

**ABSENTEEISM AND LABOR TURNOVER AND ITS IMPACT ON
PRODUCTION COSTS IN THE SPECIAL OCCASION WEAR INDUSTRY**

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STATEMENT OF THE SUPERVISOR

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Signature of the supervisor:

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Senior Prof. Amal S Kumarage

ABSTRACT

Absenteeism and the turnover become critical factors in today's business world. Employees are being considered as the most important asset of the organization where as their performance will directly influence on the organizational performance. In recent times, the export apparel market in USA for Sri Lanka has been drastically decreased and the problem centered for the study is to identify which extend the absenteeism and the employee turnover will influence on the production cost of the organization. In that, two hypotheses were developed based on the two research objectives. As per the sampling plan, 432 respondents were selected from non-probability convenience sampling method and both primary and secondary sources of data were used for the study. Both quantitative and qualitative data has collected for the study purpose and analyses have been conducted and both primary and secondary sources of data has collected for the study. As per the main data collection instrument, a self-administered structured questionnaire has been used. Other than that, an in-depth interviews and the focused group discussions have been conducted with the employees of the company. Both hypotheses were supported and there is a strong and a positive relationship in between the employee turnover and the production cost and also there is a positive and strong relationship between the absenteeism and the production cost.

Keywords: Employee turnover, absenteeism, production cost

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Abstract

Absenteeism and the turnover become critical factors in today's business world. Employees are being considered as the most important asset of the organization where as their performance will directly influence on the organizational performance. In recent times, the export apparel market in USA for Sri Lanka has been drastically decreased and the problem centered for the study is to identify which extend the absenteeism and the employee turnover will influence on the production cost of the organization. In that, two hypotheses were developed based on the two research objectives. As per the sampling plan, 432 respondents were selected from non-probability convenience sampling method and both primary and secondary sources of data were used for the study. Both quantitative and qualitative data has collected for the study purpose and analyses have been conducted and both primary and secondary sources of data has collected for the study. As per the main data collection instrument, a self-administered structured questionnaire has been used. Other than that, an in-depth interviews and the focused group discussions have been conducted with the employees of the company. Both hypotheses were supported and there is a strong and a positive relationship in between the employee turnover and the production cost and also there is a positive and strong relationship between the absenteeism and the production cost.

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Introduction – Chapter One

1.1 Background of the Study

Absenteeism and employee turnover create significant issues in the daily production process of a company. When considering an apparel company each and every employee is directly connected with the ongoing production. The employee can affect the productivity by quitting the job or being absent from work. As a result, a company faces many issues to meet daily targets and monthly targets. Therefore, main intention of human resource management process of the company is to reduce employee turnover and absenteeism in an apparel company.

According to Mercer (1988) absenteeism and turnover arise due to employee being in an uncomfortable situation with the job. Swarnalata and Sureshkrisna (2013) found out a direct link between employee absenteeism and job satisfaction. There are different factors influencing the increase in employee absenteeism in the workplace due to job dissatisfaction. Employee absenteeism is a cost to the company which in turn creates personal problem among employers. However, absenteeism provides significant insight about the employee management. A good working environment influences the positive feeling about the work situation and reduces employee turnover. Further, Swarnalata and Sureshkrisna (2013) provides solutions to reduce turnover and develop long term employees in the company. Even his salutations are not directly related with the study, but it used to identify cost increment of production with the high employee turnover and absenteeism (Swarnalata and Sureshkrisna 2013). Hinkin (2000) notes there is unnecessary financial cost and also the reduction in the quality of services and the quality of work due to high degree of employee turnover. Most absent employees are identified as being on paid leave (Hinkin, 2000). That means, even when the production is down with absenteeism, that company has to pay labour cost for the same resulting in doubled cost. Most employees' abuse privileges such as sick leave which cannot be proven. Companies also require considerable time to find the proper replacement employee for a particular job which causes production losses and hiring and training costs.

According to Aamodt (1996), there was on average 6.2 sick days per annum in United States and 7.8 days' average of sick leave in United Kingdom covering all industries. Further, it was found out that 4-5% of South African workforce are absent on any given day, with that amount high as

18% in some companies (Josias, 2005). That means, employee absenteeism and turnover are ongoing problem of every company in every country. This is therefore, one of the major human resource management problems for any given company Josias (2005) notes that the costs related with employee turnover and absenteeism included loss of productivity, recruitment cost, over employment costs and training costs. Author also notes the interrelationship of each of these costs one on another.

1.1.1 Apparel Industry in Sri Lanka

The Sri Lankan apparel industry started in the 1960s with manufacturing garments for the domestic market. But export manufacturing started around 1970 with the liberalization of Sri Lankan economy in 1977. This has spread across the country extending mainly to readymade garment exports. There can be seen speedy development of garment manufacturing industry during 1980s. Textile was developed to sell overseas from biggest amounts in 1986 which represented 27% from exports of Sri Lanka. Garment industry had become the biggest foreign swap earner of US\$400Mn in year 1992 which has overtaken the tea industry of Sri Lanka. That means, garment industry was highly succeeded in the 90s. Board of Investment in Sri Lanka carried out two hundred garment factory in year 1992 including all packages of clothing manufacturers. As a result of that producers used to shift to rural regions of the country and made turning point in the garment industry of Sri Lanka as well as the economy of the country. The program was used to establish 163 garment factories by year 1995. Local producers started to supply global branded clothes including Gap, Pierre Cardin, Victoria's Secret, Liz Claiborne, Nike and etc. Garment industry has become the main export revenue in the country. Also this is the prime employer in manufacturing sector of Sri Lanka where nearly 75% of employees occupying in the industry. Further, garment industry of Sri Lanka is also in upright position in world market as said by Kelegama (2005). With all these developments in the garment industry, still garment manufactures face several challenges. Garment industry has been suffering from high labor turnover since 2000. Labour turnover made employees leave movement from one job to another in different company over past two decades. There can be seen average monthly turnover rate as 6.6% in the period of year 2000 to year 2012 (Rajapaksha, 2015). Therefore, garment manufacturing companies had to survive with the problem under hard circumstances. This is one of the mainly identified barriers for success of garment industry of Sri Lanka (Rajapaksha, 2015). This study is used to discuss and analyze impact of absenteeism and labour turnover on production cost of Apparel industry of Sri Lanka with respect

to export special occasion wear. However, none of the studies were found out regarding apparel industry of Sri Lanka for particular case study. Thus, this study is really important to carry out further investigation about the ongoing problem in the Apparel industry of Sri Lanka.

1.2 Problem Statement

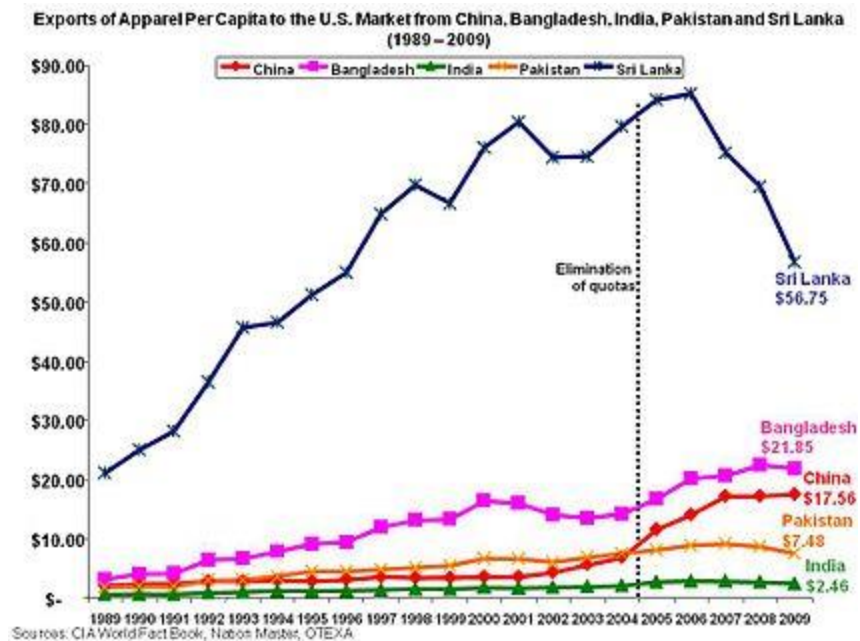


Figure 1.1: Export of apparel per capita to US market of five countries.

The above figure 1.1 shows the performance of Sri Lankan garment manufacturers in the US market. There can be seen reduction of export apparel per capita from Sri Lanka in US market after year 2005. In the meantime, there can be seen increment of export apparel per capita from other countries of Bangladesh, China, Pakistan and India. That means, there should be a major issue in the garment manufacturing industry in Sri Lanka. Production has reduced due to some reasons in the garment industry. It can be seen apparel sector faced a critical problem regarding employee absenteeism and labor turnover. **As a result of that production cost increase, orders delay, quality of output reduces and etc. As a result of that Sri Lankan market missed orders and reduces export of Apparel.** This is huge amount when considering about the labour turnover of a company. When it comes to the special occasion apparel business labor component is very vital because it requires labor with high skills to pleating, Hand needle, Pinning, Helm leveling and etc.

Production is depending on highly skilled labor, absenteeism or labor turn. Further, profitability of the company is influenced on high OT, training / development of the recruits and other extra costs.

As for the Robins (1998) said about three times higher of indirect cost of absenteeism when compared to direct cost of absenteeism. This explains the major problem of apparel industry of Sri Lanka. That means, production cost is at unbearable situation when considering about the current situation of Apparel industry of Sri Lanka. There is recognizable cost involve with unscheduled absenteeism. Therefore, it is a huge problem when considering closer look at absenteeism and labour turnover.

1.3 Research Questions

1. Is there a significant relationship between labor absenteeism and production cost of Special occasion wear?
2. Is there a significant relationship between labor turnover and production cost of Special occasion wear?
3. What is the contribution to overall production cost from cost of labor absenteeism and cost of labor turnover of Special occasion wear?

