

Factors Influencing Turnover: A Case Study of a Footwear Manufacturer in Chonburi, Thailand

Aphinya Ngamsuay*

บทคัดย่อ

การศึกษาวิจัยครั้งนี้มีวัตถุประสงค์เพื่อทำการศึกษาค้นคว้า และวิเคราะห์ถึงปัจจัยที่มีอิทธิพลต่อการลาออกของพนักงานผู้ที่มีทักษะทางด้านการเย็บกรณีสักนาจากอุตสาหกรรมผลิตรองเท้า จังหวัดชลบุรี ผู้ทำการวิจัยเก็บรวบรวมข้อมูล โดยการสัมภาษณ์พนักงานที่ลาออก ตั้งแต่เดือนกรกฎาคมถึงเดือนธันวาคม 2551 จำนวน 12 คน ใช้การสัมภาษณ์เชิงลึกด้วยคำถามปลายเปิด ประมาณ 30-60 นาที และบันทึกเทปเพื่อใช้ในการถอดเทป และวิเคราะห์เพื่อเพิ่มความสมบูรณ์ของบทสนทนา

ผลการศึกษาพบว่า ความไม่พึงพอใจต่อระบบเงินเดือนและสวัสดิการ ลักษณะงานเย็บ หัวนำงานเพื่อนร่วมงาน และช่างซ่อมจักรจากฝ่ายซ่อมบำรุง เป็นปัจจัยสำคัญที่มีอิทธิพลต่อการลาออกของพนักงานผู้ที่มีทักษะทางด้านการเย็บ

ในการนี้ เพื่อเป็นครื่องป้องกันและแก้ไขปัญหาลาออกของพนักงานผู้ที่มีทักษะทางด้านการเย็บ ผู้วิจัยขอเสนอให้บริษัทพิจารณาปรับปรุง ดังรายละเอียดต่อไปนี้

- 1) ระบบเงินเดือนและสวัสดิการ เพื่อให้พนักงานสามารถบริหารรายรับและรายจ่ายให้มีประสิทธิภาพมากขึ้น
- 2) วางระบบสายการผลิตให้เกิดความต่อเนื่อง
- 3) จัดฝึกอบรมและพัฒนาหัวหน้างานให้มีภาวะผู้นำและทักษะการเป็นหัวหน้างานอย่างมืออาชีพ
- 4) จัดฝึกอบรมหลักสูตรการสร้างสัมพันธภาพที่ดีในการทำงานและการทำงานเป็นทีมให้กับพนักงานในสายการผลิตทุกคน
- 5) จัดฝึกอบรมหลักสูตรการบริการที่เป็นเลิศให้กับพนักงานที่เป็นช่างซ่อมจักรทุกคน

*นิสิตปริญญาโท (M.A.) สาขาการพัฒนทรัพยากรมนุษย์ (HRD) หลักสูตรนานาชาติ คณะศึกษาศาสตร์ มหาวิทยาลัยบูรพา

คำสำคัญ การลาออก การพัฒนาทรัพยากรมนุษย์ การวิจัยเชิงคุณภาพ

Abstract

The purpose of the study was to investigate and analyze factors that affected the skilled labor turnover between July-December 2007 in the footwear manufacturer in Chon Buri, Thailand. A qualitative research approach was used in this study. Twelve participants who were no longer employed in stitching process were invited to participate. The 30-60 minutes semi-structured tape-recorded interview was conducted, used open-end questions in an interview guide. Data were coded using a qualitative approach. Codes were categorized using a cluster technique. Themes were identified and defined. Findings of the present study indicated that dissatisfaction with benefits and pay, stitching job, supervisor, co-worker and technician from maintenance department were reasons why skilled employees left this manufacturer. In order to respond to the findings, benefits and pay should be reviewed to make the employee able to balance income and expenses. Re-engineering the layout of the production line should be implemented in order to improve worker satisfaction and reduce turnover. Supervisors could have been more supportive, motivated, considerate to the employees, been more fair and polite. Training should be offered for all employees especially in the production line for avoiding a lack of teamwork and to develop relationships to be closer and friendly as well as the training of the technicians for improving service mind and polite behavior should be implemented.

