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Abstract

Human resource management practices are now considered as one of the key contributing factors to the success of an organization. The organizations are putting increased emphasis on the policies and practices of HRM to gain competitive advantage. Throughout the whole case study several HRM practices related to the supply chain department of Square Pharmaceuticals Ltd. are discussed. These HRM practices include human resource planning, recruitment and selection, induction, training, performance appraisal, employee development, compensation plan, etc. This discussion has provided the opportunity to analyze the HRM practices of a business organization and to find out the facts which are creating barriers to effective HRM. In the last part of this paper some recommendations are provided for Square to gain competitive advantages through HRM practices.

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Introduction

Human Resource Management (HRM) is a relatively new concept in Bangladesh. It was few years ago that this was considered as a part of the administrative functions of an organization. There was no individual identity for HRM. But as time passed people recognized the importance of HRM in organizations. They realized that HRM is not just to hire people. Apart from hiring, HRM has lots of functions which help an organization to gain competitive advantage (Islam, 2006). Effective HRM practices support business goals and objectives. That is why effective HRM practices are strategic. It can improve the performance of an organization by improving customer satisfaction, innovation and productivity. So from HR planning, recruitment and selection to training, performance appraisal, compensation, all practices of HRM are now considered as equally important as any other aspects of the organization such as marketing, financing, etc.

Literature Review

Human resource management (HRM) is both an academic theory and a business practice that addresses the theoretical and practical techniques of managing a workforce. Synonyms include personnel administration, personnel management, manpower management, and industrial management (http://en.wikipedia.org). According to Noe, Hollenbeck, Gerhart and Wright (2006), human resource management refers to the policies, practices and systems that influence employees’ behavior, attitudes, and performance. They also say that many companies refer to HRM as involving ‘people practices’. HRM is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training (Heathfield, 2006). According to Wikipedia, a web based encyclopedia, HRM serves five key functions: 1) Hiring, 2) Compensation, 3) Evaluation and Management (of Performance), 4) Promotions, and 5) Managing Relations. The HRM function includes a variety
of activities, and key among them is deciding what staffing needs the organization has and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring that the personnel and management practices conform to various regulations. Activities also include managing the organization’s approach to employee benefits and compensation, employee records and personnel policies (McNamara, 2006). According to Winning, what necessary in an HR Department are the functions and responsibilities which noone else either wants or is capable of doing. From recruiting to orienting new employees, from writing job descriptions to tracking attendance, and from instituting and monitoring policies to monitoring benefits, there has been a need for an HR generalist to assist senior management in both establishing a structure to hold down costs of administration (Winning, 2005).

The ultimate aim of HRM is to ensure that at all times the business is correctly staffed by the right number of people with the skills relevant to the business needs (Islam, 2006). Thus HRM is meant to unlock the talent, experience, wisdom and common sense of many within the organization by making work simpler, quicker, rewarding, safer and fun (http://www.accel-team.com).

**Research Methodology**

This research article is case study-based. Square Pharmaceuticals Ltd (SPL) does have a separate Human Resource Department. The major part of this case study is based on face-to-face interviews with managers and executives, using a questionnaire, which consists of view and opinions of those particular people, which might raise the question of bias. In some cases some of them were not able to provide concrete facts or figures. In this case some assumptions had to be made. Interviewing the managers and executives of SPL has provided the primary sources of information. Furthermore, company brochures, documents, and the company website were the secondary sources of data. No survey method has been used in this regard. Finally, due to time constraints it was not possible to conduct extensive interviews and surveys which could make the research paper more informative. A case study is the ‘fact’ of any particular issues, the contents of which require an in-depth focus of the social sciences area to
understand its phenomenon on the basis of it being an individual problem (Leedy, 1997). One of the essential characteristics of using the case study approach is that it focuses on `one instance of the thing that is to be investigated’ (Denscombe, 1998). The advantage of the case study over other methods is that it attempts to be comprehensive, and involves the researcher in describing and analyzing the full notes, `one of the advantages cited for case study research is its uniqueness, its capacity for understanding complexity in particular contexts’. Apart from generalization, other criticisms can be that the case study method is a less rigorous form of inquiry, based on the accumulation of information and there is a lack of discipline in what Smith (1991) described as the logically weakest method of knowing. Mitchell (1999) states that the basic problem in the use of case material is theoretical analysis. Case studies can do a whole variety of things. Indeed, Bonoma (1985) argues that case studies prove valuable in situations where existing knowledge is limited, often providing in-depth contextual information, which may result in a superior level of understanding. Furthermore, case studies prove advantageous when the focus of the study is not typicality but the unusual, unexpected, covert or illicit (Hartley, 1994). The objective of this study is achieved through one single case study which provides both depth and reliability (see, for example, Harris and Ogbonna, 1998; Marchington and Harrison, 1991; Sturdy, 1992). This case study is selected for a number of reasons, data accessibility, establishment organization, size and contribution in the sector and so on. It is said that a single case study is not enough for research. However, a single case study can give a lot of depth in the research area (see, for example, Dholakia and Quader, 2005. Mellahi et al., 2002).

