainly depends on some internal as well as external factors. Women are increasingly becoming conscious of their existence, their rights and their work situations. For ensuring the success of women entrepreneurs, we have to give priority on the following aspects which are:

- Educational facilities and schemes should be extended to women folk from government side.
- Consider women as specific target group for all developmental programs.
- Adequate training program on management skills have to be provided to women entrepreneurs.
- Encourage women's participation in decision-making process of management.
- Vocational training to be extended to women community that enables them to understand the production process and production management.
- Skill development to be done in women's polytechnics and industrial training institutes. Skills are put to work in training-cum-production workshops.
- Training on professional competence and leadership skill to be extended to women entrepreneurs.
- Training and counseling on a large scale of existing women entrepreneurs to remove psychological causes like lack of self-confidence and fear of success.

- Counseling through the aid of committed NGOs, psychologists, managerial experts and technical personnel should be provided to existing and emerging women entrepreneurs.
- Continuous monitoring and improvement of training programs.
- Activities in which women are trained should focus on their marketability and profitability.

Finally, in conclusion we can say that managerial capabilities of women entrepreneur have some significant impacts on success of their business and as a developing nation if we want to develop SME sector, we have to ensure continuous growth of the women entrepreneurship through formal or informal education, short term or long term training, or prior experiences from the likewise business.

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APPENDIX

Table: A 01 – Growth of Business

	Growth	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	-.20	11	3.5	3.5	3.5
	-.10	11	3.5	3.5	7.1
	.00	10	3.2	3.2	10.3
	.02	10	3.2	3.2	13.5
	.05	11	3.5	3.5	17.1
	.08	10	3.2	3.2	20.3
	.09	10	3.2	3.2	23.5
	.10	11	3.5	3.5	27.1
	.12	10	3.2	3.2	30.3
	.15	22	7.1	7.1	37.4
	.17	20	6.5	6.5	43.9
	.18	11	3.5	3.5	47.4
	.19	10	3.2	3.2	50.6
	.20	11	3.5	3.5	54.2
	.22	10	3.2	3.2	57.4
	.23	10	3.2	3.2	60.6
	.25	10	3.2	3.2	63.9
	.27	21	6.8	6.8	70.6
	.28	10	3.2	3.2	73.9
	.32	11	3.5	3.5	77.4
	.35	10	3.2	3.2	80.6
	.38	10	3.2	3.2	83.9
	.40	10	3.2	3.2	87.1
	.45	10	3.2	3.2	90.3
	.50	10	3.2	3.2	93.5
	.75	10	3.2	3.2	96.8
	1.00	10	3.2	3.2	100.0
	Total	310	100.0	100.0	

Table: A 02 - Completion of Education

	Level of education	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Illiterate	83	26.8	26.9	26.9
	Primary	92	29.7	29.8	56.6
	SSC not complete	73	23.5	23.6	80.3
	SSC	21	6.8	6.8	87.1
	HSC	30	9.7	9.7	96.8
	Graduate or above	10	3.2	3.2	100.0
	Total	309	99.7	100.0	
Missing	9	1	.3		
	Total	310	100.0		

Table: A 03 - Training Taken

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	250	80.6	80.6	80.6
	Yes	60	19.4	19.4	100.0
	Total	310	100.0	100.0	

Table: A 04 - Experiences in year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No Experience	198	63.9	64.1	64.1
	< 1 Year	81	26.1	26.2	90.3
	2-4 Years	20	6.5	6.5	96.8
	5 Years or above	10	3.2	3.2	100.0
	Total	309	99.7	100.0	
Missing	9	1	.3		
	Total	310	100.0		

Table: A 05 - Instructions of Lender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Followed	165	53.2	53.2	53.2
	Followed	145	46.8	46.8	100.0
	Total	310	100.0	100.0	

Table: A 06 – Business Type

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agro base	43	13.9	14.0	14.0
	Handicrafts	62	20.0	20.1	34.1
	Poultry	40	12.9	13.0	47.1
	Dairy	52	16.8	16.9	64.0
	Fishery	41	13.2	13.3	77.3
	Grocery	30	9.7	9.7	87.0
	Others	40	12.9	13.0	100.0
	Total	308	99.4	100.0	
Missing	9	2	.6		
	Total	310	100.0		

Table: A 07 - Government Support

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Infromed & taken	31	10.0	10.0	10.0
	Infromed but not taken	62	20.0	20.1	30.1
	Not infromed	216	69.7	69.9	100.0
	Total	309	99.7	100.0	
Missing	9	1	.3		
	Total	310	100.0		

Table: A 08 - Non Government Support

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Informed & taken	216	69.7	69.7	69.7
	Informed but not taken	63	20.3	20.3	90.0
	Not informed	31	10.0	10.0	100.0
	Total	310	100.0	100.0	

Table: A 09 - Family Support

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Personal & Family	63	20.3	20.3	20.3
	Lending institution (NGO or private bank)	155	50.0	50.0	70.3
	1 & 2 or 1 & 3	92	29.7	29.7	100.0
	Total	310	100.0	100.0	

Table: A 10 - Capital Base

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	50000	21	6.8	6.8	6.8
	75000	10	3.2	3.2	10.0
	80000	10	3.2	3.2	13.2
	92000	10	3.2	3.2	16.5
	100000	10	3.2	3.2	19.7
	102000	10	3.2	3.2	22.9
	120000	11	3.5	3.5	26.5
	125000	11	3.5	3.5	30.0
	135000	10	3.2	3.2	33.2
	145000	10	3.2	3.2	36.5
	150000	11	3.5	3.5	40.0
	170000	10	3.2	3.2	43.2
	175000	11	3.5	3.5	46.8
	185000	11	3.5	3.5	50.3
	190000	11	3.5	3.5	53.9
	200000	10	3.2	3.2	57.1
	220000	21	6.8	6.8	63.9
	230000	21	6.8	6.8	70.6
	250000	10	3.2	3.2	73.9
	265000	10	3.2	3.2	77.1
	280000	10	3.2	3.2	80.3
	350000	10	3.2	3.2	83.5
	375000	10	3.2	3.2	86.8
	380000	10	3.2	3.2	90.0
	400000	11	3.5	3.5	93.5
	420000	10	3.2	3.2	96.8
	450000	10	3.2	3.2	100.0
	Total	310	100.0	100.0	

Table: A 11 – Factors of Managerial Capabilities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	63	20.3	20.3	20.3
	.30	10	3.2	3.2	23.5
	.40	73	23.5	23.5	47.1
	.60	10	3.2	3.2	50.3
	.70	20	6.5	6.5	56.8
	.80	43	13.9	13.9	70.6
	1.10	20	6.5	6.5	77.1
	1.40	10	3.2	3.2	80.3
	1.50	11	3.5	3.5	83.9
	1.80	10	3.2	3.2	87.1
	1.90	10	3.2	3.2	90.3
	2.20	10	3.2	3.2	93.5
	2.60	10	3.2	3.2	96.8
	2.80	10	3.2	3.2	100.0
	Total	310	100.0	100.0	

Table: A 12 – Factors of Non-managerial Capabilities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.60	21	6.8	6.8	6.8
	1.60	22	7.1	7.1	13.9
	1.80	20	6.5	6.5	20.3
	2.00	11	3.5	3.5	23.9
	2.00	42	13.5	13.5	37.4
	2.00	21	6.8	6.8	44.2
	2.20	51	16.5	16.5	60.6
	2.40	31	10.0	10.0	70.6
	2.60	20	6.5	6.5	77.1
	2.60	10	3.2	3.2	80.3
	2.80	51	16.5	16.5	96.8
	3.00	10	3.2	3.2	100.0
	Total	310	100.0	100.0	

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Measuring the Effect of Work and Supervisor on Employee Satisfaction based on Gender: A Study from the Perspective of Life Insurance Companies in Bangladesh

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ABSTRACT

Employee satisfaction is a measure of employees' happiness with their jobs and working environment. There is no prescribe rule to know which motivators will satisfy all employees and it may vary from employee to employee. Typically, overall employee satisfaction is not measured using just one question. Here researchers use two variables/ factors work and supervisor as independent variables and want to see the difference between the perception of male and female employees about what will make them satisfy in the work place. The sample of the study covers the employees from life insurance sector in Bangladesh.

[**Key Words:** insurance company, employee satisfaction, work, supervisor, career and development, coworker, employee benefits.]

1. INTRODUCTION

All organizations, regardless of large or small, profit-seeking or not-for-profit, domestic or multinational, use some combination of human, financial, physical and information resources to achieve their goals.[1] Among the above resources except human resource, the rest three resources are abstract, which cannot do anything by themselves. Organization itself is also an artificial being.

