Why Workers Switch Industry? The Case of Textile Industry of Pakistan

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Abstract: The main objective of this study is to identify core reasons for employee’s turnover. The study is descriptive and cross-sectional. Twenty turnover intentions are identified from the literature and a questionnaire is designed on 5 point likert-scale for data collection. A sample of 160 respondents has been randomly selected from the textile industry of Pakistan. The data has been analyzed through one sample t-test and one-way ANOVA. The study reveals the most prominent factors responsible for employees’ intentions to leave and offer practitioners and researchers some practical recommendations to retain the workforce.

Keywords: Faisalabad, textile industry, turnover, turnover intentions, workers, workforce

INTRODUCTION

The skilled and talented human resources are one of the vital assets of the organizations which offer them a competitive edge on competitors. They need due care and attention in the organization otherwise the employers have to bear heavy cost in terms of employees’ turnover. The latent and potential reasons of turnover can be job insecurity, ambiguous job description, workplace violence, working environment, compensation and external opportunities which may vary from sector to sector. Sometimes organizations don’t bother this issue and this neglected behavior results in the extra, unplanned and unintended cost to the organizations.

In the developing countries like Pakistan textile industry has seen several setbacks and in turmoil nowadays. Unavailability of gas and electric supply and higher cost of raw material in a neck to neck competition have collapsed this gainful export sector followed by turnover, layoffs and shut downs. There is a dire need to study and analyze the turnover intentions of the employees in this sector so that the imperceptible reasons can be brought under the scholarly attention.

Objectives: This research study is undertaken to identify the core reasons of the turnover prevailing in the textile industry of Pakistan. The study explores whether there is any difference between the factors in overall industry or not. The study recommends some measures to control the turnover ratio in the textile industry on the basis of the findings of the study.

Significance of the study: Employee Turnover is a grave issue in all organizations. High employee turnover rate have serious implications for customer satisfaction (Koys, 2001) productivity (Huselid, 1995) and profitability (Glebbeek and Bax, 2004). Because of these facts voluntary employee turnover has been attended globally for decades. Many eminent scholars (Griffeth et al., 2000; Tett and Meyer, 1993) considered job satisfaction as an effective predictor of employee turnover (voluntary). Present study is mainly concerned about employee turnover in textile sector of Pakistan where the situation of turnover is at the alarming stage. Human Resource Management (HRM) is a growing field in this era and there is a dire need to address existing but latent drivers that induce workers to quit their industry. This study has imperative implications for managers of the textile units and for the research scholars working in this domain of HRM. Once the underlying factors will be determined from the textile industry, the industrial managers will be provided with the suggestions to cope up with them. Textile is one of the competitive and important industries of Pakistan and the employers cost on worker turnover can lag the smooth functioning of the production. So if the intentions are identified and addressed beforehand, deliberate consideration can be given to these direct and indirect costs and unplanned changes can be minimized.

LITERATURE REVIEW

Employee is that person who carries out certain tasks and obligations for satisfying organizational goals

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and in return he or she gets monetary reward in the form of monthly salary. Employees are the assets of the organization especially employees with technical skills are highly appreciated or encouraged in the manufacturing units. The skilled workers are necessary for high quality production and organizations depend on these skilled workers for achieving the production goals of the organization. The textile industry also requires skilled workers for maintaining the quality of the production.

Employee turnover is a serious issue for the organizations all over the world. Macy and Mirvis (1983) define the employee turnover as the eternal movement from the organization. The employee turnover is beneficial for the organization in a sense that it helps in the growth of the organization but if it is frequent in the organization then it creates problems for the organization. The turnover of key and prominent employees from the organization is an expensive matter. There can be many reasons for employee turnover like dissatisfaction of employees, less promotional chances, better opportunities, supervisor’s behavior. The issue of employee turnover is important and interesting for the organization as well as for researchers because it is significant, costly and serious (Porte et al., 1973).