**Square Pharmaceuticals Ltd - Company Overview**

In Bangladesh, Square today symbolizes a name - a state of mind. But its journey to growth and prosperity has been no bed of roses. From the inception in 1958, it has today burgeoned into one of the top line conglomerates in Bangladesh. SPL is the largest pharmaceutical company in Bangladesh and it has been continuously in the first position among all national and multinational
companies since 1985. SPL is the manufacturer and marketer of finished pharmaceutical products, basic chemicals and agro vet products. Its products are manufactured in the form of tablets, capsules, suppositories, injections, liquids, drops, ointment, cream and powder, oral dry powder, inhalers and meter dose inhalers. SPL was converted into a public limited company in 1991. Currently the sales turnover of SPL is more than Taka 622 crore with 16.23 percent market share having a growth rate of about 14.91 percent. Square Pharmaceuticals Ltd. posted 11 percent growth in pharmaceutical formulation in 2004 and the company also introduced 43 new products during the period (December 25, The Daily Star- 2004). SPL has extended her range of services towards the highway of the global market. She pioneered exports of medicines from Bangladesh in 1987 and has been exporting antibiotics and other pharmaceutical products. This extension in business and services has manifested the credibility of SPL. SPL strives, above all, for top quality health care products at the least cost reaching the lowest rungs of the economic class of people in the country. They value their social obligations. They owe a responsibility to their shareholders and strive for protection of their capital as well as ensure the highest return and growth of their assets (http://www.squarepharma.com.bd).

According to SPL, their vision, mission and objectives are:

**Vision:** [Square Pharmaceuticals Ltd] view business as a means to the material and social well being of the investors, employees and society at large, leading to accretion of wealth through financial and moral gains as a part of the process of human civilization.

**Mission:** [Square Pharmaceuticals Ltd] mission is to produce and provide quality and innovative healthcare relief for people, maintain stringently ethical standards in business operation and also ensuring benefit to the shareholders, stakeholders and society at large.

**Objectives:** [Square Pharmaceuticals Ltd] objectives are to conduct transparent business operations based on the market mechanism within the legal and social framework with aims to attain the mission reflected by [their] vision. (http://www.squarepharma.com.bd).
Supply Chain Department of Square Pharmaceuticals Ltd.

Square Pharmaceuticals Ltd consists of several individual departments such as accounting & finance, marketing, sales, administration, human resource, supply chain, etc. All these departments are linked with one or more departments within the organization. For this research paper we have concentrated on the supply chain department of SPL. Throughout the research paper we will describe the HR activities related to this department and try to identify the problems and provide some recommendations to reduce or eliminate the problems. The supply chain department of SPL mainly works as the procurement department. It purchases all the needed raw materials, machinery and equipment, things needed for official work, food, vehicles needed for staff and management, etc. Thus all the purchasing actually takes place through the supply chain department. It is known as the supply chain department as it also maintains the suppliers outside of the organization on behalf of the organization. All the departments of the organization that need their necessary things send a requisition to the supply chain department with the consent of the department head. Then the supply chain department obtains the consent of the Executive Director, Administration (EDA) and contacts with different suppliers. It collects the quotations from the different-suppliers and decides from which supplier it will purchase the goods. The supply chain department not only deals with the local suppliers but also with the foreign suppliers (The structure of the supply chain department of SPL is given in the appendix).

Key Themes

While finding different human resource activities related to the supply chain department we have found that SPL does not have any specific human resource planning program for the supply chain department. It does not follow any formal labor demand forecasting and still did not take any initiative to determine the labor supply properly. So it still cannot measure whether there are more or less employees than what it actually needs.
While going through the recruitment and selection process we found that after the vacancy circulation lots of people submit their CVs. So it is very difficult to sort these large numbers of CVs and identify the person who can compete in the further steps of selection to fulfill the job requirement. In the selection process the candidates only go through the written exam and interviews. The company does not provide any job related problems for the candidates to solve. Thus it becomes very difficult to understand whether the candidates will be able to handle the job-oriented problems in reality.