Key words: Turnover, Human Resource Development, Qualitative research approach

Introduction

Turnover causes several problems, such as productivity drops, lower profits, inconsistent quality, and certainly creates work overload. In addition, turnover results in a lack of motivation and a lack of teamwork (Beck, 2004).

According to Reichheld (1996), Niederman and Summer (2003), losing highly skilled employee members means the companies spend substantial costs included with recruiting and retraining, and hidden costs combined with difficulties completing projects and disruptions in team-based work environment.

Mobley (1982) and Lefkowitz (1967) cited in Rajapakshe (2002) claim that the crucial

point of high turnover rate that is increases the costs to industries in many ways: (1) acquisition costs, (2) learning costs, (3) separation costs, (4) worker's reduced cohesiveness and lower morale, and (5) inability to attract a sound, skilled work force.

Wateetip (1999) describes that, in 1985, the organizations of both private sectors and government sectors in Thailand had a human resource problem about employee turnover. Employees changed their jobs often and do not have the loyalty towards the organizations. The causes of the problem may result from many reasons, both employees themselves and the organizations.

Mobley (1982) indicates negative consequences for individuals, such as disruption of social and communication patterns, loss of functionally valued coworkers, decreased satisfaction, and increased workload during and immediately after searches for replacement, and decreased cohesion and commitment.

Therefore, the employees are very important for the manufacturer which was hand work based especially skilled employees. If there are high turnover rates, it influences the effectiveness and productivity of the organization. (Brannick, 1999; Curry et al., 1985; Wai Chi Tai & Robinson, 1998, cited in Sakulkoo, 2002). This manufacturer was no exception from the employee turnover problem. The turnover percentage in first half year in 2007 (January-June 2007) in this manufacturer was on average 8 percent per month, that was about 399 employees per month. This was critical issue should be controlled and solved immediately. When the employer calculated the cost of employee turnover conservatively, (separation cost, vacancy cost, training cost, and recruiting cost), it was as high as \$150 per employee. Again, if the employer looks at this figure of \$150-500 per employee, it may not be a big deal for the companies which have had more than a few million US dollars of investment. When the employer calculates the total amount of the cost of turnover per month, it was as high as \$59,850 per month or around 1,975,050 baht per month. Then it is important to understand what causes turnover in order to help the organization find the way to prevent the turnover. The objective of this study is to investigate and analyze factors that affect the

skilled employee turnover in the footwear manufacturer in Chon Buri, Thailand who resigned during July-December 2007. The results of this study will help identify why skilled employee turnover occurs at a footwear manufacturer. Understanding the reasons for skilled employee turnover will enable the responsible parties to assist and solve the turnover problem (Sakulkoo, 2002).

Research design and methods

A qualitative research approach was used in this study because the investigator believed that qualitative research has special value for investigating complex and sensitive issues (Marshall & Rossman, 1995). Moreover the investigator used humans as the instrument, based on the belief that they can obtain the individual's point of view through detailed interviewing and observation (Denzin & Lincoln, 1998). From the initial review of the data from the Human Resource Department, There were 41 skilled employees, who left the footwear manufacturer between July to December 2007 and who were considered to be an information-rich sample that could provide the information about the many facts of skilled employee turnover. Thirty nine skilled employees were sent the invitation letters and twelve skilled employees who were determined by completeness or saturation participated in the study. The saturation or completeness of the information occurs when the investigator keeps hearing the same information of no more new information is learned from respondents. Saturation was used to indicate when to stop gathering data. (Rubin & Rubin, 1995; Morse, 2002 cited in Sakulkoo, 2002).