The sum of the each individual male and female employee's productivity is the productivity of an organization. For that reason organizations try to motivate their employees to perform efficiently, providing different motivators, such as good relationships with the colleagues, high salary, good working conditions, training and education opportunities, career development opportunities or any other benefits. These motivators intern makes the employee satisfy.
There is no prescribe rule to know which motivator will satisfy which employee and it may vary from employee to employee. An employee may be satisfied

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more by an item, whereas the other employee may be less satisfied with the same item. Clark (1997) reported that the average job for females was lower in stature and income than for males, yet females reported higher levels of job satisfaction.[2]

According to D. Fields & Blum, T. C. both men and women working in gender balanced groups have higher levels of job satisfaction than those who work in homogeneous groups containing mostly men or mostly women[3].

Although various researches explored differences in employee satisfaction due to gender in a number of different settings, this study looks at only two issues (work and supervisor) for employees of life insurance Companies in Bangladesh based on gender.

Here the researchers propose a model of employee satisfaction and examine differences based on gender. In the following sections, the proposed model and associated hypotheses are presented.

1.1 LITERARY REVIEW

The concept of employee satisfaction is a multi-dimensional and inters disciplinary term. In literature there are a large number of studies that analyze the term from many different perspectives and its relationship with various organizational variables. However there is no universal definition of employee satisfaction that exposes all these dimensions at the same time (Bernal, et. al, 2005).

According to Cranny, C. J. Smith, P. C. Stone "Employee satisfaction is defined as the combination of affective reactions to the differential perceptions of what he/she wants to receive compared with what he/she actually receives".[4]

Employee satisfaction is a measure of how happy workers are with their job and working environment. Keeping morale high among workers can be of tremendous benefit to any company, as happy workers will be more likely to produce more, take fewer days off, and stay loyal to the company. There are many factors in improving or maintaining high employee satisfaction, which wise employers would do well to implement.[5]

Accordingly to T. Kelley "to investigate what the employees are satisfied by and measuring the employee satisfaction in the workplace is critical to the success and increases the profitability of the organization for having competitive advantage".[6]

Dick Clark, Group Leader of Financial Services at Monsanto said "It's common sense. When people feel great about the place where they work…they provide better customer service." [7]

Schneider and Bowen (1993) proposed that when employees' work is facilitated (e.g., via supporting mechanisms such as adequate resources and supportive supervision), they can then devote themselves to meeting the demands of customers. Having to struggle against organizational policies diminishes the ability of employees to satisfy customers and makes it unlikely that a climate in which service quality is seen as a priority will emerge. [8]

Roger Hallowell, Leonard A. Schlesinger, Jeffrey Zornitsky conducted a survey in the insurance sector and according to them service organizations rarely have satisfied customers without having satisfied employees [9].

"Employee satisfaction leads to customer satisfaction. When internal customers (employees) are happy, they treat external customers well. Customers will keep coming back for more. This grows the relationship and leads to customer loyalty."[10]

That is, the more the employees are satisfied the more the employees will work enthusiastically and this contributes to the effectiveness of their organizations.
Satisfied employees increase customer satisfaction and loyalty. In service organizations, customer retention and defection are highly dependent on how front-line employees deal with customers .Satisfied employees are more likely to be friendly,upbeat and responsive-which customers appreciate.[11]

The earliest employee satisfaction research took place in the 1930s (hopepock 1935,Kornhauser and Sharp 193two;) [1two 13]. By the 1970s , several research supplier had developed standardized employee satisfaction questionnaires that were being used (Spector 1997)[14].One of the most commonly used questionnaire was the 72-question Job Descriptive Index (JDI), developed by Smith, Kendall, and Hulin(1969)[15].The authors measures five dimensions to conceptualized the drives of overall satisfaction as follows:

1. Work
2. Pay
3. Promotion
4. Supervision
5. Coworkers

Another commonly used questionnaire was the Minnesota Satisfaction Questionnaire (MSQ), developed by Weiss, Dawis, England and Loequist (1967) 16. The Minnesota Satisfaction Questionnaire (MSQ) contains two0 items (scored 1-5).

Typically, overall employee satisfaction is not measured using just one question. One common approach is to combine the reposes to three or four summary questions. [17]

When investigating the employee satisfaction, it should be known that an employee may be satisfied by more satisfying items, whereas the other employee may be less satisfied with the same items. Therefore, the organization should try to fulfill the employee expectations in order to make the employee satisfy. These forces the managers to create and sustain positive working environments in Organizations.[18]

A survey (2009), by the Society for Human Resource Management (SHRM) looked at two4 factors that are regularly thought to relate to employee satisfaction[12]. The study found that employees identified the following ten most important factors:

- management recognition of employee job performance,
- communication between employees and senior management,
- the work itself, and
- job security,
- benefits (especially health care) with the importance of retirement benefits rising with age of the employee,
- feeling safe in the work environment.
- relationship with immediate supervisor,
- compensation/pay,
- opportunities to use skills and abilities, and
- autonomy and independence.

Factors that did not strongly connected to employee satisfaction included: "the organization's commitment to a 'green' workplace, networking, career development opportunities, paid training and tuition reimbursement programs, and organization's commitment to professional development." [20]

As suggested by the above finding the most common factors that is responsible for employee satisfaction in an organization are work, supervisor, pay and coworker. In this study the researchers took two of them for their study one is work and another is supervisor.

Work

Work is stated as "the tasks that need to be done"[two1] In addition, it is defined as "something you have to do that needs effort and energy" [22]. Furthermore, work refers to "What a person does as an occupation, especially in order to earn money, employment" [23]

Supervisor

A person in authority over employees, as an employer, a manager, or a foreman· [24]

According to Evans "a supervisor is defined as "a member of the most junior level of management in the organization."[25]

So it can be conclude that supervisor is a person who watch somebody or check what somebody has done to make sure that work is completed properly.

2. RESEARCH HYPOTHESES

Welman and Kruger define a hypothesis as "a tentative assumption or preliminary statement about the relationship between two or more things that needs to be examined." [26]

An unproven proposition or supposition that tentatively explains certain facts or phenomena. In its simplest from a hypothesis is guess. [27]

The purpose of the study is to find out what employees evaluate as more important in a work place for them to be satisfied. The researchers also want to see the difference between the perception of male and female employee about what will make them satisfy is in work place.

Related to the objective, and the researchers have constructed a relationship between the factors (work and supervisor) and created a model and try to find out the difference based on gender.

According to the model, employee satisfaction is affected by work (which has six sub-dimensions, and supervisor (which has nine sub-dimensions). The model for this research (depending on these factors) is presented on the following page:

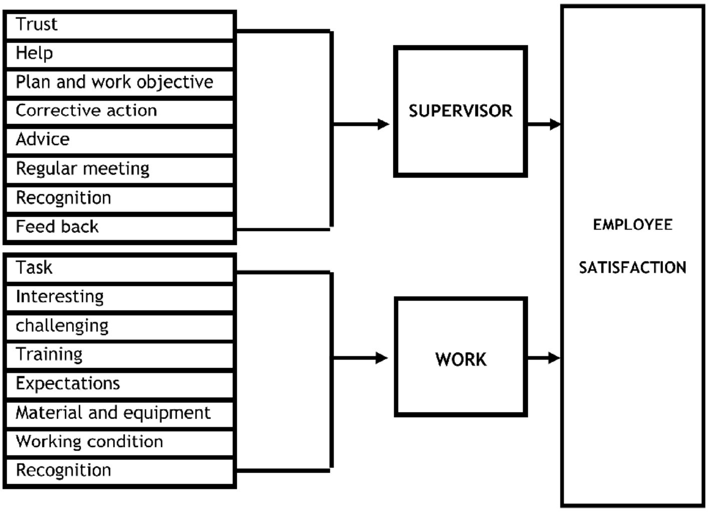

Figure: 1. The Model

The Figure describes that employee satisfaction is dependent on **Work** and **Supervisor.**[35]

According to the model, the constructed three hypotheses are as follows:

Hypothesis 1

H1: *There is a significant and strong relationship between work, superior and employee satisfaction amongst employees of Life Insurance Companies.*

- H1 (a): *The relation between work, supervisor and employee satisfaction is significant amongst female employees of Life Insurance Companies.*
- H1 (b): *The relation between work, supervisor and employee satisfaction is significant amongst male employees of Life Insurance Companies.*

Hypothesis 2

H2: *There is a significant and strong relationship between work, and employee satisfaction amongst employees of Life Insurance Companies.*

H2 (a): *The relation between work and employee satisfaction is significant amongst female employees of Life Insurance Companies.*

H2 (b): *The relation between work and employee satisfaction is significant amongst male employees of Life Insurance Companies.*

Hypothesis 3

H3: *There is a significant and strong relationship between supervisor and employee satisfaction amongst employees of Life Insurance Companies.*

H3 (a): *The relation between supervisor and employee satisfaction is significant amongst female employees of Life Insurance Companies.*

H3 (b): *The relation between supervisor and employee satisfaction is significant amongst male employees of Life Insurance Companies.*

3. LIMITATIONS OF THE STUDY

The sample consists of employees employed within the Life Insurance Companies in the Dhaka City of Bangladesh. Generalisability of the results of the study is problematic as the study is conducted in only Life Insurance Sector in the Dhaka region.

