



Organizational management factor of tannery industry in Bangladesh

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Abstract

The study aims to focus on organizational management aspect in leather industry in Bangladesh. Leather industry in Bangladesh was developed on a large-scale basis from 1970's. Most of the industries are export oriented and about 95% of leather and leather products in the form of crust leather, finished leather, leather garments and footwear are marketed abroad. This sector has emerging opportunities to contribute to our economy due to the availability of raw materials. But due to the improper utilization of our resources, this highly productive sector is in risks. This study focuses on the crucial point of use of our available resources and find out the way of overcoming management technique helping this sector to retain on the track. Organizational culture, Characteristics of organizational culture, Leadership, Type of leadership, Motivation, Management Information system, Balanced scorecard and customer relationship Management are the main think of organizational management in leather sector in Bangladesh. Innovation and risk taking, the degree to which employees are encouraged to be innovative and take risks. Attention to detail, Outcome orientation, People orientation, Team orientation, Aggressiveness and Stability are the main feather of organizational culture. Different analyses have been done with the help of different management tools to find out initiatives in this sector. Finally, comparison of existing management system with the recognized management system will help to show the light on the prosperity of leather industries in our country which can contribute more in future to our economy than present.

Keywords: organizational, management, factor, tannery industry, Bangladesh

1. Introduction

Bangladesh has the potential of developing leather industries here. There are huge amount of quality raw materials and the cheapest labour market, which attracts most of the foreign entrepreneurs to set up their manufacturing industries here. They contribute a lot to the government by tax paying and by creating new employment to the social context. Additionally, they introduce most recent technology to their industries. But still the leather industries face severe problem for its existence due to the improper management of our resources losing the investor's attraction.

The importance of HR for a company's success is well known and the most recent thought concerning the management of knowledge and intangible resources only emphasizes this. Employees, as the depository of most of the knowledge a firm handle, become a scarce and valuable resource; furthermore, they have two qualities from the point of view of resource and capability theory that make them even more valuable: they are difficult to imitate and substitute [1, 2, 3].

Organizational literature has, from the very beginning, recognized the importance of the capabilities and knowledge embodied in workers as a key factor in innovation (Duchesneau *et al.*, 1979) [4]. Some authors have demonstrated that certain factors related with different aspects of employee training and their motivation have a direct influence on the results obtained from innovation processes. Hage and Aiken, for example, provided evidence that the depth of workers'

knowledge, as measured by their academic level (professional training) is associated with innovation [5]. Leonard-Barton classified the essential capacities of a company related with innovation into four dimensions: technical systems, capability and knowledge of employees, management systems and shared values [6].

A few authors [7, 8, 9] have shown that the HR management using different strategies influence the capacity of an organization to generate and learn new 'knowledge'.

In this sense, there has been a growing view among HR managers that innovation performance improvements depend to a great extent, on the adoption of innovative HR management practices for R&D workers. Such practices include work teams and decentralization of decision-making, job-rotation, the introduction of quality circles, the management of total quality, training programmers, job security and the introduction of innovative reward schemes [10].

Teams, normally composed of personnel of different work levels, different training and experience, bring together a knowledge that would otherwise be dissipated throughout the company and permit new combinations of knowledge that may well generate new products and processes [11]. What they will certainly do is to facilitate the transformation of individual knowledge into shared knowledge [12, 13]. This will hopefully contribute to the creation of a collective body of knowledge that will find its way into a company's routines,

processes and memory [14]; Such memory will remain and the new knowledge will be maintained and used for longer than individual members are with the company.

The fundamental role of work teams in the development of organizational learning is widely studied with special attention paid to multi-functional teams [15].

The study purpose to focus on organizational management aspect in leather industry in Bangladesh.

2. Methodology

2.1 Sampling selection

Data has been collected from random sampling method, which includes different types of tannery, employees on different levels, such as executives, technologists, management officers, workers, bankers, and experts for interviewing.

2.2 Quantitative methods

2.2.1 Method for human resource

Once the HR planning has collected information from both internal and external sources, they forecast the demand for labor. How many and what type of people will be needed to carry out the organization's plans in the future' should be found out first. These forecasts are grounded in information about the past and present and in assumptions about the future. Different methods of forecasting the demand for employees require different assumption. The project follows Judgmental method of analysis.

Once the demand for labor is predicted, it is necessary to forecast the supply of labor that the organization will already have available to meet the demand. The internal supply of labor consists of all the individuals' currently employed by an organization. These employees can help to fill future demands by remaining employed in their current positions or by being promoted or transferred to fill vacancies elsewhere in the organization. The internal supply of labor is constantly changing as new people enter and others resign, retire, die or are discharged. The skill mix also changes as people move in and out and as employees develops new skills through training or on the job experience.