1.4 Research Objectives

1. To determine a statistical relationship between cost of absenteeism and production costs
2. To determine a statistical relationship between cost of labor turnover and production costs
3. To find out the relationship between absenteeism, labor turnover and Production costs

1.5 Significance of the Study

Significance to Garment Industry in Sri Lanka

managers of manufacturing companies are keen to identify depth of existing problem of labour turnover and absenteeism of apparel industry of Sri Lanka and substantial influence from both factors on production cost of Apparel Company. Research findings help to gain particular knowledge about strong influence of labour turnover and absenteeism on production cost of an apparel company. Further, it is clear that in order to meet the strict deadlines, labor input plays a very crucial role. Therefore, labour turnover and absenteeism are identified as major problem to the success of Apparel Company in local and global markets. The absenteeism and the labor turnover are two major aspects of labor input and the aim of this study is to quantify the effect it has on the total production costs of the industry. Due to quantitative findings that researcher is able to explain the substantial influence from absenteeism and labour turnover separately of production cost of an apparel company. Further, employees of the apparel industry are able to identify how far their contribution influences on the success of apparel industry.

Motivate employee used to attend to the work every day without leaving the company and less absenteeism. Furthermore, management of apparel companies tries to find strategies in order to reduce employee turnover and absenteeism in apparel industry. Therefore, customers of apparel industry will get benefits from high quality and on time deliver orders. There are several readers used to read findings of this research study. They will understand significance influence from labour turnover and absenteeism on production cost. Readers will also get important information and knowledge regarding the scenario. Therefore, customers, management, employees, readers and researcher get benefits from research findings of the study.

Significance to Special Wear Apparel Industry

Special occasion apparel industry is where the special date is fixed and due to any reason there will not be late deliveries also with this business quality cannot be compromised at any cost. [Special occasion wear includes bridal dresses and evening wear.](#) However, it is not feasible how far these two particularly applied for particular company. This study provides proper idea regarding the research problem.

1.6 Research Limitations

This study is conducted to identify absenteeism and labor turnover and its impact on production costs in the Apparel Industry of Sri Lanka, case study: Export Special Occasion wear. There are several apparel companies manufacture special occasion wear to export in Sri Lanka. However, researcher is not accessed to collect data from all of these companies. Therefore, only few companies could use for data collection purposes. Accessibility issue is one of the main research limitation identified in the study.

Further, study is conducted to identify absenteeism and labour turnover on production cost of the company. Actually, absenteeism and labour turnover costs are interrelated with each of production costs. However, that is avoided and conducted the study. There are several other factors influence on production cost increment of a company. But study used only one particular fact of absenteeism and labour turnover are only influenced to production cost determination of a company. All these limitations are included in the final research findings.

1.7 Chapter Overview

Introduction –this is the first chapter of the research which discusses background of the research, research objectives, research problem, research questions and significance of the study. Further, possible research limitations and chapter overview are also discussed. Mainly, chapter provides brief overview of the research problem in meaningful way.

Literature Review – literature is discussed in the chapter to obtain knowledge regarding the research context. Particular theories, models and other facts are discussed in the chapter. Literature is discussed about labour turnover, employee absenteeism and production cost. Further, empirical findings are also researched and discussed in the chapter. Conceptual model is also developed in the end of the chapter after referring of particular theory and models.

Methodology – possible research methods are discussed in the chapter. Research design, research strategy, data collection methods, data analysis methods, limitations of research methods are identified and suited for the study.

Data Analysis – survey questionnaire is analyzed in the chapter. Quantitative data is analyzed with SPSS statistical software and MS Excel software. All these analyses are conducted in the chapter.

Conclusion & Recommendation – conclusion is given to obtain findings to meet research objectives. Recommendations are provided to reduce future employee absenteeism and labour turnover of apparel industry of Sri Lanka.

Literature Review – Chapter Two

2.0 Introduction

The intention of the literature review is to review particular literature related to employee turnover, employee absenteeism, production cost and etc. Relevant past research findings are also reviewed in the empirical finding section. Literature review helps to gather knowledge regarding the research study.

2.1 Employee Turnover

Employee turnover issue is widely considered issue in any organization. Several consequences of human resource management practice cause to employee turnover. As simply said, employee turnover is known as employee quit from the job for any particular reason. According to Nawas (2009, p.142), employee turnover is permanent movement of an employee beyond the boundary of the organization. There are two types of employee turnover methods such as voluntary turnover and involuntary turnover. Thus, it is hard to calculate employee turnover due to both of these in an organization. But as Marchington and Wilkinson (1996, p.97) formula of employee turnover can be calculated in relatively simple way.

Reduction of employee turnover is important to success of the organization because this is costly. Hence, HR professionals, management and industry psychologist provides their substantial attention on the employee turnover when managing organization. Further, labour turnover rates critically affected to the endurance and productivity of the organization (Sigma assessment system Inc., 2012). Employee turnover is considered as crude/overall employee turnover as well. This comprises of both voluntary and involuntary turnovers where voluntary turnover is workers who resign from the job or retire from the job. That means, employee leave the organization by own intension. There are several reasons lying behind the voluntary turnover such as

But involuntary turnover is known as company made employee redundant from the job. Redundancy related turnover is calculated by organizations in order to understand how far people management of an organization is effective and efficient.

According to CIPD (2012) there can be seen high employee turnover rates with miner unemployment rate. Employee turnover is defined by employees who leave the organization within

given period of time which is taken as a percentage from overall workforce of the organization. Employee turnover causes due to existing job dissatisfaction, job opportunity, negative behavior of supervisor, bad working condition.

It might be due to better job opportunity, existing job dissatisfaction, bad working conditions or negative behavior of supervisor etc. high level of voluntary turnover seems to be negative for the organizational growth. According to (Nawaz, 2009), 'explanation of voluntary employee turnover has important implication for organizational manpower planning. It is widely believed that a high amount of Voluntary Employee Turnover adversely influences organizational effectiveness; that is the degree to which organizations achieve their goals' as highlighted by Nawaz, the factors affecting to labour turnover as shown below;

Job satisfaction is more about happiness on the work place. It creates interest in the job. We can define job satisfaction as 'A pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences' (Spector, 1996). Organizational commitment plays an important role in restricting an individual's mind toward resignation. Committed employees always have better attendance record and stay for long period of time in an organization as compared with non-committed employees (Nawaz 2009). Working conditions play very crucial role to increase job satisfaction and organizational commitment in the workforce community. The work environment includes factors or features that have all work conditions and situations for employees (Dawson, 1986).

Textile industry in Pakistan has less potential for low class workers to grow and make career for long run. There are certain reasons involved in this particular factor for instance ninety percent workers are uneducated, lack of proper skills, less personal relations in the industry, a large amount of textile workforce belong to rural area and even some of them don't have enough sense to grow or develop their self. This is a true fact that all the textile workers belong to poor families and have responsible for bread & butter for whole family. In this situation workers never argued to promote on higher designation and by this employer get benefit. Monetary reward has been defined in such a way like cash or equivalent that an employee receives against his services from the employer. Here equivalent reward includes fringe benefits, medical facilities and provident fund etc. Monetary rewards have negative effect on VET. Better opportunity for the labour force reflects the employment available in another organization but in the same industry. It is clear that a skilled

worker of textile sector cannot join agriculture sector because it requires some other skills that majority of workers don't have. So their area of getting opportunity is only the same sector. It might be possible that this opportunity is better because of improved designation, salary increment, better working condition or good behavior of Manager etc. normally it has been seen the new entrants have more intension to leave the job after short period of time in comparison with five or seven years old employees. From the study this concept comes out that workers age also contributes towards the decision to stay or leave the job. It is crystal clear; age has positive relation with organizational commitment (OC) and job satisfaction. A mature person has more confidence and patience on the work place than a younger one. According to Wright and Hamilton (1978), with increase in age a person has greater level of prestige and confidence. Just like the same age has direct relation with OC, if a worker is getting older then he supposes to be more committed with the organization.

The turnover rate in the work place varies from company to company. In private sectors, there can be founded the highest rate of turnover than public sectors. This turn over levels sometimes can be varied from region to region. If there are easy way for people to get alternative jobs, the highest turnover rates can be founded than the place where unemployment rate is lower. Sometimes employees are getting benefits positively when replacing a more skilled employee for the poor performer. Moreover, employee can be replaced for retired employee by a younger one. Employee turnover always treated as costly. It requires many types of costs such as administrative costs of recruitment, training cost for the new employee, cost of covering during the period in a vacancy and etc. are have to take account. Turnover can be happened due to many different reasons. New job attracts employees to leave the old one. Employee pushed to leave job with the reason of dissatisfaction of their present workplace. In addition, due to the domestic circumstances may have to reallocate with their spouse or partner. If there are poor relationship between management and employees, it may be an important reason to leave the jobs by employees. It is relatively rare. But, sometimes people leave jobs when they are happy with the higher salary offered by elsewhere. Voluntary turnover has risen due to the lack of proper training and development. Employees are hoping security of their jobs. If management is considering about the different preventive measures, in the workplace turnover could be minimized. Before appointing or upgrading people with having proper training to the line managers and effective supervision, it may cause to provide security of jobs and can make good working environment etc. The company can offer re-training

the existing managers who are keeping their staff happily at poor rate. Managers could be accountable for turnover in their teams. The individual employees may have the maximum opportunities for accommodate individual preferences regarding working hours, providing as much job security, regular appraisals, these can cause to reduce turnover. Extremely, employee turnover may be devastating for any company. Without considering the employee workplace environment, the employers may have to face difficulties to maintain a steady and successful business. Management has own rating on employee turnover. They can measure the effect of employee turnover in the organizations performance. The single key worker can affect to reduce the project's success and can reduce confidence for investors' in the firm. According to the many researchers and academic scholars, they are pointed out the correlation between job dissatisfaction and organizational commitment and its poor effects. The feeling of discontent is in one's job. One is beginning to a find an alternative job. This type of turnover highlights the emotions and attitudes of the antecedents of behavior. There can be having different kinds of effects when an employee leaves an organization. It just not only impact on the organization. It also impacts on the individual employee as well as to the whole society. Turnover can be treated as an index of organizational effectiveness. It authorizes to people to get attention and get understanding of it. However, turnover can also help for prediction, planning and control of resources. There is no universally accepted framework for turnover and the reason for people to leave. The turnover has the phenomenon which is interest to organizations significant, relatively clear and potentially costly. It describes the decision process. The objectives of 'effective management of turnover' explain the high level of sophistication. In addition, particularity, it needs to be achieved selectively influence on the turnover process. Although some researches have focused on locus of control, potential predictors of turnover behavior, such as job tenure, etc.

2.2 Absenteeism

According to Luthans (1990), absenteeism may be low due to the high job satisfaction. It may be high with low job satisfaction. Due to the moderate correlation of job satisfaction, it may happen with employee and employee absenteeism (Anderson, 2004). Employees are dissatisfied with the apparel jobs relate with the apparel companies of Sri Lanka. It occurs significant employee absenteeism.