When there is employee turnover, it has multifaceted impacts on the organization, employee and society. Though sufficient literature is available on employee turnover but there is no clear cut formula or model which can explicate that why employees leave the organization (Lee and Mitchell, 1991). According to Marchington and Wilkinson (2005) there is no special formula for calculating the employee turnover in the organizations. Sometimes, organizations simply calculate the Employee turnover in the form of average number of employees leave the organization per year. This formula for calculation of employee turnover does not indicate the reasons of the turnover.

Scenario of Pakistan textile industry: The turnover among workers is serious issue in the textile sector of Pakistan due to present economic conditions. Textile sector of Pakistan is the most prominent sector of Pakistan. Due to this reason, it has been selected for the study. According to the sector study by The Pakistan Credit Rating Agency LTD, textile sector of Pakistan contributes 5% to the global economy and 52% in the total exports of Pakistan. Textile sector provides employment to 30% of total workforce of the country which is about 49 million people of Pakistan. The turnover of employees includes cost of recruitment, training and separation (Cascio, 1991). The textile sector of Pakistan is already in crunch due to the electricity breakdowns due to which the industrialists are bearing too much cost and they want to cut down the cost of production. The turnover of workforce in this sector is also inevitable cost for the industry so it is necessary for the industrialists to identify the reasons of turnover of workforce in this industry to maximize the retention of potential workforce in this industry. The turnover of workforce has adverse effects on the organizational effectiveness (Pfeffer, 2005) so it is prime concern for the textile sector of Pakistan to identify the reasons of turnover to address this issue for its long lasting solution.

Reasons of workforce turnover: The literature identifies numerous reasons of employee turnover or voluntary separation from the organization.

Job satisfaction: Job Satisfaction can be one of the reasons of employee turnover. According to Spector (1996) job satisfaction is an enjoyable state of mind results from the assessment of employees’ job experience. Increased job satisfaction leads to organizational commitment. There is inverse relationship between job satisfaction and turnover of employees (Jurik and Winn, 1987). Employees who are dissatisfied will have more intention to leave the organization. The dissatisfaction of employees can be due to low compensation package, bad working environment, less growth opportunities.

Organizational commitment: Organizational commitment is very significant for the retention of employees in the organization. It restricts the employees to leave the organization. Organizational commitment can be evidenced through attendance record of employee, period spend in the organization, job satisfaction of employees, performance of employees and job involvement (Wood and De Menezes, 1998). Organizational culture plays an important role for establishing the organizational commitment among the employees. It is beneficial for the organizations to focus on developing the organizational commitment rather to manage the turnover of employees (Arthur, 1994).

Organizations can adopt different practices to enhance the organizational commitment among the employees like job flexibility, team work, training & development of employees, information dissemination and problem solving (Wood and De Menezes, 1998). There are three different types of commitment i.e., affective, continuance and normative (Meyer and Allen, 1991):

- **Affective:** In this type of commitment employees have emotional involvement and attachment with the organization and employees do not leave the organization (Meyer and Allen, 1991).
- **Continuance:** This type of commitment explains that employees stay in the organization due to some reasons and they cannot leave the organization because some cost is attached with leaving the organization (Meyer and Allen, 1991).
- **Normative:** This type of commitment explains that employees have feeling of obligation to stay in the organization (Meyer and Allen, 1997).
Work environment: Working environment is one of the important factors which can persuade the employees to stay in the organization. The working environment includes the condition and situation for employees to work (Dawson, 1986). The working conditions in textile sector are good enough but in some units the machinery is outdated which is hazardous for the employees and due to these employees leave those organizations.

Supervisor behavior: According to Dawson (1986) supervisor’s behavior is also an imperative factor which can cause employee turnover. The bad and nerve-racking behavior of supervisor forces the employees to leave the organization. This is very strong reason of employees to leave the organization. The unethical behavior of supervisor is very common in textile sector of Pakistan because the supervisors who come under middle level employees are technically very strong but they are not educated so they treat the workers in a rough manner.