2.2.2 Method for money resource

Financial resources are observed. The main source of money and other assets are mentioned in the results and discussion chapter on the basis of secondary data collected from different tannery, banks, and some government publications. Judgmental method of analysis is also followed here.

2.2.3 Method for operation resource

Tanning is the process to convert raw hides and skins to usable leather. It requires different chemical treatment for cleaning the materials but it needs some mechanical treatment also. Thus, the tanning process is lengthy and time consuming work. So, it is also observed for future work.

2.3 Sources of data

We know every research is done on the basis of data and data is two types in nature. One is primary data and another is secondary data. Primary data is getting from the field level survey, which is not published while secondary data is published data. This project is done on the basis of both

primary and secondary data so that anyone can see the scenario of leather sector at a glance. Besides, field level survey is also done for getting the practical view.

3. Result and discussion

Organizational structure defines how individuals and groups are organized or how their tasks are divided and coordinated. There are mainly two types of organizational structure that are found in most of the cases. They are – Mechanistic organization structure and organic organizational structure.

3.1 Mechanistic structure

Max Weber a German sociologist first informed about the mechanistic structure of organizational fewer than three different types. These are –Bureaucracy, Classical management theory and scientific management theory.

3.1.1 Bureaucracy

Each employee in Weber's bureaucracy has specified and official areas of responsibilities that are assigned on the basis of competence and expertise. Do rules and regulations exist but these are translated into detailed employment maximally, hence managers use written documents extensively in managing employees. The division of work is fixed, enabling workers to become experts within their small world or responsibility. Managers of offices, departments or other groups of workers receive extensive training in their job requirements. They are expected to use the rules that are consistent and complete and that can be learned. There is a strong emphasis a hierarchy and chain of command because that is what enables managers and employees to maximize use of their time.

Weber established these rules primarily because he believed that they would result in increased clearly, efficiency and overall effectiveness. Despite his obsession with organized hierarchy, he did not eliminate or dismiss the importance of human needs; this dismissal is more consistent with the classical and scientific management theories.

3.1.2 Classical management theory

Classical management theories were developed by Henri Fayol and Mooney for the military and engineering as a basic foundation for their frameworks of management. These theories emphasized the importance of and need for hierarchy, order and hence predictability. And the traditional hierarchical organizational chart that we are familiar with is what emerged from their emphasis. It represented a network of parts, dependent on each other to deliver the final product. It focuses primarily on the design of the total organization.

3.1.3 Scientific management

This theory is referred to as 'Taylorism' in recognition of its founder, Frederick Taylor. It focuses on managerial responsibilities. It is management who is responsible for creating the vision, selling the vision and monitoring progress and outcomes. They are the 'thinker' in the organization. Managing organizations, according to Taylor could be a science, hence the name. It consists of the following characteristics –Managers develop a science for each element of man's work, which replaces the old thumb rule, Managers

scientifically select and train up the worker, Managers heartily cooperate with the workers, Managers have the responsibility to monitor all performance.

The above three mechanistic models discussed about the employee specialization, high standardization and formalization. There is also very high degree of coordination and control.

3.2 Organic structure

Organic structures tend to be significantly flatter than mechanistic structures. In addition, they tend to employ cross-functional teams with low formalization. Typically, communication flows laterally as well as vertically and involves multi-directional decision-making. Organic structures are characterized by facilitating contribution from lower and middle levels in the organization, that would not be prevalent in mechanistic. There are three forms of organic structure: Matrix organization, Network organization and Boundary less organization.

3.2.1 Matrix organization

Matrix organization tend to be team driven and combine the advantages of both functional and product departmentation. The principle conditions of matrix organization are –Resource allocation, To share information and integrate activities, Fast-paced change and high interdependence between departments.

3.2.2 Network organizations

Network structures are also referred to as virtual or modular organizational. The characteristics of this organization are as follows –Vertical disaggregating, Brokers, Market mechanisms and Full disclosure information system.

3.2.3 Boundary less organization

Jack Welch developed the notion of a boundary less organization. He believed that boundaries that divide employees by job function, geography or hierarchy as well as boundaries that create distance between the companies and its suppliers and customers should be eliminated. Cross-managing and coarse functional teams dominate the boundary less organization. These organizations facilitate communication where information and knowledge is shared quickly throughout the organization.

Organizational analysis can also be condensed down to four 'key' components or attributes that largely define the strategic conditions, possibilities and options available. They consist of the organization's structure, its Culture the Processes including systems that it employees and the application and use it makes of its Resource to strategic positioning and long term ends.