As defined by IBEC (1999), in every organization, absence is a natural and expected phenomenon. It is provided statute in work schedules by planning and procedures. Absence includes public holidays, annual leave, jury duty, maternity leave and etc. When employees are scheduled to be at work, in short, absence is either by legislation or contract of employment.

Sickness absence attribute to a work of incapacity to illness or injury. There may have a significant proportion of the leave take. It relates to other factors such as inability or inappropriateness for work. The researchers have defined and investigated two types of absenteeism. 9 They are involuntary absence (unavoidable) and voluntary absence (avoidable). Such terms are regrettable with they have interpreted in a concrete fashion suggesting that attendance or absences is a function of freely expressed choice. They describe the subtle interplay between diseases, social, disability, workplace factors, personal which cannot be readily dichotomized. These factors are univocal.

2.3 Production Cost

Management has to make decisions on changes to the normal operations, when workers are absent. This mean that working staff longer and harder. They have to work by hiring temporary replacements or maintaining an extra workforce in order to cover absenteeism. The absenteeism has make the effects for most pronounced when interdependent their work tasks. In many complex and technological processes, organizational operations proceed without any complement of staff. In this situation, operations may not be continued without the required resources or materials. For example, “Just in time” processes. When they are offering economic savings, these are very vulnerable. There are highly skilled procedures particularly vulnerable. The industries depend up on the result of output in the organizations. Workplace non-attendance include increased costs, increased workloads, reduced provision of services, decreased product quality, increased supervisory and administrative costs, lower morale, loss of productivity, increased training costs, adverse effects on consumers, frustrated managers and supervisors, non-achievement of objectives and loss of key skills and personnel, adverse public perception and confidence and etc. There may have hidden costs such as extra staff, employment of temporary staff, additional supervisory time, and administration, effects of reduced service provision, overtime, training and loss of business under estimated. Hidden costs are higher than the cost of wages.

2.4 Case Studies

Turnover related with the organization's productivity always. Employee turnover may hamper the productivity and a symptom of many difficulties. Productivity is used for measuring an achievements and its targeted production with the assets, machineries, authority's strategies, equipment's and workforce. Management should plan to increase their productivity. There are various types of productivity such as line balancing, incentive scheme, scheduling and etc. In a manufacturing organization, production is hampered with the labor turnover. This may be the main factors for Ready Made Garment (RMG) sectors in Bangladesh. Small rate of turnover may also the considerable amount of the loss of production lost. Turnover always directly effect on the level of production and productivity. It replacement costs is high and time consuming. There are many formalities which have to maintain to replace worker for the relevant job. During production time, it is hampered to the great extent. Other difficulties can be identified during the replacement of workers.

They are some newly appointed worker may not be efficient as the previous worker. The newly one takes time easily to study new system with the co-worker. In addition, they are habituated with the new environment and etc.-worker may have to face with problems during the time of replacement with the vacancy. After the replacement they may have to spend time to help the new worker while doing their tasks also. Some authority points on the turnover tendency those effects of the workers' productivity. The worker may get assurance for joining for another organization after one month later. This worker may give up and make less concentration of their working. Due to this reason, the productivity of the organization may fall down.

If the company has appointed new employees, they may not have properly trained for the new position. They always need training and it is more time consuming for settle down with the new job place. The cultural differences are affected to the new employees with the previous one. It may affect to slow down their job performance. Demographic position influences to worker's performance. All these are mentioned may contribute to the damage of productivity in the organizations. Therefore, the company has to reduce turnover rate as possible. In the workplace, absenteeism is a nuisance. It is also representing a severe and unnecessary cost. The most cost of company sick pays schemes. There may be other quantifiable indirect costs. The absent worker

should be replaced. It is needed to employ a surplus staff in order to maintain production levels properly.

Voluntary quits represents an exodus of human capital investment from organizations. Fair (1992), the subsequent replacement entails manifold costs to the organizations. These costs of replacement include the cost for search of the external labour for a possible substitute, induction of the chosen substitute, selection between competing substitutes and formal and informal training of the substitute until to attains performance levels equivalent. Quit John (2000) these replacement costs would be affected to some extend or output. It would be maintained overtime payment. There should have much attention which has to be paid to the issue of turnover. It has significant effects on organizations (DeMicco and Giridharan, 1987; Dyke and Strick, 1990; Cantrell and Saranakhsh, 1991; Denvir and McMahon, 1992). Researchers argue for the high turnover rates which may have negative effects on the organizations profitability. If not the company cannot manage properly (Hogan, 1992; Wasmuth and Davis, 1993; Barrows, 1990). Hogan 1992, the direct and indirect cost of an employee was between \$ 1400 and \$4000. Turnover has hidden or invisible costs. Philips (1990) these invisible costs are result for the incoming employees closely associated with co-workers. They are closely associated with departing employees being filled while vacant. These are affected on the profitability and effect on the turnover of customer service and satisfaction. Kemal et al. (2002) Catherine (2002), turnover includes other costs. They are lost sales, lost productivity and management's time. The turnover costs estimate of an hourly employee to be \$3,000 to \$10,000 each. This demonstrate the affects the profitability and if it's not properly managed, it would negative effect on the profit. Researches indicate about the hiring and training a replacement worker of costs approximately 50% of the annual salary of worker's (Johnson et al., 2000). Each time employee leaves from the firm. The productivity drops in the learning curve. Furthermore, intellectual capital adds to this cost loss. If employee turnover is not managed properly, it would affect adversely to the company in terms of personnel costs and its liquidity position. The voluntary turnover incurs significant cost as direct costs indirect costs. Direct costs are replacement, temporary staff, recruitment and selection, management time and etc. The indirect costs are costs of learning, morale, and pressure on remaining staff, organizational memory, product/service quality and the loss of social capital Dess et al. (2001).

Research Methodology – Chapter Three

3.1 Introduction

The previous chapter has focused on evaluating the various theories and the conceptual background relevant to changes in production costs due to labour turnover and absenteeism. This Chapter explains regarding the research methodology and the design that was utilized in the study whilst justifying the reasons to adopt such methodologies. Once the attention was paid to research questions and the nature of the topic of the study, the mixed method was used to carry out the study in order to minimize the limitations of both quantitative and qualitative approach. Further it describes regarding ethical considerations and the manner in which the data was gathered and collected (Questionnaire and the semi-structured interview). Other aspects that are covered in this section are the manner of transcription, translation, sampling and sample population of the study. According to Sarantakos (2013) a research methodology contains a theoretical perspective which describes the manner in which a particular research should be carried out in a determined pattern. According to Verma&Mallick (1999), research methodology contains of three categories as historical, descriptive and experimental. He further suggests that, a combination of all three methodologies can be utilized in carrying out educational research, however in field research descriptive research is being used widely. The selection of the methodology depends on the nature and the scope of the study of the researcher. The widely used research methodologies in academic research entail questionnaires, interviews, case studies, comparative analysis. Further the survey method is also a widely used mechanism in carrying out research in the education field and in the field of social sciences. Hence, the survey method was extensively used in carrying out this study. Surveys can be conducted using various means and methods such as through distribution of a questionnaire to a selected sample and through interviews with selected people in the area of study.

In this third chapter, it is aimed at developing a background to test the research questions of this study. In order to address the research questions, hypotheses will be defined by the researcher which will be the base of this study. This chapter aims to discuss the various types of research methodology and types of data available for conducting research studies such as this. The step by step articulation of gathering data until analysis and interpretation of data will be planned for in this chapter.

3.2 Research Design

Research design can be identified as the general plan on finding the answers for the research question. Accordingly, the research design can be identified under two groups namely exploratory and conclusive. In the exploratory research studies, the research purpose is to generate some insights about an entity or a situation. In the context of conclusive research designs, the purpose is to verify the insights and support in selecting a course of action. When it comes to the exploratory research design, the data need is vague but when it comes to conclusive research design the data need is clear and specific.

When it comes to conclusive research designs the data sources are needed for the study can be clearly defined. According to the structure of the exploratory research designs the data collection needs to be performed through an open ended and rough questions but when it comes to the conclusive research studies, the data collection is being performed by the usually structured methods. The sample size of the research studies of exploratory researches is relatively small and the sample respondents are selectively selected in order to maximize the generalization of the respondents' insights. When it comes to the conclusive research designs, the sample respondents are selected objectively, that means they are selecting without seeking or biasness and the size of the sample is relatively large when compared to the exploratory research designs. The collection of data is flexible and no set a procedure in exploratory research design but when it comes to the conclusive research designs the data collection procedure is very rigid and well laid out procedure. The analysis of data is informal and normally a quantitative nature can be seen. But when it comes to the conclusive research design, the data analysis is formal and typically quantitative.

By considering the nature and the operationalization of the two main research designs, the said research study entitled for the conclusive research study, where it is expected to specifically verify the insights and aid in the selecting a course of action. It has clearly identified the data need and also the data sources have well defined and used a structured form for data collection. The sample selected for the research study in order to take insights is relatively large and the collection procedure of data is rigid and expected to conduct a formal data analysis.

The theoretical framework of this study includes the structure and the basis that is involved in this study. The theory in the study is that production cost is directly inter related with absenteeism and labour turnover in apparel manufacturing companies. In order to explain the theoretical background of the study, chapter two; literature review, has covered many areas in relation to this. Thus, the theoretical framework defines the problem statement of the study in detail. The use of dependent and independent variables are used in this study to explain and identify the relationships between the establishments of the theory.

The conceptual framework of a study defines the fundamental outline of a research study. It involves concepts and assumptions which the researcher makes in developing the research questions and hypothesis. It also helps the researcher in justifying the research findings and he/she can define whether the relationships mentioned in the conceptual framework have been met or not and which thereby, assist the researcher to justify what they have found.

Based on the hypothesis and research questions, the conceptual framework for this study has been developed. The conceptual framework for this study is a two dimensional framework which means that correlations and interrelationships are built upon two elements such as dependent and independent variables. The dependent variable is the factor that has an impact due to changes in the other independent variables. Hence, the heart of the research questions of this study; Production costs of a selected apparel manufacturing company are defined as the dependent variable. The factors affect the change in production costs are defined as the independent variables. These independent variables defined for this study are, employee absenteeism and employee turnover.