For the respondents, the selected variables contributing to employee satisfaction might not be the only contributing factors. Other variables such as role ambiguity, job level, contingent rewards and other work-related factors have not been investigated. Hence, the internal validity of the study will adversely be affected.

4. RESEARCH METHOD

4.1 Sources of data

Both primary and secondary data have been used for the purpose of the study. Primary data have been collected using a questionnaire (Appendix-I) [28]. The questionnaire consists of six (6) items to measure satisfaction with work (mentioned as Work); and nine (9) items to measure satisfaction with supervisor (mentioned as Supervisor). And 24 items to measure of employee satisfaction. A 5-point Likert Scale (strongly agree to strongly disagree) was used for these questions/factors. In addition, the questionnaire included questions on demographic characteristics of the respondents.

Secondary data were collected from different books, publications, research studies, journals, articles, and websites.

4.2 Sample Size and Department

The sample of the study covers the employees from life insurance sector. A sample of 99 employees (57 male and 42 female) selected purposively from different departments (Table-1) from 11 Life Insurance Companies. Data were collected by non probability sampling and conveniently.

Table–1: Samples in Terms of Department and Gender

DEPARTMENT	GENDER		**TOTAL**
	MALE	FEMALE	
Marketing	6	3	9
Finance & Accounts	7	7	14
Administration	6	5	11
Statistic	3	4	7
I.T.	9	8	17
Under Writing	9	4	13
Sales	3	3	6
Commission	2	3	5
Human Resource	4	0	4
DV	2	0	2
Servicing	6	5	11
Total	57	42	99

Source: primary source

Table-2: Name of Institutions and Number of Samples

SL.NO	NAME OF INSTITUTION	NO. OF SAMPLE	MALE	FEMALE
1	American Life Insurance Company Ltd.	3	3	0
2	Delta Life Insurance Company Ltd.	11	7	4
3	Fareast Islami Life Insurance Company Ltd.	10	6	4
4	Meghna life Insurance Company Ltd.	9	5	4
5	Popular Life Insurance Company Ltd.	10	5	5
6	Prime Islami Life Insurance company Ltd.	11	9	2
7	Pragati Life Insurance Company Ltd.	10	5	5
8	Sandhani Life Insurance Company Ltd.	10	5	5
9	BAIRA Life Insurance Company Ltd.	9	3	6
10	Rupali life Insurance Company Ltd.	8	5	3
11	Padma life Insurance Company Ltd.	9	4	5
	Total	100	57	42

Source: primary source

5. ANALYSIS

5.1 Measures:

After gathering the data, the data have been entered in SPSS (Statistical Package for the Social Sciences) version 16. These entered data have been analyzed by some of SPSS tools, which are descriptive statistics[29], reliability analysis[30], factor analysis[31], correlation analysis[32] and regression analysis [33].

Here the researcher have used two variables/ factors **work** and as **supervisor independent variables** for measuring **employee satisfaction** of male and female employees.

The work scales includes six (6) items and has reliability (Cronbach's alpha) of 0.705. Supervisor scale includes eleven (11) items and has showed good reliability (Cronbach's alpha) of 0.831.

The employee satisfaction scale in this study consists of 20 items (KMO > 0.5) and is derived from 24 items. Employee satisfaction scale includes items relating to satisfaction with work, career development opportunity, supervisor, coworker and employee benefit and has reliability (Cronbach's alpha) of 0.930.

5.2 Hypotheses Testing

To find the relation between work, supervisor and employee satisfaction the regression analysis has been used. The results of the regression analysis are presented on table 3.

Table 3 : Regression Model
Work and Supervisor have Strongly and Significantly Related with Employee Satisfaction

Factor name	**B**	**Coefficient Beta**	**t-value**	**p-value**
Work	.435	.346	8.258	.000
Supervisor	.586	.696	16.637	.000
Constant	-.205		-1.263	.210
	R-squire	Adjusted R-square	F value	Significance
	.944	.892	395.825	.000

As on table 3, two variables (work and supervisor) are significant predictors (F (two, 96) = 395.825, p<0.001) of employee satisfaction and it has proved that the **hypothesis 1** is supported. There is an R^2 of 0.892.

The equation of employee satisfaction is formed as;

Employee Satisfaction= -.205+ 0.435 x (work) + 0. 586 x (Supervisor)

This equation informs the audiences about the importance of the variables as, how to maximize the employees satisfaction in Life Insurance Companies depending on satisfaction with work and satisfaction with supervisor.

To test the hypothesis 1(a) and the hypothesis 1(b), researchers took help of table 4 on the following page.

Table 4: Regression Model
Work and supervisor have strongly and significantly related with employee satisfaction

Gender	Factor Name	B	Coefficient Beta	t-value	p-value
Male	Work	.330	.249	6.557	.000
	Supervisor	.694	.793	20.895	.000
	Constant	-.191		-1.347	.184
		R-squire	Adjusted R-square	F value	Significance
		.958	.956	608.587	.000[a]
Female	**Factor Name**	B	Coefficient beta	t-value	p-value
	Work	.515	.453	5.378	.000
	Supervisor	.447	.579	6.878	.000
	Constant	-.019		-.057	.955
		R-squire	Adjusted R-square	F value	Significance
		.783	.772	70.280	.000[a]

The table informs that there is a strong relationships between the dependent variable (employee satisfaction) and two independent variables (work, supervisor) for both male (F (two, 54) = 608.587, p<0.001) and female (F (two, 39)= 70.two80, p<0.001). It has proved that the hypothesis 3(a) and the hypothesis 3(b) are supported.

The table also informs us that work and supervisor can explain 78 % of the total variance of female employees' satisfaction and 96% of the total variance of male employees' satisfaction.

This indicates that the variables work and supervisor play an important role for satisfying male employees comparing to female employees.

The equations for male and female employees' satisfaction are as;

Female (R^2 = 0.783)
Employee satisfaction = -0.019+ 0.515x (satisfaction with work) + 0.447 x (satisfaction with supervisor)

Male (R^2 = 0.958)
Employee satisfaction = -0.191+ 0.330 x (satisfaction with work) + 0. 694 x (satisfaction with supervisor)

To test hypotheses 2 and hypotheses 3 researchers took help of correlation analysis. The results of the correlation analysis are presented on (table 5).

Table 5: Descriptive and, Correlations of variables (N = 99)

	Work	Supervisor	Employee Satisfaction
1. Work			
2. Supervisor	.597**	1	
3. Employee satisfaction	.762**	.903**	1
N	6	9	20
Mean	3.7859	3.3816	3.4227
Standard Deviation	.58850	.88108	.74087

**.Correlation is significant at the 0.01 level (2-tailed).

As seen on (table 5), there is significant correlation(r = 0.762, at the p<0.001 level) between work and employee satisfaction. This means that **hypothesis 2** is supported.

Additionally, the **hypothesis 3** is also supported, which states that the correlation (r = 0.903) between supervisor and employee satisfaction is significant (at the p<0.001 level).

Table 6: Correlations between Work, Supervisor and Employee Satisfaction based on Gender

Gender			Work	Supervisor	Employee Satisfaction
Male	Work		1		
	Supervisor		.674**	1	
	Employee Satisfaction		.784**	.961**	1
		N	57	57	57
		Mean	3.7544	3.7544	3.7544
		Standard Deviations	.61993	.61993	.61993
Female	Work		1		
	Supervisor		.463**	1	
	Employee Satisfaction		.721**	.788**	1
		N	42	42	42
		Mean	3.8286	3.8286	3.8286
		Standard Deviations	.54740	.54740	.54740
*. Correlation is significant at the 0.01 level (2-tailed).					