3.3 Organizational culture

Culture includes all learned behavior and values that are transmitted to an individual living within the society through shared experience. The concept of culture is broad and extremely complex. It involves virtually every part of a person's life and touch on virtually all-human needs both physical and psychological. Sir Edward Tylor provides a classic definition – “Culture is that complex whole which

included knowledge, belief, art, morals, law, customer and any other capabilities and habits acquired by individuals as members of society.”

3.3.1 Characteristics of organizational culture

Organizational culture refers to a system of shared meaning held by members that distinguishes the organizational from other organizational. There are seven characteristics capture the essence of or organizational culture.

- Innovation and risk taking: The degree to which employees are encouraged to be innovative and take risks.
- Attention to detail: The degree to which employees are expected to exhibit precision, analysis and attention to detail.
- Outcome orientation: The degree to which management focuses on results or outcomes rather than on the techniques and process used to achieve these outcomes.
- People orientation: The degree to which management decisions take into consideration the effect of outcomes on people within the organization.
- Team orientation: The degree to which work activities are organized around teams rather than individuals.
- Aggressiveness: The degree to which people are aggressive and competitive rather than easygoing.
- Stability: The degree to which organization activities emphasize maintaining the status quo in contrast to growth.

Each of these characteristics exists on continuum from low to high. So organizational culture is concerned with how employees perceive the characteristics of an organizational culture not with whether or not key like them. That is, it's a descriptive term. This is important because it differentials this concept from that of job satisfaction.

3.4 Leadership

Leadership has different meanings to different authors. Harry Truman, former American President said, “Leadership is the ability to get men (women) to do what they don't like to do and like it”. Theoretically, Leadership is defined as influence, that is, the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals. Ideally by this process a person exerts influence over others and inspires, motivates and directs their activities to help achieve group or organizational goals. A good example is an orchestra leader, whose function is to produce coordinated sound and correct tempo through the integrated effort of the musicians.

3.4.1 Types of leadership

There are several types of Leadership followed in different organizations. Among them the following two's are more distinct than any others.

- Transactional Leadership: Transactional leaders identify what subordinates need to do to achieve objective, clarify organizational roles and tasks, set up an organizational structure, reward performance, and provide for the social needs of their followers. Such leaders work hard and try to run the organization effectively and efficiently.

- **Transformational Leadership:** Transformational leadership articulates a vision and inspires followers. They also have the capacity to motivate, shape the organization culture and create a climate favorable for organizational change.

3.5 Motivation

Motivation is defined as the force within a person that establishes the level, direction and persistence of effort expended at work. Level refers to the amount of effort or intensity that employee put into the job; direction refers to employee's choice of where to put their efforts; and persistence refers to their stamina or how long they are able to maintain their effort.

Naturally, organizations seek out individuals who are motivated to perform well in the workplace. In addition they hope to employ people who have the ability to motivate others with whom they work: subordinates, peers, and superiors. If organizations can motivate employees to become effective problem solvers and to meet or exceed customer's expectations, then a number of organizational goals and objectives can be realized. But individuals are complex, diverse and often difficult to predict. Three things generally determine individual performance: motivation, ability, and the work environment. If an employee lacks ability, the manager can provide training or replace the worker. If there is a resource problem, the manager can re-correct it. But if motivation is the problem, the task for the manager is more challenging. Individual behavior is thus a complex phenomenon and the manager may be hard-pressed to figure out the precise nature of the problem and how to solve it. Thus motivation is important because of its significance as a determinant of performance and because of its intangible character. So, motivation is the set of forces that cause people to behave in certain ways, on the other hand, it can be defined as the process that account for an individual's intensity, direction and persistence of effort toward attaining a goal.

3.6 Management information system (MIS)

Information Technology (IT) refers to a powerful collection of elements, which includes computer hardware software, telecommunication networks, workstations, robotics and smart chips. IT is a root of information systems (IS). IT strategy is concerned primarily with technology policies it tackles questions of architecture, including risk attitudes, vendor policies and technical standards.

Enhanced connectivity and information accessibility through IT has permitted any information, at anytime, anywhere and any way one wants to look at it philosophy in a cost-effective manner. Thus boundaries of organizations are becoming more permeable; and when work gets done, when and who is changing. This has enormously speeded up the flow-of-work in and around and organization. In turn, this has permitted possible integration in many areas such as:

- **Teams within the organization:** For example, design Engineering and manufacturing people can be connected together through local and/or global networks to work as a team focusing on one product, as done by Xerox.

- **End-to-end links between organizations:** For instance, a supplier's shipping department can be connected to the buyer's purchasing department for business transactions. This shifts the boundary of the organization out of overlap with others ceiling virtual org.
- **Electronic alliances** An organization may perform one stage or part of a manufacturing or design task and subcontract either a specific task or the whole stage to another organization, which is electronically linked.
- **Electronic markets:** Here, coordination within a few or all organizations gives way to an open market. For example, travel agents can reserve seats electronically from all major carriers, and therefore can look for the best price for the customer. Thus, the reservation system acts like an electronic market.