Variables	Dimension	Indicators	Measurement
Labour Turnover	Voluntary turnover	Poor working attitude Work in tension and not satisfaction Less commitment of an employee Not adhere to rules and regulations Poor quality work	Likert Five point scale
	Involuntary turnover	High accidents	

		Poor relationship with peers and superiors	
Absenteeism	Sick/important life related matter (exam /funeral /wedding)	Sick leave Family related matter Life related important matter Career development related matter	Likert Five point scale
	Other matters	Job dissatisfaction stress hope to leave from the job	
Production Cost	Cost increments	Recruitment cost Training and development cost Production lost Labour prevalence cost Growth of HR related costs Missing orders Cost incurred for delay orders Overtime allowance	
	Reduction of profit	Less growth in profits Poor quality production	

Table 3.1: Operationalization

Research Approach

In research studies there are two main research approaches namely inductive research approach and deductive research approach. When it comes to the inductive research approach, the theories are building based on the research findings and it's called as a theory building approach. When it comes to the deductive approach, the existing theories and the phenomenon are going to be tested based on the different scenarios. In this study, it has used the theory testing approach where it is

used a specific conceptual model to test the hypotheses developed in the study based on the responses received from the sample respondents.

3.3 Selection of Population and Sample

3.3.1 Population

There have been many studies that have already been carried out in relation to this topic where the impact of employee turnover and absenteeism is affected on the production cost of companies. The importance of undertaking a review of previous studies is that it enables the researcher conveniently define the approach that can be used for his/ her study as well. Previous studies have taken a descriptive method involving several quantitative methods to define the relationships between the said independent and dependent variables.

The population of a study defines the type and attitude of the participants of the study. The impact of the attitude factor of participants defines the outcome of the study. The identification of population is relevant as the results of the study may vary according to the population and sample. The population selected for this study is employees of selected apparel industry companies which produces special occasion production where the lead time is fixed. As the population itself denotes, the sample includes a less recognized yet labour intensive department in the apparel industry.

3.3.2 Sample

In order to select the sample respondents for the sample from the population, the researcher are used the convenience sample technique. In that, the researcher intended to use a non-probabilistic sampling technique where it doesn't provide a similar and chance for each elements of the population to being selected for the sample. In sampling techniques, mainly there can be seen two main techniques of selecting samples from the populations namely, probability sampling technique and non-probability sampling technique. Probability sampling technique can be identified as the sampling technique that each and every respondents of the population receive an equal chance to being selected for the sample while in non-probability sampling technique; the sample respondents are being selected based on the convenience of the researcher. In non-probability sampling technique, there are more than five methods of selecting sample respondents namely, convenience, snowball, and etc.

Out of this population, a sample of 432 employees of a selected apparel company which produces special occasion products will be selected for data collection. Information that relates to this population will be gathered via secondary information of past two years as available in the selected companies. Based on this information collected from the stated sample, the analysis will be carried out in identifying specific relationships between production costs versus employee turnover and absenteeism.

3.4 Data Collection

3.4.1 Primary Data Sources

Primary and secondary data are categorized as the two main types of data that are used in evaluating and analysis of research data (Bryman & Bell, 2003).

Primary data are data that are collected for the fulfillment of a particular research study. This type of data is collected by the researcher himself for the use of the study. There are many sources of obtaining primary data and it depends on the type of approach to the study; whether it is quantitative or qualitative research methodology. For quantitative studies, questionnaires and surveys are useful due to the ability of interpreting this data in numerical form. This makes it easier to interpret questionnaire data into statistical data to identify correlations between variables. For qualitative studies, structured or semi structured interviews, direct observations, focus group discussions are some sources of gathering information. These methods are capable of delivering a large scale of information that is relevant for the study which would more often be the requirement of a qualitative study.

3.4.2 Secondary Data Sources

Secondary data are those that are readily available for use and these types of data have been gathered for a different purpose but they are useful for the research in study. There are numerous sources of secondary data and such data can be gathered from books, reports, newspaper publications or magazines, journals, articles, documents from websites and other electronic sources. Information from these sources are also capable of justifying the hypothesis that will be tested. Benefits of using secondary data includes the fact that such information is readily available, less expensive and less time consuming to collect data. Data can be collected over a wider range of period so that it enables researchers to investigate patterns of change over a period of time.

For the purpose of this study, secondary data will be extensively used. Information from management accounts such as monthly financial statements, variance analysis reports on labour hours, machine hours will be used. In addition, the department-wise absenteeism and labour turnover information will be gathered. Employee turnover information is gathered from the record that are held within the HR department in relation to all exit forms of the company.

3.5 Conceptual Framework

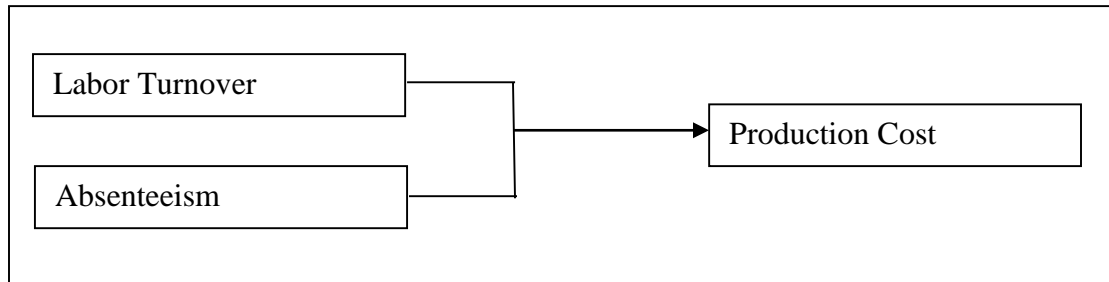


Figure 3.1: Conceptual Framework

Source: Developed by researcher based on the literature review

3.5 Questionnaire

Questionnaire for employees

Section A

1. Gender

- a. Male
- b. Female

2. Age

- a. Between 16 to 18 years
- b. Between 18 to 25 years
- c. Between 26 to 35 years
- d. Between 36 to 50 years
- e. Between 50 to 60 years
- f. Over 60 years

3. Experience in apparel industry

- a. Less than one year
- b. One to three years
- c. Three to five years
- d. More than five years

4. How many apparel companies you've employed for

- a. Only one
- b. Two to three
- c. Four to five
- d. More than five

5. Are you working happily in an apparel industry?

- a. Yes
- b. No Idea
- c. No

6. Are you expect to leave from this company as well?

- a. Yes
- b. No Idea
- c. No

Section B

	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Labour turnover						
7	I have seen poor working attitude among employees of apparel companies					
8	I'm working in tension and not satisfaction about the existing job					
9	I'm not much committed to this job as to the employer					
10	I do not adhered to rules and regulations of the company					
11	I'm not much concern about quality of work in the apparel industry					
12	Employees have to leave the company if they come up with high accidents without following safety rules of the company					

13	Employees have to leave the company due to continuous poor relationship with peers and superiors occurred with lack of respect on employment rules and policies					
Absenteeism						
14	I usually got sick, so I have to stay home without going to the job					
15	I usually take leave for family related matter in my job					
16	I usually take leave to fulfil my personal requirements					
17	I usually take leave to sit for several exams related to development of my carrier in the apparel industry					
18	I usually absent to the work because I'm not much satisfied about the job					
19	I usually stress in my job , so I take leave					
20	I have to go to another job, so I took leave continuously					
Production Cost						
21	I have seen increment of employee recruitment cost because they take new employees everyday					
22	Company invest huge amount for training and development					

23	There is continuous production lost in the company due to less number of employees					
24	Company suddenly hired labour from outside to finish orders on time which cost high more than the normal labour cost					
25	I have seen growth of HR related costs					
26	I have seen company missed few orders due to less number of employees					
27	Company spent huge extra amount due to delay of orders					
28	I have to work overtime in past few months , where company spent huge money as overtime allowance					
29	I have seen less growth in profits of the company					
30	I have seen poor quality productions of the company due to poor working attitude of employees and high absenteeism					

3.6 Data Analysis

The collected data are being entered to a master sheet and by then, the data collected are being fed to the SPSS sheet where it will enable the identification of data and the information separately under each variable separately. After entering to the SPSS sheet, the editing, calculations and necessary statistical tests such as mean, median, mode, and correlation statistics have been conducted in order to test the hypotheses.

3.7 Descriptive Analysis

Descriptive statistics techniques were used to discover the pattern of the sample. The major descriptive statistical technique which was used in this study is mean, median, mode, standard deviation and the percentage analysis. Percentage values were used to identify the circumstances prevailing to the absenteeism and the labor turnover. Frequency counts, mean scores, percentages were also calculated for the statement on the questionnaire in order to determine the factors of absenteeism and labor turnover to the production cost.

3.8 Model Development

3.8.1 Correlation Analysis

Correlation Analysis is normally used to test the strength of the relationship between the independent variables and the dependent variable. In this study, the independent variables are denoted by the labor turnover and the employee absenteeism. Production cost has been identified as the dependent variable. In this, based on the relationship between two independent variables to the dependent variable, the hypotheses have been developed. Normally in the research studies, Pearson Correlation statistics are used to test the hypotheses and in this study also Pearson Correlation is used to test the hypotheses. P value is used to test the hypotheses. In that if the P value is less than 0.005 the hypotheses is considered as the significant and if the P value is higher than the 0.005 the hypotheses is considered as an insignificant. Other than that, based on the Pearson Correlation value, the strength of the relationship is determined. If the Correlation value is less than 0.5, it is considered as a weak relationship between the independent and the dependent variable and if the Correlation value is more than 0.5, and if it closer to 1, it is being considered as a strong relationship between the independent and the dependent variable.

3.8.2 Regression Analysis

Regression Analysis also can be identified as an important tool of analysis and this is mainly focused on analyzing the model fitness of the study. Normally this analysis is used to test an impact of the independent variables to the dependent variable. Based on the R value received from the regression analysis, it can be identified that, the level of the dependent variable is explained by the independent variables.

3.9 Chapter Summary

Research Methodology is an important chapter of the research study where as it shows the clear road map for the study. In this, the research design, research approach, sample, population, questionnaire, data analysis, descriptive analysis, Correlation analysis and the regression analysis is identified. The research study has been conducted from 432 employee sample which has selected based on the non-probability convenience sampling technique. Both primary and the secondary data has been used for the study and both quantitative and qualitative sources of data has been used for the study.