As on (table 6), there is significant correlation (at the p<0.001 level) between work and employee satisfaction for both male (r=784) and female (r=.721). This means that hypothesis 2(a) and hypothesis 2(b) is supported.

Additionally, the hypothesis 3(a) and hypothesis 3(b) are also supported, which states that the correlation between supervisor and employee satisfaction for both male (r = .961) and female (r=788) is significant (at the p<0.001 level).

6. CONCLUSION AND RECOMMENDATION

6.1 CONCLUSION

The empirical findings from the study indicate that employees' satisfaction has positive significant correlations with work and supervisor in Life Insurance Companies of Bangladesh.

Work and supervisor explain 89% of the employee satisfaction which is above a good level.

The regression analysis results indicate that work and supervisor explain 79% of the total female employee satisfaction and 96% of the total male employee satisfaction. This is an important discussion area.

What are reasons for considering work and supervisor more importance by male employees comparing to female employees. The most logical explanation for this finding is that the culture of Bangladesh has placed home and family responsibility on the women. When a child is ill or someone needs to stay home, it is women who have to be taken time off from work. For this reason, to attain a balance between personal life and work other factors such as flexible working schedules, telecommunicating, unpaid leave of absence etc. get importance in case of female employees to make them satisfied in the organization.

Moreover, it is widely assumed that women are more "in touch" with their feelings than men - that they react more emotionally. For that reasons they prefer friendly coworkers and comfortable work environment (sitting arrangement, prayer facility, separate fresh room) to become satisfy.

The results of this study may be useful for Life Insurance Companies as well as other organizations in planning their strategic rood maps and increasing their effectiveness.

Nevertheless, as another discussion area, researchers suggest the others to study on the other business areas to compare the results and reach a detailed and sensible conclusion.

6.2 RECOMMENDATIONS

The employee satisfaction survey is an efficient and practical tool that organizations can use to maximize the performance and engagement of their workforce.

The regression analysis results indicate that the supervisor and work get more importance in satisfying the male employees than female employees. Insurance company should try to increase satisfaction of the female employees by focusing the factors such as trust between supervisor and employee, availability of supervisor, recognition of good performance by the supervisor, clear and proper communication between supervisor and employees.

So to increase and maintain male employees satisfaction level organization should try to make the male employees happy relating to supervisor and work.

Organizational leadership should foster a culture that gives employees a sense of usefulness, dignity, and being valued. It is the role of supervisors to cultivate that culture, and thus the responsibility falls on them to implement measures that lead to employee satisfaction. In addition, supervisors should be champions for employees to make sure they are remunerated commensurate with performance.

Satisfied employees are more productive employees and employee satisfaction intern increase customer satisfaction. Employee satisfaction results from a myriad of factors and influences that exist in the workplace. According to Brief (1998) "If a person's work is interesting, her pay is fair, her promotional opportunities are good, her supervisor is supportive, and her coworkers are friendly, then a situational approach leads one to predict she is satisfied with her job" [34]. However, it should be better to discuss and find out other factors to join the model and increase the concerned value.

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A Tri-Party Model of Social Health Insurance for Bangladesh

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ABSTRACT

The 'health' is a global good. A verity of health interventions are observed in different countries, not only in the level of designing health care services but also in the methods of health care financing. In Bangladesh, a least develop economy with a rapidly expanding private sector, the most of the people are suffering with unavailability of health care facilities as well as inadequate investment capacity in health care service. However, labor is an obvious input to all of the economic processes regardless of pattern of ownership of the business. Therefore, for the well-being of business and the macro-economy, private sector, the powerhouse of market economy, can play more vital roll in financing and managing health sector to increase the productivity and the profitability of the most of the economic sectors by extending the health care net towards the poorer in a more efficient manner.

INTRODUCTION

In Bangladesh, though the health care resource and infrastructure is insufficient in contrast to its huge and dense population, the every citizen has the right to enter in the prevailing tax financed health care service provided by government hospitals, regardless of economic class. But the accessibility to proper health care facility in those public hospitals is limited in most of them by the geographical barriers, poor management, low service quality, of responsiveness to the patients' needs and demands and sometimes in the cases of inpatients care by high unofficial payments. So after getting sick, the citizens' right to have the curative care is scared out mainly two unfortunate reasons, they are ignorant of consumers' right and high out of pocket expanses. The complexities are intensified in accordance with descending income class as the rich gets the service, in many cases, through their influence but most of the poor are forced to buy it, even beyond their ability, through unofficial payment.

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The private health sector is not a good alternative for the poor in Bangladesh that has grown in an undirected fashion, with virtually no effective guidance on the location and scope of practice, and without effective standard of quality of care or public discloser on practices and prices. Thus the questions of consumers' right and equity remain unanswered in the same manner, though there are some better scopes to avail health care for the rich population in the private sector, but the private network is very much squeezed within urban areas especially in the capital city Dhaka and then divisional and major district head quarters. So with a target to reach the whole society, there is no alternative to improve public health care services which is already spread up to thana headquarters with aforesaid, along with some more, limitations.

Overall improvement of the service requires more public investment that may not be easily affordable for a government of low-income country like Bangladesh, beside that the way to get rid of traditional practice of inefficiency should be thought critically. Development of social health insurance is likely to bring improvement in health care system. By unlocking alternative source of health care financing, it takes some financial burden off from already strained government revenues. The monopsonist buying power of the insurance authority can go a long way to establish the consumers' (patients') right. It would also reduce the financial burden on family with one or more sick member(s) by converting out-of- pocket spending into insurance fund whereby this amount is collected from a much larger group of insured individuals rather than from the limited number of households affected by illness. More efficient use of resources would be ensured through a planned procuring mechanism by a single entity (insurance fund manager) rather than scattered spending of individual health service seekers.

The tri-party model is also justified in context of private sector growth and the recently widening social compliance and responsibility attempts of the large private business firms in Bangladesh. A privately owned or a limited company or a corporate body, having good track record in social compliances and performing social responsibility, would be appointed as the insurance authority or fund manager. A joint venture of different type of organization with similar vision also can be a good alternate. More encouragement should be shown to the organization belonging in indirect beneficiary sector of the SHI, such as pharmaceutical firms or operating similar project of SHI nature, such as insurance firm. A joint venture of socially responsible pharmaceutical, insurance and ICT firm is anticipated to work well, as the required experience and expertise mix would be available.

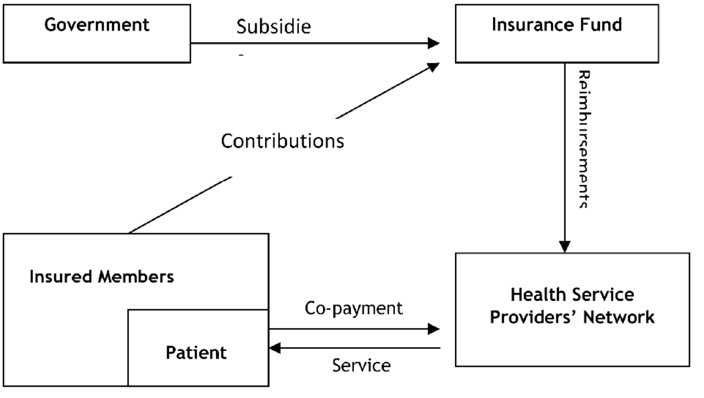


Figure 01: A generalized Tri-Party Model of SHI

In this model, the insurance authority and the health service providers would be different bodies having buyer-seller relationship focused on welfare maximization rather than profit maximization. However, for the sustainability of the scheme, a marginal profit for insurance authority and the service providers is essential after covering all cost. In the infant stage of the scheme, government has to pay the necessary financial assistance to ensure the marginal profit for the fund manager and the service providers. It is expected that, in course of getting maturity, the burden on government budget would be relaxed gradually. A government infrastructure (thana health complex) would be the hub of the providers' network. Various operational cells of the insurance authority would be attached with the hub as per requirement.

KEY DESIGN ISSUE

A. Benefit package

This scheme would offer both inpatient and out patient care of primary and secondary level. The benefit would include the cost of out patient prescribed drugs included in the list of essential drugs approved by the insurance authority. The prescription must come from the accredited doctors.

B. Coverage (Type of population)

Most of the countries with social health insurance started by protecting subgroup of the population, such as civil servants or formal sector employee, overtime, coverage have been extended to other groups. Nevertheless, with a target to reach the disadvantaged, an alternate coverage strategy could be suggested for piloting. The entire residential population living under the administrative unit (thana) would be the coverage of the insurance. In light of other countries experiences, the enrollment would start with the formal sector employee living in the confined area and then it would be extended to all others. But the door would be open for everyone living in that territory to be an insured member from the very inception of the scheme.