3.7 Balanced scorecard (BSC)

At present, Business System Planning became popular as a rigorous method to be applied when general consensus and discussion failed to unite corporate planners. This requires the user to follow three basic steps in sequence.

- The first step is formally agreeing on the business vision, the mission statement and objective that follow this vision. These determine the structures needed, together with determining the optimal function and/or processes to be implemented.
- The second step is to formulate a strategy for putting in place the IT/IS infrastructure needed to support the business aims and objectives. At this stage the IT implementation itself will call for the determination of objectives, functions and suchlike to enable the support activity to occur.
- Third, and lastly, the IT architecture is defined in terms of blueprints, data models, network design and so on.

So, the concept of the above approach is discarded in favor of a multi-view approach, both internal and external to the business. The most accepted methodology applied to e-business in this context is Balanced Scorecard approach or BSC.

3.8 Strategic management

The term strategy may be used in two senses. As an adjective assigning particular importance to some action, activity or process, it is possible to speak of strategic management, strategic planning or strategic decision making, all deemed to be activities which are essential to the organizations survival. It is also used as a noun to describe a pathway along which the organization moves towards its goals.

The language of strategy stems from the natural, physical, behavioral and military sciences but much of the terminology betrays its origins: terms such as life cycle, evolutionary niche, competitive behavior, boundary and entropy, as well as mission, goals and tactics. Thus, strategy is the search for directions, which energizes the life of an organization.

Strategy is a set of analytic techniques for understanding and influencing company's position in the market place. Enterprise

strategy, in other words is concerned with the match between company's internal capabilities and its external environment. The following strategy pyramid explains the business development model based on strategy.

3.9 Customer relationship management (CRM)

The ultimate form of a relationship between a customer and a supplier is a partnership or an alliance, where a customer has a strong and enduring relationship with and preference for a particular supplier. The establishment and nurturing of such relationships has come to be labeled as Customer Relationship Management (CRM). McKenna has this to say, "Differentiation, from the customer's viewpoint, is not something that is product or service related as much as it is related to the way you do business. In the age of information, it is no longer possible to manufacture an image. The distinction between perception and reality is getting finer. Further, in world where customers have so many choices they can be fickle. This means that modern marketing is a battle for customer loyalty. Positioning must involve more than simple awareness of a hierarchy of brands and company names. It demands a special relationship with the customer and infrastructure of the marketplace."

3.9.1 CRM framework

The CRM approach is based on a framework, which consists of four key steps as follow –

- Identify Candidates. The task is to recognize potential customers.
- Differentiate among Customers. The task is to pinpoint those customers who can be classified as 'high worth' based upon their volume of purchases, or their impact on the organization as opinion leaders.
- Interact with key customer. Key or high-priority customers will be given priorities of more frequent and higher-level dialogue with the organization. Contact should be friendly and appropriate to the needs and wish of the clients.
- Customize the system. Each key customer will have unique needs and expectations, and the CRM team must address them appropriately. Customers should be able to be communicated with in ways they prefer. The media and frequency of contact should be established by asking the customers what they prefer.

4. Conclusion

The Government would introduce an ICT based integrated transport management system. IT would be deployed to collect and disseminate information on environmental and societal problems and their causes in order to create awareness about environment among the common people of leather sector. The Government would make preparations to introduce and premed G2G transaction under the purview of e-commerce. Formation of National Coordination Council on Leather manufacturing and policy adoption to support this sector by all possible means through Internet and Intranet.

In conclusion, it can be said that, there are 40 of 206 units of Leather industries running in our country employing about 50,000 people contributing a lot in GDP. And IT just pushes up the trend of export through its new horizons ensuring rising development of Leather sector in Bangladesh.

A successful firm may opt for entering into foreign market if the domestic market matures. However, before deciding for going international, a firm must look for those international markets where there is a potential for growth in the future. So, formulating a winning strategy plan is not easy task. There are 10 principles working for formulating successful strategic plan in leather industry development.

Furthermore, we know that, strategy implementation requires a customized approach in each and every organization. There are some general looks that management must perform to successfully implement strategy. These tasks are experimented and proved in different functional area of leather sector are as follows –Building a capable organization., Building strategy-supportive corporate culture, Building strategy-supportive leadership, Building strategy-supportive policies and procedures, Building strategy-supportive reward system, Building strategy-supportive control system, Linking a budget to the strategy, Instituting best practice, Instituting mechanism for continues improvement Installing support service.

All the above discussions result to show the prosperities of developing leather business in our country. So, leather sector can be expanded through proper implementation of eco-friendly business strategy showing bright future of it in our country.

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