Data Analysis – Chapter Four

4.0 Introduction

This is the fourth chapter of the research study which helps to analyze primary survey questionnaire with SPSS analysis.

4.1 Demographic Analysis

1. Gender

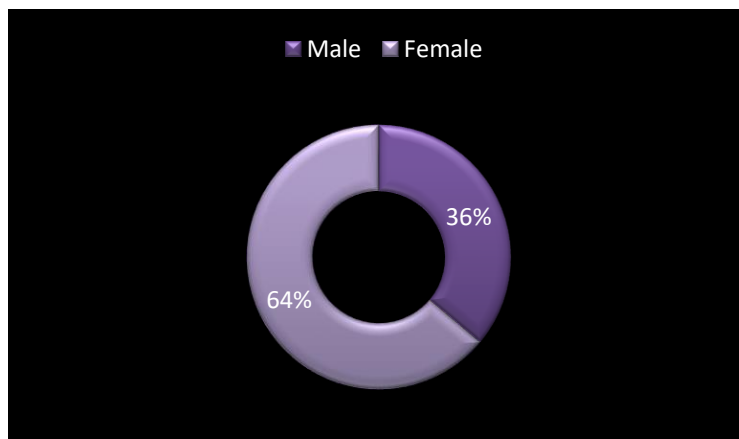


Figure 4.1: Gender

36% of employees were males and 64% of employees were females. Majority of females were working in Apparel industry. Women use the job as the secondary over their family matters and other responsibilities. Therefore, if women unable to manage family matters that they tend to absent and leave from the job.

2. Age

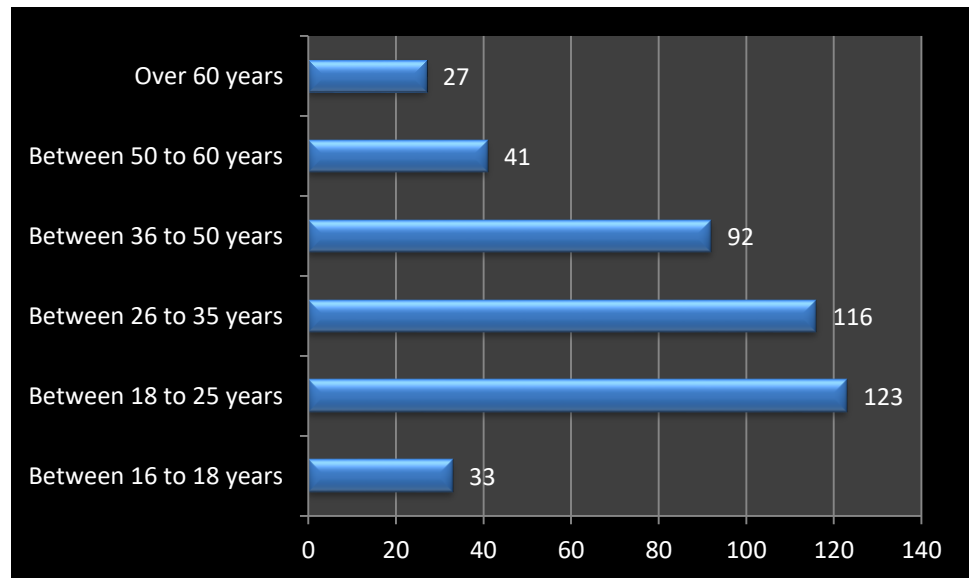


Figure 4.2: Age

Most employees were young who are working for the company. Other majority are middle age employees. That means, young workers have several other responsibilities and requirements about the job such as good salary, higher benefits and etc. Lack of these benefits lead to employee job dissatisfaction. Thus, Apparel Company should reduce young employee dissatisfaction to reduce employee turnover and related costs.

3. Experience in apparel industry

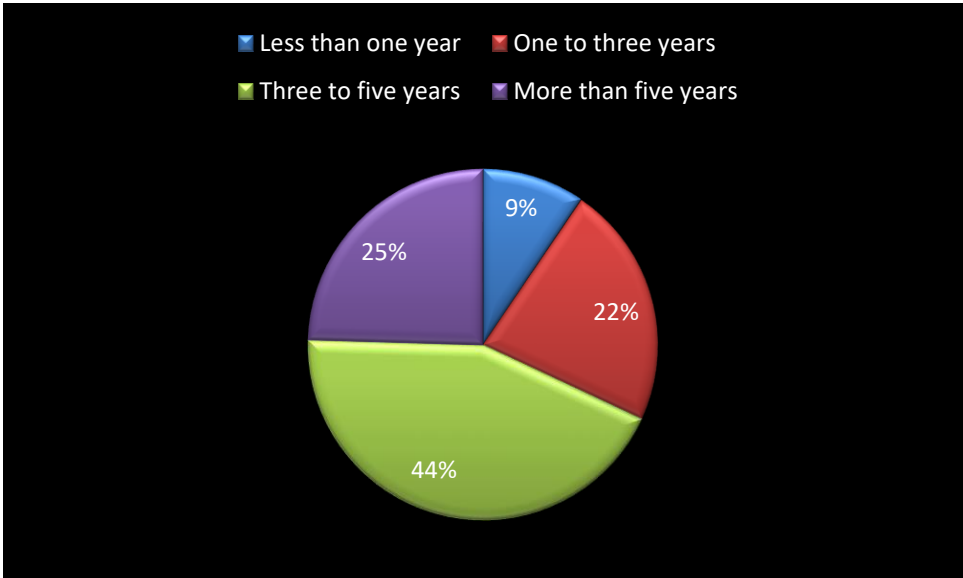


Figure 4.3: Experience in apparel industry

9% of employees were having less than one year of work experience in apparel industry. 22% of employees were having one to three years of work experience in apparel industry and 44% of employees were having three to five years of work experience. 25% of employees were having more than five years of work experience in apparel industry.

4. How many apparel companies you've employed for

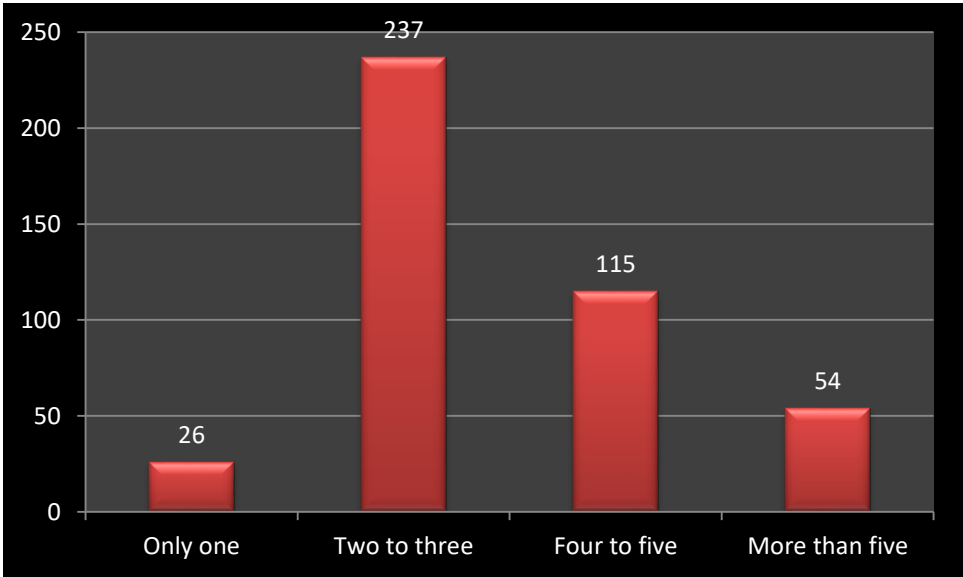


Figure 4.4: How many apparel companies you've employed for

Twenty-six employees were employed only for one company. Two hundred and thirty-seven employees were employed to two to three companies in apparel industry. One hundred and fifteen employees were worked for four to five apparel companies. Only fifty-four employees were employed for more than five Apparel Companies. Comparably, these employees work in a company for very short time period. There can be seen a high employee turnover rates.

5.Are you working happily in an apparel industry?

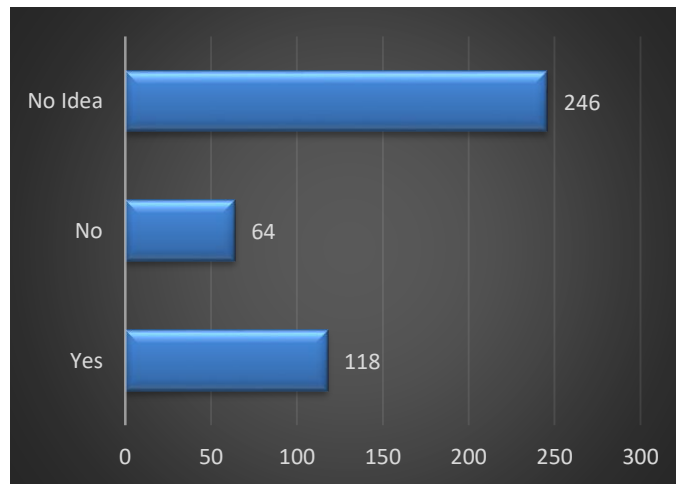


Figure 4.5: Are you working happily in an apparel industry?

Sixty-four employees were not working happily in apparel industry. However, two hundred and forty-six employees were not responded any positive or negative idea. One hundred and eighteen employees were working happily in apparel industry. Happy employees are not tending to leave the company easily.

6. Are you expect to leave from this company as well?

One hundred and nineteen employees were expected to leave from the company. Two hundred and thirty-five employees were not having any idea regarding the statement. Seventy-eight employees were not expected to leave from the company. According to the secondary data sources and the literature review which has been conducted previously, it has identified that, in the export market, and the total export quantity has been drastically decrease from the 2005 and many academicians and the practitioners have defined many reasons for that. Accordingly, most of them have identified absenteeism and the turnover for that. As a result of increasing absenteeism and the turnover, the total production cost of the company also tend to increase. So the problem centered for the study was to which extend the labor turnover and the absenteeism influence on the production cost of the company.

4.2 Variable Analysis

4.2.1 Employee Turnover

Poor working attitude					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	2.3	2.3	2.3
	Disagree	39	9.0	9.0	11.3
	Neutral	77	17.8	17.8	29.2
	Agree	247	57.2	57.2	86.3
	Strongly Agree	59	13.7	13.7	100.0
	Total	432	100.0	100.0	

Table 4.1: Employee Turnover

70.9% of employees agreed with the statement because they had seen poor working attitude among employees of apparel companies. Poor working attitude is finally ended up with employee leave the company. Most employees show poor working attitude when they ready to leave the company. 17.8% of employees were not shown any positive or negative response. 11.3% of employees

disagreed with the statement because they were seen good working attitude of employees which reflected employee retention.

