

Identifying the Key Factors Leading to the High Labour Turnover of the Apparel Industry in Sri Lanka

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ABSTRACT

Identifying the key factors leading to the high labour turnover of the apparel industry in Sri Lanka is essential for the Sri Lankan economy since its contribution to the national economy significant. In 70s, 80s, and early 90s apparel industry provided considerable job opportunities especially for rural, less educated youth. Presently, more than 200,000 employees have been enrolled in Sri Lankan apparel industry. The main goal of this research study is identifying reasons and makes recommendations as solutions for labour turnover. Regarding with this research study, the data were collected from the questionnaire and selected sample is the employees of the Smart Shirt Lanka Ltd. The main findings regarding with the research work were, the poor welfare facilities and production pressure are highly affected to the labour turnover but personal factors and organizational factors are also affected to the labour turnover. However organizational and personal factors were common for labour turnover. The main conclusions for the declared solutions were maintaining better welfare system and reducing the production pressure using the proper management, can make possible of minimizing the labour turnover and increase production efficiency in apparel industry.

KEY WORDS: Apparel Industry, Compatible Targets, Labour Turnover, Naturalistic Observations, Production factors, Psychological factors, Welfare facilities.

INTRODUCTION

As in the historical records, over than 2000 years, Sri Lanka has been based on agro-economy. Since it is having the name of "Granary of the East", it implements that how Sri Lanka was stated in the past.

In Sri Lanka, the major traditional exports were Tea, Coconut, Rubber, Gems and Jewellery. But due to the Industrial Revolution, all of these exports have been superseded by the Apparel Industry in present. In literature, lots of researches can be found related to the organizational and personal factors which directly affect to the labor turnover in any kind of industry in world wide. Therefore it is possible to say that the personal and organizational factors are much caused with the labor turnover in Apparel

industry. Comparing with other industries, Apparel industry takes the higher amount of the percentages of labor turnover.

Research Objective

The main objective of the research is to identify the root causes for the labor turnover in apparel industry of Sri Lanka. That would be helpful with improving the productivity of the apparel industry, create good job opportunities and contribution to the economy. According to the source of TVEC 1999, there are number of reasons attributed to the high rates of labor turnover and absenteeism. Availability of poor working environment, less motivation and working-stress are main reasons which highly implementing by the gathered details.

LITERATURE REVIEW

According to the book of Garment industry in South Asia (2002), it has pointed out that the absenteeism has become a major problem in apparel industry. Shortage of skilled labor available to the industry is another factor

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adversely affecting productivity. Consequently, it is more difficult to use the existing labor in the most efficient manner. According to the Optimal Employee Turnover Rate: Theory and Evidence on Melbourne Institute Working Paper No. 19/02, explain the two main labor turnover theories of Firm Specific Human Capital theory and Job matching theory affected to the sets out to measure the impact of employee turnover on productivity.

Workers' facilities greatly vary among the garment factories, with only a few of the 'stronger' enterprises having satisfactory working conditions. Differences in allowances and facilities among similar companies have resulted in the continual movement of labor to enterprises where working conditions are better as they expected.

The human resource management literature has traditionally viewed labor turnover in a negative light. Human capital theories of labor turnover point to loss of firm-specific human and social capital (Dess and Shaw, 2001).

Organizational theories point to disruptive changes in organization (Carroll and Harrison, 1998). This negative view is supported by the results of several empirical studies. For example, Huselid (1995) has found high labor turnover negatively linked to labor productivity in his sample of 968 U.S. firms. Supply of labor was less than the demand and this might cause to low productivity.

METHODOLOGY

The research will basically attempt to identify the reasons which make employees retain in an organization and key factors that enhances the employee loyalty and also the reasons, which motivate employees to leave the company.

Identifying reasons for labor turnover, feedbacks were gained from a selected sample which is consisted 30 resigned

employees. Questioner was used as it is the simple and less time consuming method to collect data.

In addition the internet is the most powerful tool to find out vast area of information related into apparel industry. Basically it helps collect information of exiting apparel industry in Sri Lanka and its' behavior on Sri Lankan economy.