Less career growth: There are less opportunities of growth for workers in textile sector of Pakistan because workers are less or uneducated, semi-skilled and have less personal relationships in industry. They have very less awareness about the need of personal development due to low level of education. Majority of them have prime responsibility to earn bread and butter for whole family so they do not have time for self-development which is hindrance for their career growth. In this situation workers work on the same level for many years and employers get benefit of it. Some workers have little sense about career growth so when they got better opportunity anywhere else they leave the organization for career growth. Although there is practice in textile sector of Pakistan to promote the workers on monthly basis on the grounds of good performance which is good human resource practice to reward the good performance but it is not common among the workers and only few workers are treated like this due to biases in the evaluation of supervisors. The bias culture is prevailing in textile sector in which middle level of employees get benefits from the owners due to their cordial relationships but lower level workers remain neglected and it causes employee turnover in the organization.

Monetary reward: Monetary reward is termed as cash or alike which is given to employees for their notable performance. Monetary reward can include fringe benefits, medical facilities, provident fund and recreational leaves as it depends on the policy of the organization. Monetary rewards recognize the contribution of employees and create satisfaction among employees which reduces the turnover of employees in the organization. The monetary rewards or performance based benefits are most appropriate and suitable incentives for workers of textile sector due to economic conditions of Pakistan. There is policy in textile sector of Pakistan to give annual salary increment of but it is not implemented in its true sense due to financial constraints. The salary increment of 7.5% is decided for those workers only who have spent one year in the organization. Middle level workers got benefits annually due to this “Sathe Culture” as mentioned above and the cost of these incentives are bear by the low level of workers which actually deserves the rewards and benefits.

Better employment opportunity: Better employment opportunity is defined as another job available for the employees in another organization but in the same sector. Since skilled worker of textile sector cannot work in chemical industry so opportunity in same industry forces the employees to leave the current employer for better employer. The employees accept the other opportunities in market due to many reasons like salary increment, improved status, better supervisor and good working conditions. It is also possible that new entrant in the organization cannot adjust and leave the organization so according to human resource experts; the organization should have very clear and appropriate recruitment & selection policy and procedure which can screen the suitable and appropriate person for the job (Hom and Griffith, 1995). In Pakistan, this factor is rare among the workers of textile sector due to economic conditions. Tight labor market provides other opportunities for employment to the workers (Schwab, 1991).

Ease of movement: Ease of movement is also one of the important factors that affect the employee turnover. According to Trevor (2001) the ease of movement of employees can be minimized through different methods or techniques like by financial rewards, family-friendly policies and training and development. Financial rewards can motivate the employees and in this way employee can share the profit and loss of the organization and ownership of the organization among the employees can be developed which forces the employee to stay in the organization. Family-friendly policies are also important way to reduce the employee turnover. The flexible working hours, child care centers, maternity leaves are all family-friendly policies through which turnover of females employees can especially be reduced (Glass and Riley, 1998). Training and development of employees is another technique to influence the employees to stay in the organization. It creates the sense among employees that organization is spending time and resources for their development which enhances the organizational commitment among the employees which lead to minimum turnover of employees (Flamholtz and Lacey, 1981).

Employee age factor: The studies show that long time a person spends in the organization he or she is more committed with the organization and age factor has direct relationship with the organizational commitment (Wright and Hamilton, 1978). He employees with
increased age spend long time with the organization there is less chance of aged employees to leave the organization. The grown-up person has more confidence on the organization and has less intention to continue the job whereas young workers have no such type of responsibilities so they can easily leave the organization.

**Employment tenure:** According to Becker (1960) employment tenure is the period which an employee spends in an organization. When employees spend long time in the organization and got benefits and rewards in that organization then the chances to leave the organization is minimized. The long period in the organization increases the employee commitment with the organization which has negative relation with the employee turnover.

### THEORETICAL FRAMEWORK

Employee turnover is one of the considerable phenomena and several theories have been devised to explain why employees voluntarily quit the current job or organization. Few worth mentioning theories include the Theory of Organizational Equilibrium (March and Simon, 1958), the Met Expectation Model (Porter and Steers, 1973) the Linkage Model (Mobley, 1977; Mobley et al., 1979), The Unfolding Model of Turnover (Lee and Mitchell, 1994; Lee et al., 1999) and The Job Embeddedness Theory of turnover (Mitchell et al., 2001).