Work in tension and not satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	1.4	1.4	1.4
	Disagree	57	13.2	13.2	14.6
	Neutral	64	14.8	14.8	29.4
	Agree	256	59.3	59.3	88.7
	Strongly Agree	49	11.3	11.3	100.0
	Total	432	100.0	100.0	

Table 4.1: Work in tension and not satisfaction

14.6% of employees were disagreed with the statement because they were not seen any tension or dissatisfaction among employees regarding their existing job. However, tension and job dissatisfaction cause employee turnover in an apparel industry. Highly tensed and dissatisfied employee leaves the company. 70.6% of employees were seen tensed and dissatisfied employees in special occasion wear export section in the apparel company. However, 14.8% of employees were neither agreed nor disagreed with the statement.

Less commitment of an employee

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	1.2	1.2	1.2
	Disagree	58	13.4	13.4	14.6
	Neutral	66	15.3	15.3	29.9
	Agree	213	49.3	49.3	79.2
	Strongly Agree	90	20.8	20.8	100.0
	Total	432	100.0	100.0	

Table 4.2:Less commitment of an employee

Poorly committed employees show poor engagement in the workplace activities. 14.6% of employees were disagreed with the statement because they were highly committed towards the job and for their employer. But 15.3% of employees not provided any positive or negative response regarding the statement about ‘less commitment of an employee’. But 70.1% of employees were agreed with the statement because they were seen less commitment of employees to work in special occasional wear section in Apparel Company.

		Not adhere to rules and regulations			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	1.9	1.9	1.9
	Disagree	41	9.5	9.5	11.3
	Neutral	62	14.4	14.4	25.7
	Agree	266	61.6	61.6	87.3
	Strongly Agree	55	12.7	12.7	100.0
	Total	432	100.0	100.0	

Table 4.3:Not adhere to rules and regulations

When employees are ready to leave from the company, they used to not to adhere to rules and regulations of a company. 74.3% of employees agreed with the statement and said about not adherence to rules and regulations of Apparel Company in special occasion wear section among employees who left the company. But 14.4% of employees were not provided any positive or negative response. 11.3% of employees disagreed with the statement because they were adhered to rules and regulations of the apparel company.

Poor quality work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	.9	.9	.9
	Disagree	40	9.3	9.3	10.2
	Neutral	58	13.4	13.4	23.6
	Agree	270	62.5	62.5	86.1
	Strongly Agree	60	13.9	13.9	100.0
	Total	432	100.0	100.0	

Table 4.4: Poor quality work

When employees are not wanted to stay with the company, they used to work with very poor quality. 76.4% of employees were seen not much concern about quality of work in apparel company among employees who wanted to leave the company. 13.4% of employees had ‘neutral’ response regarding the statement. 10.2% of employees were not agreed with the statement because they carried out high quality work in the workplace when they wanted to leave the company or not.

High accidents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	1.6	1.6	1.6
	Disagree	58	13.4	13.4	15.0
	Neutral	73	16.9	16.9	31.9
	Agree	224	51.9	51.9	83.8
	Strongly Agree	70	16.2	16.2	100.0
	Total	432	100.0	100.0	

Table 4.5: High Accidents

There is some situation that company has to terminate employee under particular organizational rules, regulations and policies. Employees were given to follow a set of rules and regulations to ensure safety of the working environment. 68.1% of employees were seen happening of major accidents for employees due to not following of safety rules and regulations of the company.

Employee has to involuntary leave the company. 16.9% of employees were not had any positive or negative response. 15% of employees were not agreed with the statement because they were followed particular rules and regulations of company to ensure safety in the workplace. Also they had not seen terminate of employees who faced with major accidents in the workplace due to missing safety rules.

Poor relationship with peers and superiors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	1.4	1.4	1.4
	Disagree	49	11.3	11.3	12.7
	Neutral	72	16.7	16.7	29.4
	Agree	247	57.2	57.2	86.6
	Strongly Agree	58	13.4	13.4	100.0
	Total	432	100.0	100.0	

Table 4.6: Poor relationship with peers and superiors

Employees have to leave the company due to continuous poor relationship with peers and superiors occurred with lack of respect on employment rules and policies. In such a case, it is legal to terminate employees form Apparel Company. 70.6% of employees were agreed with the statement because they had seen removal of employees due to not respect on company rules and regulations from special occasional wear section. 16.7% of employees were neither agreed nor disagreed with the statement to express neutral idea. 12.7% of employees were not agreed with the statement because they had not seen termination of employees due to poor relationship with peers and superiors.

Employee turnover issue is widely considered issue in any organization. Several consequences of human resource management practice cause to employee turnover. As simply said, employee turnover is known as employee quit from the job for any particular reason. According to Nawas (2009, p.142), employee turnover is permanent movement of an employee beyond the boundary of the organization.

4.2.2 Absenteeism

Sick leave

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	2.1	2.1	2.1
	Disagree	61	14.1	14.1	16.2
	Neutral	49	11.3	11.3	27.5
	Agree	252	58.3	58.3	85.9
	Strongly Agree	61	14.1	14.1	100.0
	Total	432	100.0	100.0	

Table 4.7: Sick leave

16.2% of employees were disagreed with the statement because they were taken sick leave due to actual sickness. Otherwise employees were not taken sick leave without getting any sickness. 11.3% of employees were responded as ‘neutral’ regarding the statement. 72.4% of employees were agreed with the statement because they were confirmed that employees take sick leave without getting any sickness. Absent for the work without having sickness could be one of the major issue when considering about human resource practice of an apparel company.

Family related matter

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	.9	.9	.9
	Disagree	59	13.7	13.7	14.6
	Neutral	66	15.3	15.3	29.9
	Agree	254	58.8	58.8	88.7
	Strongly Agree	49	11.3	11.3	100.0
	Total	432	100.0	100.0	

Table 4. 8: Family related matter

Employees have family related matters and high absenteeism cause significant issues to the company in apparel company. 14.6% of employees were usually to take leave at least for family

related matters in the job. 15.3% of employees were not responded positively or negatively. 70.1% of employees were usually taken leave for family related matters in their job repeatedly.

Life related important matter

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	1.6	1.6	1.6
	Disagree	47	10.9	10.9	12.5
	Neutral	76	17.6	17.6	30.1
	Agree	252	58.3	58.3	88.4
	Strongly Agree	50	11.6	11.6	100.0
	Total	432	100.0	100.0	

Table 4.9:Life related important matter

Employee personal requirements create considerable disturbance to the job. Personal related requirements cause to employee high absenteeism. 12.5% of employees disagreed with the statement because employees were not absent much due to personal requirements continuously. 17.6% of employees were neither agreed nor disagreed with the statement. 69.9% of employees were agreed with the statement because they were seen usually absent to the job in order to fulfillment if personal requirements.

Career development related matter

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	1.9	1.9	1.9
	Disagree	41	9.5	9.5	11.3
	Neutral	66	15.3	15.3	26.6
	Agree	238	55.1	55.1	81.7
	Strongly Agree	79	18.3	18.3	100.0
	Total	432	100.0	100.0	

Table 4.10: Career development related matter

11.3% of employees were disagreed with the statement because they were not taken much leave to sit for several exams in order to develop their career. 15.3% of employees not agreed nor disagreed with the statement. 73.4% of employees were agreed with the statement because they were seen regular employee absenteeism to the work due to career development related exam preparation in Apparel Company.

		Job dissatisfaction			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	1.6	1.6	1.6
	Disagree	36	8.3	8.3	10.0
	Neutral	87	20.1	20.1	30.1
	Agree	231	53.5	53.5	83.6
	Strongly Agree	71	16.4	16.4	100.0
	Total	432	100.0	100.0	

Table 4.11: Job dissatisfaction

Employees used to absent to the work and not satisfied with the job. 10% of employees were disagreed with the statement because they were usually satisfied about the job and not much absent to the work. 20.1% of employees were neither agreed nor disagreed with the statement. 69.9% of employees were agreed with the statement because employees were dissatisfied with the job and absent to the work.

Stress					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	1.6	1.6	1.6
	Disagree	40	9.3	9.3	10.9
	Neutral	74	17.1	17.1	28.0
	Agree	235	54.4	54.4	82.4
	Strongly Agree	76	17.6	17.6	100.0
	Total	432	100.0	100.0	

Table 4.12:stress

10.9% of employees were not taken leave from the job due to job stress. 17.1% of employees had neutral response regarding the statement. 76% of employees were agreed with the statement because they took leave from the job due to work stress.

hope to leave from the job					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.5	.5	.5
	Disagree	42	9.7	9.7	10.2
	Neutral	68	15.7	15.7	25.9
	Agree	255	59.0	59.0	85.0
	Strongly Agree	65	15.0	15.0	100.0
	Total	432	100.0	100.0	

Table4. 13:hope to leave from the job

10.2% of employees were disagreed with the statement because employees were not taken leave from the job continuously due to their expectations to leave to another job. 15.7% of employees were neither agreed nor disagreed with the statement. 74% of employees agreed with the statement because they leave from the job in order to move to another job.

As defined by IBEC (1999), in every organization, absence is a natural and expected phenomenon. It is provided statute in work schedules by planning and procedures. Absence includes public

holidays, annual leave, jury duty, maternity leave and etc. When employees are scheduled to be at work, in short, absence is either by legislation or contract of employment.

4.3 Correlation Analysis

Average employee respondents about employee turnover and production cost were used as data for correlation analysis. This is conducted by using the primary data analysis (Questionnaire)

		Employee turnover	Production cost
Employee turnover	Pearson Correlation	1	.741**
	Sig. (2-tailed)		.000
	N	432	432
Production cost	Pearson Correlation	.741**	1
	Sig. (2-tailed)	.000	
	N	432	432

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

Table 4.14: Correlations

Correlation is 0.741 in between employee turnover and production cost. This is positive and strong relationship. Hypothesis is as below,

H₁₀: There is no relationship between employee turnover and production cost of Apparel company

H₁₁: There is a relationship between employee turnover and production cost of Apparel Company

That means employee turnover influence on increment of production cost of Apparel Company. Thus, there is a relationship between employee turnover and production cost of Apparel Company.