Existing report are also referred to find out the history of this company, structure, and resign details.

In this research, by using naturalistic observation, it is useful to identify some of the factors that cannot be directly found out from questioners such as employees' life style, their attitudes of working and psychological factors.

DATA COLLECTION AND ANALYSIS

Questionnaires only delivered direct answers for specific questions, but it cannot reflect personnel behaviors and psychological factors of employees.

According to the research, details of employee recruitment and turnover in past three years, department wise transfers, district wise head count and salary scales details were considered.

Other garment factories turnover provided their facilities for employees and salary scales for judging against Smart Shirts, and evaluates facts.

Information from the employees was gathered from using questioners and interviewing. Questioners were given to existing employees and resigned employees. In existing employees questioners were divided into two parts, one was to get response from given question related to their problems and other one was get feedback from employees resigned, getting feedback from the existing employees was more important because they know the way previous employees were resigned.

Table 1: Degree of Satisfaction

	Degree of satisfaction		
	Agree	Neither Agree or Disagree	Disagree
1. Have a good training from the company	85 66.93%	35 27.56%	7 5.51%
2. You have to done same thing in every day (no variety in the job)	141 62.39%	66 29.20%	19 8.41%
3. You have a good salary	74 32.17%	77 33.48%	79 34.35%
4. You agree with supervisor about I obtain works from him	128 57.92%	66 29.86%	27 12.22%
5. Have you agree with enough accidents prevention equipments are given	66 46.48%	63 44.37%	13 9.15%
6. Are you satisfied with given knowledge for the safety equipments?	169 74.45%	51 22.47%	7 3.08%
7. Nurses are careful from your illness	98 44.95%	68 31.19%	52 23.85%
8. Have you had a good acceptance from the company?	97 47.09%	74 35.92%	35 16.99%

RESULTS AND DISCUSSION

According to the data collected, 25% to 35% percent of employees unsatisfied with company welfare facilities.

Only 38.50% agreed there are considerable amount of increment are available. 32.17% of existing employees agreed the salary scales are in satisfactory level. Since 27.56% of employees have not given a clear idea about their training sessions conducted by the

company, 66.93% of employees agreed the company has provided good training while 5.51% are disagreed. 83.69% are stated that company was given good knowledge about their job.

The maximum of 62.39% stated that, there is a no variety in the job and they have to do the same job activities in every day.

32.17% of employees satisfied about their salary while 34.35% are unsatisfied. Since 44.95% of employees satisfied about the medical treatments provided by the nurses, 68.24% of employees satisfied with available medical facilities.

According to the findings, the production and welfare facilities are the major factors for the labour turnover in apparel industry. Because most of the companies are highly concerned about the production process. Thus, the pressure of the working tasks directly affects to the employees. Also apparel companies have a more workforce compared to other industries. Therefore companies are not in a position to provide expected welfare facilities for increasing their profit hence it may cause to increase labor turnover.

Therefore organizations in the apparel industry should take actions to precede the welfare facilities as in expected level and take considerable amount of employee involvements with their process activities. Several recommendations can be made to overcome existing high labor turnover in the industry.

Provide compatible targets to fulfill required work amount other than generating dissatisfaction and get bored with job activities.

Increase salary scale for employees is also possible to attract them with their jobs comparing with other similar employments. Change the job specification in periodic times with increasing and decreasing job responsibilities to have a good Variety in the job are also important to keep a healthy flow of working task continuously.

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Plan or schedule the job (work orders) compatible with production capacity is more helpful to gain team works for achieving production targets without creating labor frustration.

Implemented well organized welfare system needed to gain the positive thinking and provide smoothness of working conditions for employees.

- Optimal Employee Turnover Rate: Theory and Evidence on Melbourne Institute Working Paper No. 19/02.

CONCLUSION

The research founded more evidence against the labor turnover. It has been were included in the literature reviews. Hence employee's welfare facilities and production factors play the major role in apparel industry. Also, production pressure causes to labor turnover because apparel industries most of the times depends on the production capacity and product quality. Therefore productions effectives and welfare facilities directly concern to the labor turnover in Apparel industry.

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