C. Contribution Mechanism

Initially a flat rate premium would be charged annually to every family subject to the family size, suppose tk 500 for a family with five members. The government would pay subsidy for the family in accordance with their inability to pay such premium. Membership would be compulsory for the public servants and formal sector employees. Whenever any person comes to have any service from any of the government facilities, his or her family would be insured. Moreover, the field officers/agents would mobilize the population to be a member and to contribute in the fund. The premium and contribution mechanism may be revised annually for better adjustment.

D. Cost of Service

The two components of the services would be carried out by different entity, namely government and the insurance fund. Government would carry out the fixed cost component to facilitate the public health infrastructures. It would also provide subsidy to the households incapable of paying premium. The variable cost of medical service along with the operational expenses would be borne by the insurance fund. Government might have to bear much of the variable cost at the early stage of the scheme.

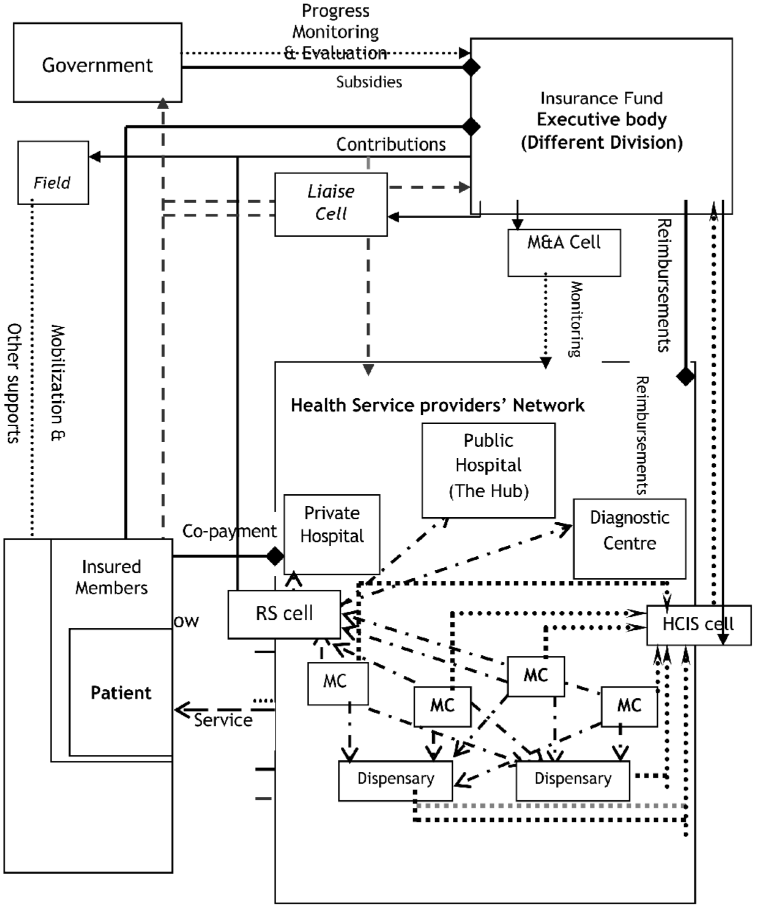
E. Coordination with Different Actors

A liaise cell would be form with representation from insurance authority, ministry officials, public health service personnel, contract providers, local government, community members of different classes to coordinate with the different actors of the scheme.

F. Management and Administration Issues

Managing Arrangement: The insurance authority would act as almost like a sister concern of the responsible firm/corporation/company/joint venture under a different legislative frame work govern by the Ministry of Health. A Board of Governors (BOG) would be the top policy making authority of the insurance fund. The board would be consists of the both nominated and elected members. The chairman/nominated director of the responsible firm/corporation/company/joint venture would chair the board. The executive director/Chief Operating Officer and another high rank official of the insurance fund would hold respectively the membership and the member secretariat of the board, by the virtue of their position. Some other members would be nominated from different government body of both local and ministry level. Some other members, like representatives of community, enrollee, contract provider and general practicener, would join the board through election process.

The Executive body, headed by an executive director or chief operating officer, would be the main management dealer or the core management level of the whole process. It would be responsible for making up the procedural guideline and implementing the decision taken by the BOG. All activities regarding premium collection, fund realization, selection of providers, payment disbursement, mobilization, monitoring and so on would be executed and managed through the different departments (administration, accounts, and claim. etc,) and at least four cells or wings, namely HCIS (Health care information service) cell, Referral supervisory cell, monitoring and accreditation cell and liaise cell.


Government
Progress
Monitoring
& Evaluation
Subsidies
Insurance Fund
Executive body
(Different Division)
Contributions
Field
Liaise
Cell
M&A Cell
Monitoring
Reimbursements
Other supports
Mobilization &
Health Service providers' Network
Public
Hospital
(The Hub)
Reimbursements
Private
Hospital
Diagnostic
Centre
Co-payment
Insured
Members
ow
RS cell
HCIS cell
MC
MC
MC
MC
Patient
Service
Dispensary
Dispensary

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Financial Flow
Administrative Link
Information Flow
Referral
Service
Liaise

HCIS =Health care information service
RS =Referral Supervisory
M&A =Monitoring and Accreditation
MC = Medical Centre

Figure 02: Proposed Tri-Party Model of SHI for Bangladesh

The Referral supervisory cell and HCIS (Health care information service) cell would directly attached with the hub (thana health complex) of the providers' network. The Referral supervisory cell would be responsible for referral approval, restriction of the cost escalation, checking fraud, etc. HCIS (Health care information service) cell would maintain the database of the enrollee that includes the medical history of the insured population as well as their actuarial matters and the socio-economic status of the families. This cell would provide necessary information, required for strategic decision, to the core management body. The monitoring and accreditation cell would be responsible for all matters related to quality assurance of the health service and the liaise cell would coordinate among different actors and stakeholders of the scheme. In addition to above all, some salary and incentive based field staffs would be appointed for mobilizing the society and providing the necessary (information and others) support to the enrollee and the potential enrollee. The responsibility of the field staff would be a mixture of the responsibilities of commercial insurance agent and rural micro credit worker.

G. Control System

Computerized Health Care Information System (HCIS) would be used for controlling and strategic decision-making purpose. The prospect and process of Management Information System in this context has already been discussed in the previous models.

H. Payment Mechanism

A Mixture of two type of payment mechanism can be used for reimbursement. Firstly, fee for per item for procuring pharmaceuticals and diagnostic test, and secondly a sophisticated system of capitation payment for provided clinical services would be on work. The payment for clinical service would vary according to various parameters, such as age and sex of the patient. The payment would be paid to an affiliated dispensary or pharmacy or diagnostic center chosen by the fund manager but in case of clinical service the payment would be disbursed to an accredited provider chosen by the insured person. In order to encourage competition and high quality service, the insured person would have the right to change the nominated on a regular basis, again usually annually.

I. Role of Government

For the successful implementation of the social health insurance, the role of government regarding legislative support, subsidization for the poor, and stewardship have already been discussed in previous model. In addition to that, precisely for this model, government would act as a financing partner of the scheme and invest all fixed cost to develop and improve the public health service infrastructures such as community health clinic, thana health complex, and so on. Government would also conduct periodic evaluation to ensure the best value of public fund disburse to the insurance authority as subsidy and invested in public health service facilities to ensure overall welfare of the population, mainly the disadvantage.

J. Cost Containment

Cost control measure would be taken from the both demand and supply side. Usually cost-sharing methods are employed in part to control the amount of services consumed by the members. This measure can be applied on the mid and high income group by imposing a rational co-share of `the medical expenses. But the same burden would be hardly bearable by the population under poverty line or low-income group. So there might be a deduction and even a refund mechanism, by considering the income class for the financially vulnerable population subject to approval of the field officials.

The referral supervisory unit attached with the hub of providers would apply certain methods of controlling diagnostic and inpatient utilization. These measure may include verification of the medical need for a hospital admission (prior authorization, second opinion for surgery, pre admission review), limiting the length of stay in the hospital (concurrent review, evaluation of patient while stay in hospital), some direct service provision to less costly setting (out patient surgery), shaping up physician practice pattern (in term of prescription, diagnostic test indications, referrals), supervising and controlling referral mechanism.

The entitlement to benefits may have a cash limitation of how much an insured person can use (as expenditure) during any year. The amount may be revised annually.