**Reasons:**

- Violence and Conflicts
- Management Style
- Opportunities
- Discrimination
- Changes at work
- Trust and Honor
- Overwork
- Benefits Awareness
- Tools to do Job
- Benefits and Rewards
- Career Progress
- Health Care Facilities
- Job Descriptions
- Job Security
- Promotions on Merit
- Atmosphere
- Compensation
- Appreciation
- Policies and Rules
- Working Environment

$\Rightarrow$ Employee turnover

### RESEARCH METHODOLOGY

This is a cross-sectional and descriptive study based on the quantitative data. Textile industry of Pakistan is the population of this study whereas four industries based in Faisalabad have been selected as sample. All types of industrial workers of each shift and each production unit have been targeted and included in the sampling frame. A random sample of 160 workers (40 from each industry) has been selected. The data has been collected through 5 point-Likert scaled questionnaire having 20 potential reasons for turnover. Internal validity of the questionnaire has been ensured through expert advice and thorough literature review. Questionnaire has also been translated in Urdu for the convenience of the workers. Data has been scrutinized through reliability test and the Cronbach alpha turned out to be 0.922 (Table 1) that shows that it is suitable and generalizable.

The study applies descriptive and inferential statistics for analyzing the data. In descriptive statistics, means and standard deviations are calculated whereas in inferential statistics one sample t-test and ANOVA is applied to determine the level of potential turnover factors prevailing in the textile industry and to check that whether there is any difference in the industry regarding any factor or not.

**Data analysis:** This section analyzed the results drawn from the data. The data analysis reveals the budding and salient reasons for the employees’ intentions to leave. The comparative analysis of the textile industries has been carried out to determine the overall trend of the turnover intentions and how workers’ intentions vary from industry to industry. Table 2 provides the mean, standard deviation and standard error of the mean for each factor. Table 3 provides the result of whether the sample means and their differences from the estimated mean (test value = 3). 3 is taken as the test value that if the mean of the factor will exceed 3 then the factor is taken as favorable one and the mean values lower than 3 are considered as unfavorable and the prevalent reasons for quitting the industry. From Table 3 it is clearly depicted that the mean difference of 10 factors (No Violence and Conflicts, Good Management Style, Better Opportunities, Benefits Awareness, Tools to do Job, Career Progress, Clear Job Descriptions, Job Security, Clear Policies and Rules and Working Environment) are significant at 0.05 significance level ($p$-value = 0.00<0.05). The mean difference for the 10 highlighted factors (No Discrimination, Unwanted Changes, Trust and Honor,
No Overwork, Better Benefits, Health Care Facilities, Promotions on Merit, Friendly Atmosphere, Good Compensations and Appreciation) in Table 3 appears to be insignificant. According to Table 3, among the significant factors, the mean difference of no violence and conflicts, good management style, long services benefits awareness, tools to do job, clear job descriptions, clear policies and rules and working environment appear to be positive which indicate that the mean is higher. Table 2 is supporting this test results that the mean value of these factors are greater than 3 that is closer to the maximum point on the scale. The grey highlighted factors show that the mean difference is so marginal that it appears to be insignificant change from the estimated value. Table 2 also supports the results and all the mean values are lower than 3 hence it means that these factors are not satisfactory for the workers in the textile industry. The most favorable factor is the clear policies and procedures that is not only appears to be significantly higher than the test value (From Table 2, Mean = 4.1375>3). This means that the workers are well aware of the policies and the procedure in the textile industry.

After the analysis of the most significant factor in the textile industry, it is important to determine that whether these factors prevail in all the selected industries or not. Hence it is important to determine that whether there exists any different among the different industries or not. Hence it is important to determine that whether these factors prevail in all the selected industries or not. Hence it is important to determine that whether there exists any different among the different industries of the same sector or not. Table 4 give results of the variances between the four industrial units and the variances within the same industry.