		Absenteeism	Production cost
Absenteeism	Pearson Correlation	1	.532**
	Sig. (2-tailed)		.000
	N	432	432
Production cost	Pearson Correlation	.532**	1
	Sig. (2-tailed)	.000	
	N	432	432

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

Table 4.15:Correlations

Correlation is 0.532 in between absenteeism and production cost. This is positive and strong relationship. Hypothesis is as below,

H₂₀: There is no relationship between absenteeism and production cost of Apparel company

H₂₁: There is a relationship between absenteeism and production cost of Apparel Company

That means absenteeism influence on increment of production cost of Apparel Company. Thus, there is a relationship between absenteeism and production cost of Apparel Company.

1.4 Regression Analysis

Average employee respondents about employee turnover, employee absenteeism and production cost were used as data for regression analysis. This is conducted by using the primary data analysis.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768 ^a	.590	.588	.37980

a. Predictors: (Constant), Absenteeism, Employee turnover

Table 4.16:Model Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	89.105	2	44.552	308.861	.000 ^a
	Residual	61.882	429	.144		
	Total	150.987	431			

a. Predictors: (Constant), Absenteeism, Employee turnover

b. Dependent Variable: Production cost

Table4. 17:ANOVA^b

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		1	(Constant)	.532		
	Employee turnover	.648	.036	.631	17.927	.000
	Absenteeism	.219	.034	.230	6.529	.000

a. Dependent Variable: Production cost

Table 4.18:Coefficients^a

Employee turnover $p = 0.000$ ($p < 0.050$) and absenteeism $p = 0.000$ ($p < 0.050$) influence on production cost. Hypothesis is as below,

H0: There is no relationship between employee turnover and absenteeism on production cost of Apparel Company

H1: There is a relationship between employee turnover and absenteeism on production cost of Apparel Company

That means, there is a relationship between employee turnover and absenteeism on production cost of Apparel Company

4.5 Secondary Data Analysis

Department wise absenteeism details

	W/H	% of w/H	Inspection Dept.	Cutting Dept.	Mini Stores	Prod. Dept.	QC Dept.	Ironing Dept.	Fillberg Inspection	Packing Dept.	Total staff	% of staff
1-Nov-17	7	7.9	2	3	2	10	2	-	2	1	22	4.2
2-Nov-17	6	6.7	2	2	-	21	-	-	2	1	28	5.3
6-Nov-17	4	4.5	2	1	1	23	3	-	-	2	32	6.0
7-Nov-17	2	2.2	1	5	-	14	3	-	-	2	25	4.7
8-Nov-17	-		1	6	-	10	3	-	2	1	23	4.3
9-Nov-17	6	6.7	2	5	-	16	1	-	-	1	25	4.7
10-Nov-17	7	7.9	2	7	-	9	3	1	-	-	22	4.2
11-Nov-17	7	7.9	2	11	1	27	5	2	4	-	52	9.8
13-Nov-17	3	3.4	2	8	-	23	4	4	3	2	46	8.7
14-Nov-17	7	7.9	3	4	1	17	4	1	3	-	33	6.2
15-Nov-17	7	7.9	2	5	-	15	3	3	3	-	31	5.8
16-Nov-17	7	7.9	2	5	-	14	4	-	3	3	31	5.8
17-Nov-17	3	3.4	2	7	-	14	1	1	4	2	31	5.8
18-Nov-17	11	12.4	3	12	1	11	6	2	5	2	42	7.9
20-Nov-17	5	5.6	2	4	-	16	6	1	4	3	36	6.8
21-Nov-17	5	5.6	2	6	-	11	6	1	2	-	28	5.3
22-Nov-17	2	2.2	1	6	2	9	3	-	1	1	23	4.3
	89		33	97	8	260	57	16	38	21	530	

Table 4.19:Secondary Data Analysis

There can be seen most employees were absent in production department. Those employees are the people who directly work with the export special occasional wear production items. That means, their absenteeism directly influences on production cost of the company. When it comes to weekends, there was a huge number of employees absent in the production department.

Date	Department wise - Loss of Man Hours Due to Absenteeism										Total staff	% of staff
	W/H	% of WH	Inspection Dept.	Cutting Dept.	Mini Stores	Prod. Dept.	QC Dept.	Ironing Dept.	Fillberg Inspection	Packing Dept.		
1-Nov	63	7.9	18	27	18	90	18	-	18	9	198	4.2
2-Nov	54	6.7	18	18	-	189	-	-	18	9	252	5.3
6-Nov	36	4.5	18	9	9	207	27	-	-	18	288	6.0
7-Nov	18	2.2	9	45	-	126	27	-	-	18	225	4.7
8-Nov	-		9	54	-	90	27	-	18	9	207	4.3
9-Nov	54	6.7	18	45	-	144	9	-	-	9	225	4.7
10-Nov	63	7.9	18	63	-	81	27	9	-	-	198	4.2
11-Nov	63	0.1	18	99	9	243	45	18	36	-	468	9.8
13-Nov	27	3.4	18	72	-	207	36	36	27	18	414	8.7
14-Nov	63	7.9	27	36	9	153	36	9	27	-	297	6.2
15-Nov	63	7.9	18	45	-	135	27	27	27	-	279	5.8
16-Nov	63	7.9	18	45	-	126	36	-	27	27	279	5.8
17-Nov	27	3.4	18	63	-	126	9	9	36	18	279	5.8
18-Nov	99	12.4	27	108	9	99	54	18	45	18	378	7.9
20-Nov	45	5.6	18	36	-	144	54	9	36	27	324	6.8
21-Nov	45	5.6	18	54	-	99	54	9	18	-	252	5.3
22-Nov	18	2.2	9	54	18	81	27	-	9	9	207	4.3

Table 4.20:Secondary Data Analysis

The large numbers of man hours were lost in the same production department. In order to complete the export order of special occasional wear that employee man hours are really important. Loss of man hours is an opportunity cost included to the production department.

Date	Department wise Extra Labor Requirement due to Absenteeism (No. of Heads)										Total staff	% of staff
	W/H	% of working hours	Inspection Dept.	Cutting Dept.	Mini Stores	Prod. Dept.	QC Dept.	Ironing Dept.	Fillberg Inspection	Packing Dept.		
1-Nov	21	7.9	6	9	6	30	6	-	6	3	66	4.2
2-Nov	18	6.7	6	6	-	63	-	-	6	3	84	5.3
6-Nov	12	4.5	6	3	3	69	9	-	-	6	96	6.0
7-Nov	6	2.2	3	15	-	42	9	-	-	6	75	4.7
8-Nov	-		3	18	-	30	9	-	6	3	69	4.3
9-Nov	18	6.7	6	15	-	48	3	-	-	3	75	4.7
10-Nov	21	7.9	6	21	-	27	9	3	-	-	66	4.2
11-Nov	21	7.9	6	33	3	81	15	6	12	-	156	9.8
13-Nov	9	3.4	6	24	-	69	12	12	9	6	138	8.7
14-Nov	21	7.9	9	12	3	51	12	3	9	-	99	6.2
15-Nov	21	7.9	6	15	-	45	9	9	9	-	93	5.8
16-Nov	21	7.9	6	15	-	42	12	-	9	9	93	5.8
17-Nov	9	3.4	6	21	-	42	3	3	12	6	93	5.8
18-Nov	33	12.4	9	36	3	33	18	6	15	6	126	7.9
20-Nov	15	5.6	6	12	-	48	18	3	12	9	108	6.8
21-Nov	15	5.6	6	18	-	33	18	3	6	-	84	5.3
22-Nov	6	2.2	3	18	6	27	9	-	3	3	69	4.3
23-Nov											1,590	

Table 4.21:Secondary Data Analysis 2

There is considerable extra labour hired to production department to presence the loss of absenteeism of apparel company in special occasional wear Apparel Company.

Date	Department wise Extra Labor Cost due to Absenteeism										Total staff	
	W/H	% of W/H	Inspection Dept.	Cutting Dept.	Mini Stores	Prod. Dept.	QC Dept.	Ironing Dept.	Fillberg Inspection	Packing Dept.		
1-Nov	14,910	8.00	4,260	6,390	4,260	21,300	4,260	-	4,260	2,130	46,860	4.15
2-Nov	12,780	7.00	4,260	4,260	-	44,730	-	-	4,260	2,130	59,640	5.28
6-Nov	8,520	4.00	4,260	2,130	2,130	48,990	6,390	-	-	4,260	68,160	6.04
7-Nov	4,260	2.00	2,130	10,650	-	29,820	6,390	-	-	4,260	53,250	4.72
8-Nov	-		2,130	12,780	-	21,300	6,390	-	4,260	2,130	48,990	4.34
9-Nov	12,780	7.00	4,260	10,650	-	34,080	2,130	-	-	2,130	53,250	4.72
10-Nov	14,910	8.00	4,260	14,910	-	19,170	6,390	2,130	-	-	46,860	4.15
11-Nov	14,910	8.00	4,260	23,430	2,130	57,510	10,650	4,260	8,520	-	110,760	9.81
13-Nov	6,390	3.00	4,260	17,040	-	48,990	8,520	8,520	6,390	4,260	97,980	8.68
14-Nov	14,910	8.00	6,390	8,520	2,130	36,210	8,520	2,130	6,390	-	70,290	6.23
15-Nov	14,910	8.00	4,260	10,650	-	31,950	6,390	6,390	6,390	-	66,030	5.85
16-Nov	14,910	8.00	4,260	10,650	-	29,820	8,520	-	6,390	6,390	66,030	5.85
17-Nov	6,390	3.00	4,260	14,910	-	29,820	2,130	2,130	8,520	4,260	66,030	5.85
18-Nov	23,430	12.00	6,390	25,560	2,130	23,430	12,780	4,260	10,650	4,260	89,460	7.92
20-Nov	10,650	6.00	4,260	8,520	-	34,080	12,780	2,130	8,520	6,390	76,680	6.79
21-Nov	10,650	6.00	4,260	12,780	-	23,430	12,780	2,130	4,260	-	59,640	5.28
22-Nov	4,260	2.00	2,130	12,780	4,260	19,170	6,390	-	2,130	2,130	48,990	4.34

Table 4.22:Secondary Data Analysis 3

Production department had to bear considerable huge amount of cost due to employee absenteeism.