While providing the job description to the new employee the supply chain department itself changes the job description to fit it with the employee. They do not contact the HR department to make them know about these changes. Thus the HR department cannot know properly what a new employee is actually doing in the company and what his responsibilities are. SPL sometimes provides on the job training and off the job training. It has the capability to enhance the knowledge level of the employees to improve the skills and abilities of the employees.

In the supply chain department of SPL there are no specific employee development processes. The employees are given promotions on the basis of their performance at the end of the year. But there is no practice of job enlargement or enrichment or any other career development plan. The employees learn about the job from the training program and sometimes learn from the mentoring of their boss. Thus the employees do not have any opportunity to develop their career through diversification.

The employees of the supply chain department are evaluated only by self and the supervisor for performance appraisal. But the employees are not evaluated by other parties such as the suppliers, peers, etc. Even the feedback is not always provided to the employees properly. So it seems to us that the appraisal system is not consistent with the industry as now there are more strategic focused performance appraisal systems in practice. There are no specific reward systems for the employees' recognition except the promotions. They do not get any bonus or increment based on their performance. The whole compensation system for the employees of this department is quite sound though there is no
regular practice of a specific non-monetary compensation system such as recognition, praise, etc. to encourage the employees.

The employee information system is not well organized. For some aspects of record maintenance an employee database is used and some other information of the employees is recorded manually by the file system. So sometimes there may be redundancy in data storing which is not cost effective for the company.

**Human Resource Planning**

The human resource planning process starts with a forecast of the people needed for the company and consists of goal setting and strategic planning and program implementation and evaluation (Noe et al., 2006). In the following part of the report we will discuss human resource planning in SPL in the context of its supply chain department.

**Human Resource Plan and Forecasting**

The human resource plan for the supply chain department is the same as that for all the other departments of SPL. The HR department prepares the plan at the end of the year. It collects the information from all the departments of the company about how many people they will need in the next year. The entire department's heads send the requisition with detailed information about what kind of person they need for their departments. Thus forecasting of future employees for the supply chain department is made in this way. Then human resource department takes the initiative for recruitment of those people, which we will discuss in the next segment of recruitment and selection. If the department needs more people at any time of the year, it sends the requisition according to the same procedure to the human resource department. Except this forecasting part, SPL does not have any formal strategic planning. They did not faced any labor surplus problem so far. So they did not need to plan for reducing the labor surplus by downsizing, early retirement or any other techniques of laying off people (Personal communication, 2006).
Recruitment and Selection

Human resource recruitment is the practice or activity carried out by the organization with the primary purpose of identifying and attracting potential employees. Selection is the process by which companies decide who will or will not be allowed into organizations (Noe et al., 2006). Thus recruitment is the process of getting a pool of candidates for the organization who can meet the requirements of a specific job. After that selecting a person from those candidates is one of the toughest jobs for an organization. In today's competitive business world it is very difficult to survive without potential manpower. Successful recruitment and selection can be expensive and time-consuming. But unsuccessful recruitment and selection can be a cause of the death of a business. SPL is one of the biggest employers in Bangladesh. Here we will discuss the recruitment policies and process for the supply chain department of SPL.

Recruitment Objectives

SPL needs such people for the supply chain department who can meet the needs of the organization to maintain the core business activities. Thus it searches for such people who are capable of doing the procurements and also maintaining the relationship with the supplier as a representative of SPL. Thus the objective of SPL is to hire a dynamic and outstanding person in the supply chain management area.

Recruitment Policies

Recruitment for the supply chain department in SPL is a job of the human resource department. The human resource department finds a pool of candidates and along with the supply chain department selects the best person for the job.
Recruitment Process for Supply Chain Department

For the recruitment process SPL's supply chain department follows a very formal hiring process. Here the process is described briefly.

- The Assistant General Manager (AGM) of the department fills up a requisition form with the job position, requirements, criteria, job description, and number of positions. It also clarifies why the department needs a new person.

- Then the requisition is verified and approved by the HR Manager.

- The HR department publishes a circular in the newspaper for both the executives and non-executive level posts. It also publishes a circular in job searching websites on the Internet (i.e. bdjobs) for the executive level posts.

After receiving the CVs from the candidates the selection process starts (Personal communication, 2006).

Selection Process

- The HR department does a primary sorting of the CVs and sends them to the supply chain department for final selection of CVs.