The results of One-way ANOVA shown in Table 4 shows that there is significant difference between the four industrial units in all the factors affecting turnover.
intentions of workers (p-value = 0.00<0.01) except tools to do job and clear policies and rules. The result of tools to do job (F = 1.883, p-value = 0.135) and clear policies and rules (F = 1.596, p-value = 0.193) depicts that there is no significant difference between the tools to perform the job and policies and rules in all the four industrial units. This demonstrates the established fact in the textile sector where the nature of job is quite similar. Operating and working on machines are most probably the same for all units. Moreover policies remain the same for all the industries working in the same sector. This is because rules and regulations are
developed by Ministry of textile and All Pakistan Textile Mills Association (APTMA) is controlling all the activities of the textile industries.

**DISCUSSION**

Data analysis reveals 20 reasons to turnover commonly prevailing in the textile industry of Pakistan. The most favorable factor is rules and regulation in the textile industry by having the highest score of mean (4.1375). The significant higher mean score validate that policies are the most essential reason for workers to stay. Policies are directly related to the terms and conditions of the employment, wage rate, the benefits offered and the safety measures taken at the work stations. According to Arthur (1994) Human Resource policies in the organizations must build on the notion of commitment instead of control over the employees. Hence if the policies are built on such committed philosophy, the chances for the workers to quit the industry can be minimized.

Policies, procedures and rules play a very significant role for the textile workers and any fluctuations in the rules and regulations can become a reason for high turnover in the industry (Syptak et al., 1999). Job satisfaction can act as the intervening variable between these factors and the employees’ intent to leave. It is asserted in numerous studies that the most prevalent reason for the turnover is dissatisfaction from the job. Employees consider rules and regulations as a source of satisfaction that ultimately affects their intent to leave.

There must be a balance between the industrial growth and the workers satisfaction and this can be done by having the fair policies. Industrial growth without the workers retention and commitment is temporary and surface. Considering these signifying reasons international standards are given high significance and their effective implementation has gained adequate scholarly attention too. But unfortunately turnover in this sector is turned out to be the highest one. Ineffective implementation of policies intrude the smooth functioning of the industry in the form of lack of confidence in workers, absenteeism and hence turnover.

The other dominant factors leading towards turnover are clear job description (3.9813) and the benefit awareness of long service (3.9063). However in some studies job descriptions have not appeared to be the explanatory reason for employee turnover (Bawa and Jantan, 2005). But the present study signifies it as one of the dominating factors in employee turnover. Clearer job descriptions ensure proper responsibility distribution, empowerment and work rotation. A proper management of work motivates a worker to develop their skills and to be more responsible towards their job (Lawler, 1969). Unclear job descriptions and unbalanced roles and responsibilities instigate dissatisfaction that ultimately induce a worker to leave the organizations. Hence satisfaction towards the job can reduce the chances of quitting the job (Graham, 1982).

Rewards and benefits are substantively related to turnover as employees who are contended with organizational compensation package, rewards and fringe benefits will consider losing such competitive package to be costly therefore choose to stay with the same organization. Rewards effectively form a calculative and psychological attachment with an organization (Becker, 1960). Organizational researchers (Meyer and Smith, 2000; Rhoades et al., 2001) maintain that rewards reflect appreciation and recognition of employee performance. Hence the continuation of the employment relationship is the result of mutual willingness of both parties when the pay increases with job tenure and skills employees feel satisfied with them.

Workers are also asked about the long service benefit awareness and it is evident from the results that workers have sufficient awareness about these benefits in the industry. Workers must be aware of the entire fringe as well as in service benefits because of the economic factor. This increased awareness increases the propensity to stay within the particular organization. In the downturn economy where purchasing power of the workers is deteriorating on daily basis the monetary and non-monetary rewards and their awareness are the main concerns for workers. The provision of the justified benefits and rewards