K. Quality Assurance

Multi modal initiatives would be exercise to ensure the quality of services because quality assurance is very crucial for the progress and the sustainability of the scheme. The insurance authority would be responsible for accreditation and close process monitoring of the contract providers. The accreditation would be subjected to annual renewal. An association of the enrollee would provide continuous feedback to the fund managers about their satisfaction level on available health care service from different providers. Government would monitor the progress of the scheme, scrutinize the overall performance of the scheme and evaluate periodically or phase wise.

L. Community Participation and Mobilization

The field officials of the programme would be mainly responsible to enrich community participation and mobilization. The community participation and mobilization mechanism of the micro credit operators in rural area of the country can be used here. The provision of incentive for the field staff should be offered with their salary for good performance in mobilization, more precisely increasing the participation (enrollment). More over, representations of community people in the liaise cell may automate the participation and mobilization pace and assurance of quality service would expected to foster a snow balling effect with in and out side the community.

CONCLUSION

The Tri-party model described above is appropriate in the context of private sector growth and their potential to widen social responsibility. A privately owned corporate body may be invited by the GOB to overtake the management of the public health institutions. In this model the insurance authority and the health providers would be two separate bodies having purchaser-provider relationship based on welfare maximization. For sustainability of the scheme, a marginal profit for insurance authority and the service providers is, however, essential after covering all cost. In the early stage of implementation, government has to give some kind of incentives such as tax holidays or other concessions. In this model, government will act as a financing partner and invest all fixed cost to develop and improve the public health facilities. To ensure community participation and mobilization, the micro-credit operators serving in rural areas can be used with the provision of extra incentive for good performance. Finally, GOB will require conducting periodic evaluation to ensure value for money disbursed to the insurance authority. The corporate body may form a joint venture initiative with some insurance companies. For example, say a pharmaceutical company forms a partnership with an insurance firm to provide social health insurance coverage to the population of the upazila/district where the pharmaceutical company has its production units. In this way, GOB, large public corporations and insurance firms together may form a partnership to provide affordable and quality health services to the informal sector population of Bangladesh. This scheme has the potential to sustain because it will cover both poor and non-poor households in the pool of health risk.

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Human Resource Audit: An Inquiry into the Selected Export-oriented Garment Manufacturers of Bangladesh

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ABSTRACT

A human resource audit is a tool for evaluating the personnel activities of a company. This audit is an overall quality control check on all human resources activities in a company and an evaluation of how these activities support the strategies of the company. It involves a company's strategic actions to take an intensely objective look at its HR policies, procedures and practices. This type of comprehensive review of the organizations current state can help to identify whether specific practice areas or processes are adequate, legal and/or effective. The results obtained from this review can help to identify gaps in HR practices, and these gaps can then be prioritized for attention in an effort to achieve and maintain global competitiveness in key HR practice areas.

[**Key Words:** Human Resource Audit, HR Planning, Job Description, Recruitment & Selection, Performance Appraisal, Career Progression, Training, Discipline and Conduct Rules, Welfare Measures, Employee Participation, Pay for Performance, and Human Relations System.]

1. INTRODUCTION

Bangladesh, with more than 4800 garment factories, is the 6th largest ready-made garments (RMG) exporter to USA and EU. This industry is the largest net foreign currency earner for Bangladesh, i.e. 78 percent of the total earning. The sector exports now over US$9 billion worth of garments. By 2010, the net exports of this industry are expected to grow to almost 10 billion US dollars. This industry is the largest employment provider with more than 3.1 million employees. The graph of employment opportunities continues to go up every year and still there is an immense scope to absorb the huge unskilled and semi-skilled worker of the country in this sector. But the over all quality of Human Resource Management is still to reach at an acceptable standard.

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This sector is threatened by various international buyers by not outsourcing garments sewing services on ground of gross non-compliance in majority of the factories. In recent past, some of the initiatives have been taken to improve the quality of working life of the workers only under the venture titled as 'compliance requirement' or 'Workers' Rights and responsibilities', But the initiatives were limited in many extent, now it is the high time to integrate the whole human resource management systems not only to comply with the buyers requirements but think it as a business compliance manner to improve the productivity and over all competitiveness for the steady state growth of RMG sector of Bangladesh.

2. OBJECTIVES OF THE STUDY

The study examined whether:

- The HR planning done by the Factory was adequate to meet its objectives;
- The Factory ensured optimum deployment of HR;
- The Factory introduced new recruitment policies and practices and whether they were adequate;
- Well defined, fair and transparent career progression policies and practices were in place;
- Well stated, fair and transparent transfer policies and practices were in place;
- An effective performance management systems was in place;
- The training imparted by the Factory was effective;
- Clearly defined and effective conduct and disciplinary rules were in place;
- Incentive and welfare policies and practices were effective;
- The Factory encouraged employee participation in decision-making process; and
- HR functions of the various wings were integrated.

3. METHODOLOGY

In order to conduct the study, a total of 100 executives were approached for collecting data from 10 export-oriented garment factories in Bangladesh. Respondents were from different departments like human resource, production, marketing, quality, compliance etc. Another criterion of selecting the respondents was on the basis of experience of minimum three years.

A semi-structured self-administered questionnaire was used for collecting data. The questionnaire consists of 55 questions. Five point Likert type scale has been used in the questionnaire to measure HR practices. 5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree have been given in order to analyze data. Before distributing the questionnaire, it was pre-tested with a view to find out whether the questionnaire was understandable. Descriptive statistics was used to analyze the data. Statistical software "SPSS" version 11.5 was used to examine the data.

The questionnaire was divided into eleven parts, viz. 1. HR Planning, 2. Job Description, 3. Recruitment & Selection, 4. Performance Appraisal, 5. Career Progression, 6. Training, 7. Discipline and Conduct Rules, 8. Welfare Measures, 9. Employee Participation, 10. Pay for Performance, and 11. Human Relations System.

4. LITERATURE REVIEW

Auditing has evolved, becoming increasingly specific, until the term functional audit has emerged. The objective of a functional audit is to diagnose, analyze, control, and advise within the boundaries of each functional area of the company. The HR audit is a type of functional audit. Thus, as a first approach, one could say that HR audit consists of diagnosing, analyzing, evaluating, and assessing future lines of action within the framework of HRM.[1]

HR audit is a basic tool for the management of a company. Its objective is not only the control and quantifying of results, but also the adoption of a wider perspective that will aid in defining future lines of action in the HRM field. Thus, HR audit must perform two basic functions (Cantera, 1995). First, it must be a management information system whose feedback provides information about the situation in order to facilitate the development of managing processes or the development of HR. On the other hand, it must be a way of controlling and evaluating the policies that are being applied, as well as the established processes.[2]

In other words, the Human Resource (HR) audit is a process of examining policies, procedures, documentation, systems, and practices with respect to an organization's HR functions. The purpose of the audit is to reveal the strengths and weaknesses of the human resources system, and any issues needing resolution. The audit works best when the focus is on analyzing and improving the HR function in the organization.[3]

The audit itself is a diagnostic tool, not a prescriptive instrument. It will help us identify what we are missing or need to improve, but it can't tell us what we need to do to address these issues. It is most useful when an organization is ready to act on the findings, and to evolve its HR function to a level where it's full potential to support the organization's mission and objectives can be realized.[4]

As a final point, an HR audit is a formal review of the outcomes of HRM functions. To conduct the audit, the HR department identifies key functions and the key measures of business performance and customer satisfaction that would indicate each function is succeeding. Key measures of success for an HRM audit includes staffing, compensation, benefits, training, appraisal and development, and overall effectiveness.[5]

An audit usually is conducted by using a questionnaire that asks for the evaluation of specific practice areas. This document helps guide the audit team in scrutinizing all critical areas of a company's HR practices. The audit also may include interviewing selected HR employees and other department managers to learn whether certain policies and procedures are understood, practiced and accepted.[6]

4.1 Rationale for Conducting an HR Audit

The changing nature of HR management demands that HR professionals participate and contribute fully to their companies as true strategic business partners. An audit will help a company understand whether its HR practices help, hinder or have little impact on the organization's business goals. The audit also helps quantify the results of the department's initiatives and provides a roadmap for necessary changes. Audits can also help the organization achieve and maintain world-class HR practices.[7]

4.2 The scope of Human Resource Audits:

A human resource audit evaluates the HR activities in an organization with the intent of improving those activities. The audit may include one division or an entire company. It provides feedback about the HR function to operating managers and HR specialists. It also provides feedback about how well managers are meeting their HR duties. In short, the audit is an overall quality control check on HR activities in a division or company and on how those activities support the organization's strategy.[8]

4.3 Benefits of a Human Resource Audit:[9]

An audit reminds members of the HR department and others of its contribution, creating a more professional image of the department among managers and specialists. The audit helps clarify the department's role and leads to greater uniformity, especially in the geographically scattered and decentralized HR functions of large firms. Perhaps most important, it finds problems and ensures compliance with a variety of laws and the strategic plans of the organization. Several benefits associated with an HR audit are given below:

- Identifies the contributions of the HR department to the organization.
- Improves the professional image of the HR department.
- Encourages greater responsibility and professionalism among members of the HR department.
- Clarifies the HR department's duties and responsibilities.
- Stimulates uniformity of personnel policies and practices.
- Finds critical personnel problems.
- Ensures timely compliance with legal requirements.
- Reduces human resource costs through more effective personnel procedures.
- Creates increased acceptance of needed changes in the HR department.
- Requires a thorough review of the HR department's information system.