- Then the HR department calls the candidates for a written examination. The HR department and the supply chain department make the question papers and conduct the exam. Both the HR department and the supply chain department check the exam scripts.

- The selected candidates from the written exam are called for an interview with the HR department and the supply chain department. Before going for the interview candidates fill a management application form with their personal information and salary expectations.
Sometimes the salary negotiation is done at the interview. The candidates selected from this interview are formally selected for the job.

After that the selected candidates are sent for a medical check up. If everything is fine in the medical report then the appointment letter is given to the candidates with a set of instructions about the code of conduct of the organization (Personal communication, 2006).

### Induction and Probation Period for New Employees

Induction refers to the process of helping people to make the transition into a new workplace, a new role or area of responsibility. It is considered to be a continuous process which generally starts with contact prior to taking up employment and proceeds through arrival, first days/weeks on the job and generally up to the third month of employment. Induction is essential for all staff regardless of category or conditions of employment (http://www.adm.monash.edu.au). In SPL induction is the process of introducing the new employee to the organization. The HR department takes the initiative to introduce the new employee to all the departments of SPL. A presentation is conducted by the department to let the new employee know about SPL in detail. Along with this an orientation program continues for 7-10 days to be familiar and linked with all the departments as the supply chain department is related to all other departments of the company.

From six months after joining the employee goes through a probation period. Within this time training is given to the employee. The employee tries to learn about his job. After six months an evaluation of this employee is conducted by the AGM. If the result is not satisfactory then the probation period is extended to another three months. After three months again a performance evaluation takes place. Then if the result is satisfactory the employee becomes permanent. But if the result is not satisfactory the employee's job is terminated by the department with the consent of EDA (Personal communication, 2006).
Job Description

A job description is a list of tasks, duties, and responsibilities that a job entails (Noe et al., 2006). Job descriptions are supposed to describe duties and performance standards that are directly linked to organizational success factors established by the leadership, and for which it is willing to pay a salary (Moore, 2007). Thus it works as a guideline for an employee to accomplish his job activities effectively. It also provides a standard for the supervisor of the employee to evaluate the employee's performance. SPL's supply chain department maintains a job description for each job of the department. When an employee joins this department the AGM prepares a new job description based on the company's job description and the skills and abilities that the employee actually obtains. Then the job description is given to the employee. The employee follows the job description as a guideline for his job. During performance appraisal the supervisors also use the job description to compare the employee's actual performance with the required one (Personal communication, 2006).

Training

Training is a planned effort to facilitate the learning of jobs related knowledge, skills and behavior by employees (Noe et al., 2006). In SPL like all other departments the supply chain department also arranges for a training program. Training takes place here in different forms. These are discussed here briefly.

Induction Training

After joining this department of SPL the new employees get a specific training for a period of six months. During this time they are taught their job related activities. This training is conducted in two different ways. These are classroom training and off the job training.
Classroom Training

Classroom training is arranged by SPL. The supply chain department sends the list of the employees who will need the training and the topics that the training should cover to the HR department. Then the HR department contacts SPL's faculties to conduct the training. Thus classroom training is provided to the employees. At the end of training the employees are evaluated through a presentation. If the training result is satisfactory then the employees' probation period comes to an end.

Off-the-Job Training

Off-the-job training takes place away from the normal work situation which means that the employee is not regarded as a productive worker when training is taking place. An advantage of off-the-job training is that it allows people to get away from work and totally concentrate on the training being given. This is most effective for training concepts and ideas (http://en.wikipedia.org). For this training purpose the supply chain similarly contacts the HR department. The HR department then arranges the training program with some outside organization to provide training. Sometimes even the employees are also sent abroad for training. Here also the employees are needed to make a presentation in front of the top-level management after the completion of the training.

On-the-Job Training

On-the-job training is given in a normal working situation, using the actual tools, equipment, documents or materials that they will use when fully trained. On-the-job training is usually most effective for vocational work (http://en.wikipedia.org). The Assistant General Manager (AGM) of the supply chain department conducts a training program once a year for all the employees of the department. This is arranged for a very short period of time such as two or three days. At that time he tries to find out whether any employee needs any extensive training program or not, based on his performance evaluation. If any training program is required for the employees he contacts the HR department to arrange the training program (Personal communication, 2006).
Employee Development

Development is the acquisition of knowledge, skills, and behaviors that improve an employee's ability to meet changes in job requirements and in client and customer demands (Noe et al., 2006). There are several methods for employee development such as, formal education program, job enlargement, job enrichment, job rotation, transfer, promotions, etc. In SPL for the supply chain department there are no such employee development processes. The employees are given promotions on the basis of their performance at the end of the year (personal communication, 2006). There are no opportunities for the employees to have job enlargement, job enrichment, rotation, etc. Thus they cannot learn anything more than their own job activities and developing a career.