Date	Department wise Overheads due to Absenteeism (No. of Heads)										Loss due to Absenteeism	Total Daily Cost	% Cost due to Absenteeism
	W/H	% of W/H	Inspection Dept.	Cutting Dept.	Mini Stores	Prod. Dept.	QC Dept.	Ironing Dept.	Fillberg Inspection	Packing Dept.			
1-Nov	1,890	8.00	540	810	540	2,700	540	-	540	270	(29,580)	1,011,953	(0.03)
2-Nov	1,620	7.00	540	540	-	5,670	-	-	540	270	(34,680)	1,011,953	(0.03)
6-Nov	1,080	4.00	540	270	270	6,210	810	-	-	540	(36,720)	1,011,953	(0.04)
7-Nov	540	2.25	270	1,350	-	3,780	810	-	-	540	(27,540)	1,011,953	(0.03)
8-Nov	-		270	1,620	-	2,700	810	-	540	270	(23,460)	1,011,953	(0.02)
9-Nov	1,620	7.00	540	1,350	-	4,320	270	-	-	270	(31,620)	1,011,953	(0.03)
10-Nov	1,890	8.00	540	1,890	-	2,430	810	270	-	-	(29,580)	1,011,953	(0.03)
11-Nov	1,890	8.00	540	2,970	270	7,290	1,350	540	1,080	-	(60,180)	1,011,953	(0.06)
13-Nov	810	3.37	540	2,160	-	6,210	1,080	1,080	810	540	(49,980)	1,011,953	(0.05)
14-Nov	1,890	8.00	810	1,080	270	4,590	1,080	270	810	-	(40,800)	1,011,953	(0.04)
15-Nov	1,890	8.00	540	1,350	-	4,050	810	810	810	-	(38,760)	1,011,953	(0.04)
16-Nov	1,890	8.00	540	1,350	-	3,780	1,080	-	810	810	(38,760)	1,011,953	(0.04)
17-Nov	810	3.37	540	1,890	-	3,780	270	270	1,080	540	(34,680)	1,011,953	(0.03)
18-Nov	2,970	12.00	810	3,240	270	2,970	1,620	540	1,350	540	(54,060)	1,011,953	(0.05)
20-Nov	1,350	6.00	540	1,080	-	4,320	1,620	270	1,080	810	(41,820)	1,011,953	(0.04)
21-Nov	1,350	6.00	540	1,620	-	2,970	1,620	270	540	-	(33,660)	1,011,953	(0.03)
22-Nov	540	2.25	270	1,620	540	2,430	810	-	270	270	(25,500)	1,011,953	(0.03)
30-Nov											-	1,011,953	-

Table 4.23:Secondary Data Analysis

There was around 5% loss of overhead cost in the apparel company due to employee absenteeism. Mainly production department had to bear overhead cost in Apparel Company with the issue of absenteeism in the apparel company of special occasional wear section.

Conclusion and Recommendation – Chapter Five

5.1 Introduction

Absenteeism and the turnover become critical factors in today's business world. So conducting the research studies in that area will directly contribute to the decision making of the top management. This chapter alludes the spirit of the research study where it indicated the summary of the whole study, the conclusion & recommendations, research limitations, future research directions as well the chapter summary.

5.2 Summary of Research Findings and Conclusions

Both quantitative and qualitative data has collected for the study purpose and analyses have been conducted and both primary and secondary sources of data has collected for the study. As per the main data collection instrument, a self-administered structured questionnaire has been used. Other than that, an in-depth interviews and the focused group discussions have been conducted with the employees of the company. 432 sample respondents were taken in to consideration for the study and the sample respondents for the study were selected based on the non-probability convenience sampling technique.

Based on the data analysis which has been conducted based on the data collected for the study, there can be seen a primary data analysis and the secondary data analysis. In the primary data analysis demographic analysis and the specific data analysis have been identified. In the demographic analysis, the analysis has undertaken related to gender, age, working experience and so on. According to the age analysis, majority of the sample respondents represented by male and it is about 64% of the total sample. When it comes to the analysis conducted from the- information received by the age group, majority of the sample respondents are in the age group of 18-25. Experience in the apparel industry of the sample respondents also takes a higher importance where it enables the validity of the responses of the sample respondents. Accordingly, majority of the sample respondents are having three to five-year experience and it is about 44%. Majority of the employees responded that they don't work in happy or they hold a neutral idea.

Employee Turnover.

70.9% of employees agreed with the poor working attitude in the working place because they had seen poor working attitude among employees of apparel companies. Poor working attitude is finally ended up with employee leave the company. Most employees show poor working attitude when they ready to leave the company. 70.6% of the sample respondents are agreed with the work in tension and not satisfaction. However, tension and job dissatisfaction cause employee turnover in an apparel industry. As a result of poor working attitude and work tension and the dissatisfaction will directly influence on the less commitment of an employee in the work place and majority of the sample respondents were agreed with that. As a result of worker's dissatisfaction and poor working attitude, 74.3% of employees seen that some employees were tend to not to adherence to the rules and the regulations and that will directly influence on the poor quality of work. This has been agreed by majority of the sample respondents. 76.4% of employees had poor working quality and the poor working attitude has also reasoned to cause high accidents within the working place and that has been agreed by majority of the sample respondents of the study. Dissatisfied employees are not always showing relationships with the peers and the superiors whereas majority of the sample respondents are agreed with that.

Absenteeism

According to the research study, majority of the sample respondents are taken sick leaves due to not because of actual illness but because of the working place dissatisfaction and the poor working attitude towards the company. Other than the sick leaves, another main reason for taking leaves for the organization is just because of the family related matters. Since the majority of the employees are not in a good mental condition, there will be a huge chance to cause family related problems and that will adversely impact on making leaves. Other than that, there will be some life related matters that will cause the employees to take the leaves. As a result of poor working conditions and poor working attitudes with poor working quality, the employees are tending to cave their own career development and as a result of that, in that issue, they are tending to take more and more leaves from the organization. Employees used to absent to the work and not satisfied with the job. 10% of employees were disagreed with the statement because they were usually satisfied about the job and not much absent to the work. 20.1% of employees were neither agreed nor disagreed with the statement. 69.9% of employees were agreed with the statement

because employees were dissatisfied with the job and absent to the work. Stress can be also identified as a considerable reason for taking leaves from the organization. 10.2% of employees were disagreed with because employees were not taken leave from the job continuously due to their expectations to leave to another job.

According to the correlation analysis which has been conducted, employee turnover and the absenteeism has a positive and the strong relationship with the production cost. The relationship between the employee turnover and the production cost is significant and has a correlation of 0.741 which is positive and strong. Also the relationship between the absenteeism and the production cost is also significant and has a correlation value of 0.532 and it is strong and a positive relationship. So it has predicted that, there is a significant and strong relationship between the employee turnover to the production cost as well as the absenteeism to the production cost of the organization.

5.3 Recommendations

According to the findings and the analysis conducted in the study, following recommendations have been made in respect to the research study.

- 70.6% of employees were seen removal not respect of employees on company rules and regulations from special occasional wear section. Initially it is very important to create and develop a human relationship with the employees of the organization because they are the most important element of the organization. The success or the failure of the organization will totally depend on the employee performance and it is very important to enhance the employee performance in order to enhance the organizational performance. When it comes to enhancing the employee performance, it is very important to identify the needs and the wants of the employees. After identification of the needs and the wants of the employees, and the satisfaction of the needs and the wants of the employees it will directly influence to enhance the employee performance and that will directly influence on increasing the organizational productivity.
- 69.9% of employees were confirmed about job dissatisfaction among employees of the company. Motivation is the most important thing in an organization. In order to enhance

the employee performance, it can provide both financial and non-financial benefits for the employees in order to enhance their satisfaction. As a result of enhancing the employee satisfaction, the performance of the employees will have increased and as a result of that the overall performance of the organization is will increase.

- Majority of the employees in apparel organizations are needed to have financial benefits. But other than that, there will be some big needs for the non-financial benefits also. So it is very much important to identify the real need of the motivation, whether it is to non-financial benefits or for the financial benefits. It is better to redesign the compensation plan of the employees according to their needs and the expectations. Also it is better to provide non-financial benefits based on the employee performance and the productivity.
- 73.4% of employees were not satisfied with career development opportunities of Apparel Company. Employees are always like to strengthen their skills and the knowledge regarding their jobs and the professional level. So it is very important to enhance their knowledge and the skills by conducting number of training and development sessions within the organization. Training and development will always enhance the employee performance and it will also help to motivate the employees in both physically and mentally.
- Having a specific career path and defining its development is very much important and if the employees are provided with the same, the chances to drop down their performance is very less and it will have reasoned to enhance their performance within the organization.
- Empowerment employees within the organization are also very important and that should be conduct based on their performance. Empowering employees can be directly influence on their moral level and it will enhance the mental condition positively towards the working place. Once employees feel that they have been highly recognized, they will definitely work well for the organization in their maximum.
- Participative decision making also an important function that leads to enhance the employee performance of the organization. Once the employees are being considered as the decision makers within the organization, their moral level will go high and as a result of that the commitment and the contribution in the working place will increased.

5.4 Research Limitations

This study is conducted to identify absenteeism and labor turnover and its impact on production costs in the Apparel Industry of Sri Lanka, case study: Export Special Occasion wear. There are several apparel companies manufacture special occasion wear to export in Sri Lanka. However, researcher is not accessed to collect data from all of these companies. Therefore, only few companies could use for data collection purposes. Accessibility issue is one of the main research limitation identified in the study.

Further, study is conducted to identify absenteeism and labour turnover on production cost of the company. Actually, absenteeism and labour turnover costs are interrelated with each of production costs. However, that is avoided and conducted the study. There are several other factors influence on production cost increment of a company. But study used only one particular fact of absenteeism and labour turnover are only influenced to production cost determination of a company. All these limitations are included in the final research findings.

5.5 Future Research Directions

It can be conduct research studies in future related to below areas;

- Employee motivation and employee performance
- Employee absenteeism and employee performance
- Employee motivation and employee turnover

5.6 Chapter Summary

This chapter alludes the conclusion of the findings and the recommendations which has drafted from the research findings. The summary of the research findings and the conclusions of the findings are very important where as it provides a clear picture of the current situation of the specific area related to the business world. The conclusion of it and the recommendations provided are also takes a higher importance in which it shows the guidelines on how to face the current issues that are facing. The recommendations involve the strategies to be taken. At the end of the research study, it involves the future research directions as well as the chapter summery.

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