Although mean score of the management style does not appear to be very high (3.6438) but it is an important factor in determining the working environment of the industry. Since wage rates and the nature of the job remain similar throughout the industry some others factors do make a difference. Management style is among those push factors that cause/effect retention (People in Aid, 2010). Management style constitutes working environment, supervisor’s behavior and the support at the work place. If the management style of the industry is effective and supportive, then the workers know that what is expected of them. They feel relaxed and give quality performance. Griffeth et al. (2000) assert that employee turnover actually means underprivileged personnel policies, poor recruitment policies, poor administrative practices, poor grievance handling procedures, or lack of motivation. The higher value of the mean shows that, on average, respondents regard management style of their respective industry and consider the determining factor in the decisions to leave the particular organization. Although the formal job descriptions are not provided to the industry workers and they work by trial and error but still a conducive environment to work, fostered by competent management, retain them and create organizational commitment.
After the above discussion of the most favorable factor, it is important to discuss the basic factors that workers feel unfavorable and take them as a reason to leave. Better opportunities have got the lowest mean (2.4188) that depicts that there are not sufficient opportunities in the textile sector and most of the respondents consider this is the most significant factor for the turnover. Other major factors of turnover are career progress, job security, benefits offered and unexpected changes at the workplace. These are the commonly prevailing factors that are reported by the different media sources and government surveys as well. Also the strikes and lockout are major demonstrations of the workers’ current perception reported in results.

After the analysis of the overall industry factors responsible for turnover it is important to address that whether the reasons for the turnover are same throughout the industries or there exist any difference among them. Table 4 of ANOVA divulges the fact that there exists significant difference in all determining factors throughout the industry except tools to do job and clear policies and rules. This is because these factors are actually similar throughout the textile industry. Rules and regulations are governed by the single authority and since the nature of work remains same, all the workers from the selected industries perceived them identical. However there exists a significant difference between other organizational factors. It means that although textile industry is governed by uniform policies but other intrinsic and extrinsic factors are significantly different and affect workers in four selected units. One of the interesting points to discuss here is that the F value of job security is the highest (F = 175) showing that there exists a significant difference in job security between the industrial units. Since this proposition cannot be held true in normal circumstances but the way the workers perceive the work security would have been different. The difference of view regarding job security can be attributed to the leadership style, working environment and the role of the supervisor that make them feel better than the other industries.

CONCLUSION AND RECOMMENDATIONS

According to the results and the above discussion budding reasons for workers’ turnover are identified. It is established that inadequate and less competitive benefits offered, low career progress, lack of job security and unexpected changes at the workplace are prevalent factors in the actual industrial settings.

The factors that workers feel favorable are basic understanding of policies and rules, job descriptions, long services benefits awareness, management style and working environment turned out the most significant ones. It is also evident that there exists a significant difference in the managerial practices as well as the industrial climate of textile industries.

On the basis of the conclusions drawn from the results, this study recommends some corrective as well as remedial measures to retain the existing strength of the textile industry. In order to resolve turnover issues in textile industry, identification of the turnover reasons is a paramount step. This research offers a list of potential factors based on empirical evidences.

Practitioners and industrial managers must consult these research studies and should conduct exit interview, employee attitude surveys on periodic basis and/or employee’s focus groups. Another important step is to measure the cost associated with turnover and re-hiring and must develop retention strategies. Managers must be act proactively and plan for expected turnover and a changing workforce culture. Employers must admit that quality of work life is the contemporary issue so they must get the right people and continue to develop their careers. An investment in up-gradation of workforce is one of the preeminent investments a company can make for long-term growth. The “open-door” policy must be adopted and maintained to avoid clatters between management and workers’ body. Open communication and employee input must be encouraged as “trust” and “loyalty” is two-way streets. A company should assess overall employee needs while addressing retention issues. Alternative work schedules or flextime, wellness programs such as fitness center memberships can be offered by planning smartly. Non-cash rewards do not work always and their proclivity to recognize exceptional performance is critically low.

Apart from intrinsic factors extrinsic especially monetary factors must be properly implemented. Compensation package must be planned strategically that not only includes base and variable pay scales, but also long-term incentive compensation, bonus and gain-sharing plans, benefit plans to address the health and welfare issues of the employees and non-cash rewards and perks as well. Although these factors are dependent upon the market share and the annual revenues but a little creativity in compensation and benefits can make a difference. Employers must also avoid bringing new people on board at a higher rate than current employees.

The study has practical as well as research implications. The topic at hand can be further explored by identifying the interaction effect of some turnover reasons that together induce workers to leave. The factors can be linked down to the workers’ productivity and organizational performance.

REFERENCES


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