4.4 Types of Audits:

An HR audit can be structured to be either comprehensive or specifically focused, within the constraints of time, budgets and staff. There are several types of audits, and each is designed to accomplish different objectives. Some of the more common types of HR audits as identified by Jennifer Paauwe-Riffe, SPHR are given below:

- **Compliance:** Focuses on how well the company is complying with current local laws and regulations.
- **Best Practices:** Helps the organization maintain or improve a competitive advantage by comparing its practices with those of companies identified as having exceptional HR practices.
- **Strategic:** Focuses on strengths and weaknesses of systems and processes to determine whether they align with the HR department's and/or the company's strategic plan.
- **Function-Specific:** Focuses on a specific area in the HR function (e.g., payroll, performance management, records retention, etc.

5. THE HR AUDIT PROCESS: A MODEL[10]

The general process of conducting an audit includes seven key steps, each of which is discussed in greater detail below:

1. Determine the scope and type of audit.
2. Develop the audit questionnaire.
3. Collect the data.
4. Benchmark the findings.
5. Provide feedback about the results.
6. Create action plans.
7. Foster a climate of continuous improvement.

5.1. Determine the Scope and Type of the Audit:

To uncover the needed information, it is important to determine exactly what areas should be targeted for review. If the organization has never audited its HR function, or if there have been recent significant organizational or legal changes, the audit team may want to conduct a comprehensive review of all HR practice areas. On the other hand, if concerns are limited to the adequacy of a specific process or policy, the audit focus should be limited to a review of that particular area.

5.2 Develop the Audit Questionnaire

Whether conducting a comprehensive audit or an audit of a specific practice, it is important to invest sufficient time in developing a comprehensive document that elicits information on all the subjects of the inquiry. A list of specific questions must be developed to ensure that the questionnaire is complete.

5.3 Collect the Data:

The next phase includes the actual process of reviewing specific areas to collect the data about the company and its HR practices. Audit team members will use the audit questionnaire as a roadmap to review the specific areas identified within the scope of the audit.

5.4 Benchmark the Findings:

To fully assess the audit findings, they must be compared with HR benchmarks. This comparison will offer insight into how the audit results compare against other similarly sized firms, national standards and/or internal company data. Typical information that might be internally benchmarked includes the company's ratio of total employees to HR professionals, ratio of dollars spent on HR function relative to total sales, general and administrative costs, cost per new employee hired, etc. National standard benchmarking might include the number of days to fill a position, average cost of annual employee benefits, absenteeism rates, etc.

5.5 Provide Feedback about the Results:

At the conclusion of the audit process, the audit team must summarize the data and provide feedback to the company's HR professionals and senior management team in the form of findings and recommendations. Findings typically are reduced to a written report with recommendations prioritized based on the risk level assigned to each item (e.g., high, medium and low). From this final analysis, a roadmap for action can be developed that will help determine the order in which to address the issues raised. In addition to a formal report, it is critically important to discuss the results of the audit with employees in the HR department, as well as the senior management team, so everyone is aware of necessary changes and approvals can be obtained quickly.

5.6 Create Action Plans:

It is critical actually to do something with the information identified as a result of an audit. The company must create action plans for implementing the changes suggested by the audit, with the findings separated by order of importance: high, medium and low. It actually increases legal risk to conduct an audit and then fail to act on the results.

5.7 Foster a Climate of Continuous Improvement:

At the conclusion of the audit, it is important to engage in constant observation and continuous improvement of the company's policies, procedures and practices so that the organization never ceases to keep improving. This will ensure that the company achieves and retains its competitive advantage. On way to do this is to continuously monitor HR systems to ensure that they are up-to-date and to have follow-up mechanisms built into every one of them.

One approach is to designate someone on staff (or an outside consultant) to monitor legal developments to ensure that HR policies and practices are kept current. Likewise, it is important to keep track of the audit findings/changes made, turnover, complaints filed, hotline issues, employee survey results, etc. to identify trends in the company's employment-related issues. Identifying problematic issues, growth areas or declining problem spots can help in the decision of where to allocate time, money and preventive training resources in the future.

6. DEFINING THE KEY OBSERVANT FOR HR AUDIT

6.1 HR Planning:

Human resource planning (HR planning) is both a process and a set of plans.[11] It is how organizations assess the future supply of and demand for human resources. In addition, an effective HR plan also provides mechanisms to eliminate any gaps that may exist between supply and demand. Thus, HR planning determines the numbers and types of employees to be recruited into the organization or phased out of it. Dynamic by nature, the HR planning process often requires periodic adjustments as labor market conditions change.[12]

6.2 Job Description:

Job description is a written record of the duties, responsibilities and requirement of a particular job. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards. In other words, it tells us what is to be done, how it is to be done and why. It is a standard of function, in that it defines the appropriate and authorized contents of a job.

6.3 Recruitment & Selection:

Recruitment is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization.[13]

On the other hand, selection is the process of weeding out unsuitable candidates and finally choosing the most suitable persons out of all the applicants. In brief, recruitment follows HR planning and goes hand in hand with the selection process by which organizations evaluate the suitability of candidates for various jobs. Without accurate planning, organizations may recruit the wrong number or type of employees.

6.4 Performance Appraisal:

Performance appraisal is a process of systematically evaluating performance and providing feedback upon which performance adjustments can be made. Performance appraisal should be based on job analysis, job description, and job specifications.

6.5 Career Progression:

Career progression traditionally refers to advancements of employees to positions of increased responsibility i.e. promotions. The promotion process in an organization needs to be fair, transparent and non-arbitrary in order to increase the effectiveness of the process.

Promotions are generally based on seniority or competence, or combination of the two. Once more, the transfer policy of an organization needs to be aligned to its business strategy. At the same time, it has to be employee friendly to check the turnover of staff.

6.6 Training:

Training is accepted as a synonymous for all of the forms of knowledge, skill and attitudinal development which an adults need to keep pace with accelerating life involvement and enlarging concepts of man's capabilities (Steinmentz).

Training traditionally focuses on helping employees improve performance of their current jobs. Many organizations have focused on linking training programs to business goals.[14] It's a continuous process for improvement of the skills of an organization's human resources.

6.7 Discipline and Conduct Rules:

Discipline refers to the actions imposed by an organization on its employees for failure to follow the organization's rules, standards, or policies. Traditional approaches to discipline, based on punishment, are known to promote adversarial relationships between leaders and followers.

A more effective approach now being used by many companies recognizes good performance and encourages employee commitment to the organization and its goals. Once employees see the discrepancy between actual and expected performance, the burden is on the employee to change.

Even with more positive approaches to discipline, organizations still need to have some form of disciplinary procedure, whether formal or informal, that carries successively stiffer penalties for repeated or more serious offenses.[15] It's important for the organization to adopt a discipline policy maintaining progressive discipline approach.

6.8 Welfare Measures:

Welfare measures are an integral part of healthy industrial relations. Welfare measures in an organization comprise financial and non-financial benefits paid to facilitate the growth and well being of employees and their families. These benefits relate to health, insurance, holidays, leave, childcare, etc.

6.9 Employee Participation:

Strategies to encourage employee involvement through participatory, consultative and cooperative workplaces have been widely promoted since the 1970s. High performance workplaces promote employee participation in decision making because they understand that employees have a legitimate right to be involved in decisions that affect their working lives, and that positive gains also accrue to business. These gains include improved employee performance resulting from greater motivation, a positive workplace culture as an outcome from greater information sharing, and improvements in productivity when employees are consulted over changes to job design and work practices.[16]

6.10 Pay for Performance:

Employees believe that reward systems in general, and incentive systems in particular, influence performance. Among respondents to an American Productivity and Quality Center survey of employers, for example, the vast majority believed that various incentive pay systems have a very positive or positive effect on performance. In addition, many workers prefer that pay be linked to performance, reinforcing the motivation to use such reward systems.[17]

6.11 Human Relations System:

In order to ensure that there is efficient HR management, the HR systems in respect of control over human resources, laying down of HR policies and procedures, HR information systems, etc should be effective.