Performance Appraisal

Performance appraisal is the process through which an organization gets information on how well an employee is doing his or her job (Noe et al., 2006). The central feature of any performance appraisal system is the establishment of objectives against which any assessment of the performance of the individual is based. The supply chain department of SPL conducts the performance appraisal for all the employees of the department. The HR department helps in this process. At first the employees are given the opportunity of self-evaluation. Later on the employees are evaluated by their reporting boss and the person supervising his boss. Thus all the employees including the AGM and EDA are evaluated. The MD evaluates the EDA’s performance. For this evaluation purpose there is a specific performance appraisal form. Then the AGM, EDA and MD sit together to take decisions based on the employee evaluation. If any employee's performance is not satisfactory then they decide about how the performance of that employee can be improved. If any employee’s performance is outstanding then he gets a promotion (Personal communication. 2006).
Reward and Compensation System

The reward system of an organization includes anything that an employee may value and desire and that the employer is able or willing to offer in exchange for employee contributions. The reward system consists of a compensation and non-compensation system. Compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship.

Pay Structure

Pay structure is the relative pay of different jobs (job structure) and how much they are paid (pay level) (Noe et al., 2006). The pay structure for the employees of the supply chain department of SPL is shown below.

Basic Salary + Home Rent + Transport + Medical Allowance

Other Benefits

Besides the promotion an increment in the basic salary is granted for all the employees once a year to adjust with inflation. The employees get five bonuses in a year. They also have the provident fund facility. For the provident fund the company itself cuts 10 percent from the basic and the employees need to submit 10 percent from his own income. SPL also has a retirement plan for the employees. They take retirement after 27 years in service or at 57 years of age. The employees get a gratuity from the company after retirement. The company also provides the profit sharing scheme for the employees. The employees get some health care benefits at a discounted rate from selected hospitals and health care centers of Square. From now the employees will get health care benefits at a discounted rate at the Square Hospital. The employees can have their food from the office canteen free of cost. The employees of this department get cell phone facilities from the company. SPL has an official agreement with Grameen phone. The company provides the hand set to the employees with the sim card. Besides, SPL also pays a fixed amount of the monthly bill of the employees (Personal communication, 2006).
Concluding Remarks

Employees are the most important assets for any organization. So the organization must ensure that the right person is hired for the right position at the right time and he is trained and developed properly to accomplish his job activities effectively. Now the organization culture is rapidly changing with some new characteristics. Now employees work in a friendly and positive environment, their performance is highly recognized by the management, they are motivated with different types of non-monetary incentives. In fact non-monetary incentives work better than monetary incentives to motivate the employees. The gap between the top-level management and the employees is diminishing day by day and work is becoming more team oriented with all levels of employees from different functional departments of the organization. Besides these, technology is also playing an important role in changing the organization culture by eliminating the distance and time difference.

Comparing all these we have some recommendations for SPL that will help its supply chain department as well as all the departments to manage their manpower effectively. For effective human resource planning SPL's HR department can introduce some methods for labor demand forecasting and determining the labor supply. They can develop an application form for all the candidates who want to apply. During the selection procedure they should go for background checking of candidates and give some job oriented problems to examine their reasoning ability. Job analysis should be done after a specific time period which will help to explore new skills, abilities and knowledge required for the jobs. The HR department can arrange web based training programs to make the training program cost effective. Besides they should also introduce job enlargement, enrichment, rotation, team work to develop the skills and abilities of the employees. The management must appreciate the performance of the employees. Recognition, praise, and adding responsibilities all work as motivators for the employees. They can give salary increments to the employees based on their improved performance. There should be 360-degree feedback system for performance appraisal. For this process different people who are related with the employees such as suppliers, customers, peers, etc. evaluate their performance and the performance feedback should be
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provided to the employees on a regular basis. All the aspects of human resources should be maintained in the employee database to reduce the manual file work and data redundancy in order to make the employee information system cost effective.

References:


Appendix:

The Structure of the Supply Chain Department of Square Pharmaceuticals Ltd.

(Source: Square Pharmaceuticals Ltd.)