7. FINDINGS

7.1 HR Planning:

The study reveals that all the factories do not devote enough time and energy to the HR planning process. They had not prepared any long term or medium term HR requirements. In Majority cases, an estimation approach had been adopted and the actual number of posts had been determined as per the demand of the departmental heads.

Audit also finds that three-fifth of the factories (60%) had not set up any HR information systems for the whole. Statistics on deployment of human resources in various segments of services were not being maintained at the Office.

7.2 Job Description:

Only about one-third of the respondents (32%) think that the duties of every job are clearly defined in their organization. Interestingly, only 10% think that each job in the organization has an up to date job description. According to their views, the actual job duties are shaped more by the employee than by the formal job description.

7.3 Recruitment & Selection:

Two in every five respondents (40%) think that selection procedure in their organizations reveals required knowledge, skills and attitudes of the potential employees. Interestingly, only 7% respondents think that the selection procedure followed in their organizations is highly scientific and rigorous. Just 5% think that valid and standardized tests are used when required in the selection process.

Audit observed that most of the factories (70%) had not finalized the recruitment policy to give a definite direction to the process of recruitment. The factories had not created any exclusive recruitment cell to carry out the activities.

7.4 Performance Appraisal:

Over four-fifth of the respondents (81%) mention that they have little reliance in the performance appraisal systems. They also think that performance of the employees is not measured on the basis of objective quantifiable results. The objectives of the appraisal system are not clear to all employees. The appraisal data is seldom used for making decisions like job rotation, training, compensation etc. Even employees are not provided performance based feedback and counseling.

Audit also observed that most of the factories (80%) continued with the old system of secret evaluation of the performance of its employees using traditional method with the application of graphical rating scale.

7.5 Career Progression:

Only one in every ten respondents (10%) thinks that their organization plans for the career and development of employees. They also think that employee's career aspirations within the organization are known by his/ her immediate superior. The same numbers of respondents (10%) think that employees in their organization have more than one potential position for promotion.

Simply 5% respondents think that Individuals' career growth is in alignment with that of the organizations. They believe that their organization prefers an internal employee whenever a vacancy exists. Each employee is aware of his/her career path in the organization.

7.6 Training:

Three in every five factories (60%) conduct training programs for its employees. But training needs are not identified through a formal process like training needs assessment or performance appraisal systems. An overwhelming majority of the respondents (92%) think that training needs identified is not realistic, useful and based on the business strategy of the organization. Besides, there are no formal training programs to train the new employees the skills they need to perform in their jobs. Almost all the respondents (98%) opined that new knowledge and skills are not imparted to employees periodically to work in teams.

The study also reveals that most of the factories (70%) have not framed any mission statement or medium and long term plans for training. Furthermore, there was no mechanism available in these factories to evaluate the impact of training on its employees.

7.7 Discipline and Conduct Rules:

Audit studied and reviewed the existing framework of conduct and disciplinary rules and observed that the factories had introduced its own discipline policy based on the Bangladesh Labor Code, 2006 and the Buyer's Code of Conduct in a traditional way.

7.8 Welfare Measures:

Audit observed that Welfare Committee was created in most of the factories to oversee these activities but the Welfare Committee had met irregular basis to deliberate on welfare issues.

7.9 Employee Participation:

In relation to the employee participation, only 12% of the respondents think that they are allowed to make decisions related to cost and quality matters. As said by the study, insignificant numbers of respondents (10%) are asked by their superiors to participate in operations related decisions. Only 5% of the respondents are provided opportunity to suggest improvements in the way things are done here.

7.10 Pay for Performance:

As said by the study, all the respondents believe that job performance should be an important determinant for the compensation as well as incentive package to the employees. However, overwhelming majority of the respondents (91%) mentioned that compensation is hardly decided on the basis of competence or ability of the employee. Only 5% think that the compensation for all employees is directly linked to his/her performance.

7.11 Human Relations System:

Audit observed that although HR functions of the various wings were controlled under head of HR department, the management had failed to take adequate steps to implement the HR process integration. As a result, different departments were working more or less like separate entities and were not properly synchronized with the factory's day to day operational objectives and goals.

8. RECOMMENDATIONS

8.1 HR Planning

- Organizations must begin to realize that an effective HR plan should work in partnership with a strategic plan. For this to happen, organizational goals must be clearly understood and effectively communicated to employees.[18]
- The Factory should ensure timely preparation of annual HR plans.
- The HR department should specify time periods for each stage, including receipt of inputs from the departments, and ensure that these dates are adhered to.
- HR planning needs to be supported by a reliable HR information system so that relevant information is always available to the Management for development, deployment and utilization of human resources in a scientific manner.

- The Factory should develop an effective HR information system to facilitate proper planning and deployment of human resources.

8.2 Job Description

- The duties of every job should be clearly defined in the organization.
- Each job in the organization should have an up to date job description.

8.3 Recruitment & Selection

- The Factory should clearly spell out the procedures for identifying anticipated vacancies and skill gaps and fixing of qualifications and standards for recruitment of personnel.
- The process of recruitment should be initiated well before vacancies arise, to ensure timely availability of human resources.
- The time taken for recruitment, from identification of requirement to placement should be reasonable.
- The entire process of recruitment for all employees should be integrated and processed through an exclusive recruitment cell for speedy completion and uniformity.

8.4 Performance Appraisal

- The Factory should fix performance targets for each individual employee setting Key Performance Indicators (KPIs).
- The Factory should consider switching over to the 'open review system' of performance management.
- The targets for each year should be realistic and growth oriented and should be based on the targets and achievements of the previous year.

8.5 Career Progression

- The Factory should ensure equitable opportunities of work and growth for employees of different disciplines.
- The Factory should ensure that all promotions are given in time.
- The Factory should formulate a well-defined, fair and transparent promotion policy.

8.6 Training

- The Factory should frame mission statement or medium and long term plans for training.
- The Factory should select its trainees in a scientific manner. For this purpose, it should maintain a database of employee profiles.
- Feedback should be obtained and made use of in respect of improvements made in the performance of employees as a result of training.

8.7 Discipline and Conduct Rules

- The Factory should expedite the framing of its conduct and disciplinary rules maintaining progressive discipline approach.
- The Factory should adopt proper measures to minimize delays in settlement of disciplinary cases.
- Supervisors should take steps to ensure impartiality when applying discipline.
- The employee should feel that the disciplinary action is a consequence of behavior, not of personality or relationship to the supervisor.
- The supervisor should avoid arguing with the employee and should administer discipline in a straightforward, calm manner. Administering discipline without anger or apology and then resuming a pleasant relationship aid in reducing the negative effects of discipline.
- The supervisor should warn the employee of the result of repeated violations. Sometimes suggestions to the employee on ways to correct behavior are beneficial.

8.8 Welfare Measures

- The Factory Welfare Committee should be proactive and promote various welfare measures in the Factory.

8.9 Pay for Performance

- Compensation should be decided on the basis of competence or ability of the employee.

- Compensation for all employees should be directly linked to his/her performance.

8.10 Employee Participation

- The Factory should encourage employee participation in decision-making process.

8.11 Human Relations System

- The Factory should urgently complete the integration of human resources functions pertaining to all the disciplines under the overall charge of Director (HRD).

9. CONCLUSION

Human resources audit reviews the policies and procedures related to human resources. It adds to the confidence of the management in the way it has conducted and maintained employee relationship in the organization. Like any audit the human resource audit keeps check over the internal operations and states the areas of improvement.[19]

The HR Audit can be a powerful tool to assess the current human resource management practices and to bring change in an organization towards best practices. It is simple that each step of the auditing process can be completed quickly and easily. Moreover, the degree of detail and definition of performance is within the control of the auditor(s).

The auditors always prepare and submit an audit report to the authority of the organization. The report indicates the appreciative of the department's function and the gaps in performance and therefore provides remarks and remedial measures. All those organizations that are interested to face the challenges and to increase the potentiality of the HR personnel in the organization must pay attention on human resource audit. The RMG sector of Bangladesh is not isolated from this HR audit approach. In practice, a significant improvement was observed in the selected RMG factories through this methodological human resource intervention which can be credited as an extended outcome of this management action research.

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