The 30-60 minute, semi-structured tape-recorded interviews was conducted, using open-end questions in an interview guide such as *"Are you satisfied working at this footwear manufacturer?"*, *"What about the locations, policy, regulations, environment, size, pay, reward, recognition, leave, group cohesion that you like about this footwear manufacturer?"*, *"What about the management did you like this footwear manufacturer?"*, *"Why were you dissatisfied about your job at this footwear manufacturer?"*, *"What are the needs that did not yet receive from this footwear manufacturer to push your intention to leave?"*, *"How about the relationship among you and your supervisor and your colleague?"*, *"What were your personal reasons for leaving your job?"* and etc. Data analysis was begun with the first day of data collection in order to facilitate later data collection phases, (Lincoln & Guba, 1985). The data were read, reread, and then coded. Coding was analysis line by line; it was how the investigator differentiated and combined the data that have been collected. Codes were categorized using a cluster technique (Miles & Huberman, 1994 cited in Sakulkoo, 2002). Themes were identified and defined.

Lincoln and Guba (1985) suggested four issues of trustworthiness demand attention: credibility or truth value, transferability, dependability, and conformability.

First, credibility was an evaluation of whether or not the research findings represent a "credible" conceptual interpretation of the data drawn from the participant's original data. Second, transferability was the degree to which the findings of this investigation can be applied or transferred

beyond the bounds of the study. Third, dependability was an assessment of the quality of the integrated processes of data collection, data analysis and theory generation. Finally, conformability was a measure of how well the investigation findings are supported by the data collected.

To assure the credibility of techniques and methods, the investigator applied the technique of triangulation. Kuzel and Like (1991) maintained that triangulation was an approach that utilizes multiple data sources, multiple informants, and multiple methods in order to confirm or validate research finding. A goal of triangulation was to gather multiple perspectives to gain a more complete understanding of finding. The data triangulation was done by interviewing three management employees two of whom are the resigned employees and the other is a current employee. The reason to interview only the managerial position was because the management level employee is the one who is suppose to be involved in the policy formulation and implementation, and also the administration of the manufacturer. Therefore, they clearly understood and explained about the benefits and pay policy of the manufacturer, working process and environment surrounding the manufacturer. In addition, to assure the creditability of the study, the investigator applied the method triangulation by seeking information from the "Yearly Report in 2007" of this manufacturer which explained the percentage of satisfaction survey of the existing employees who work in this manufacturer. Other information such as system of benefits and pay, job description, process flow chart (PFC), work

rules and regulations, code of conduct and safety and environmental policy were also extracted from the available document of the manufacturer in order to support the finding of the study.

Results

As a result of the study, the following satisfaction and dissatisfaction perspectives were found

1. The satisfaction perspective:

1.1 Benefits and pay: The result of the study found that the skilled allowance, attendance system and food allowance were factors to cause them satisfaction this manufacturer because it seemed to be a reinforcement tool to encourage the employee to enjoy working in stitching line continuously, as in the following statement:

"This manufacturer arranged us free meals, so I have only 100 Baht I can stay over 15 days."
(Stated by 030208061 on 3rd February 2008)

1.2 Stitching job: This study found that the stitching job was an other reason to cause them satisfaction with this manufacturer because it is very challenging that lead them to feel satisfied with themselves as skilled employees. For example, one participant said that:

"I love stitching job; I can do every step as assigned and able to replace others."
(Expressed by 100208121 on 10th February 2008)

1.3 Supervisor and Management's consideration: In addition, the soft interpersonal characteristics and the considerate management styles of their Supervisor were factors to make them feel happy with this manufacturer, because

once the employees have some problem about job, their supervisor can support and solve such problems. So the relationship between worker and supervisor was very important for a harmonious working atmosphere. One participant commented as follows:

"I was sympathized with my Foreman because she was pushed from Department head so she has to continuously push me, based on the purpose of target achievement. I used to work during break time to help her, sometime she showed us an unhappy face and knitted her eyebrows and said by using good wording as let's push ourselves to achieve our target. I got complaints

from the boss so I need your help, please."
(Commented by 310108031 on 31st January 2008)

1.4 Co-worker : Good relationship with their co-workers was a reason to make the participants feel satisfied with this manufacturer because when the participants felt unhappy the co-worker always comforted and make them feel good, as illustrated by the following statement:

"There are many good friends, they always support me and make me feel good, they said; Do not be worried, let's she complain, don't be concentrated too much."

(Illustrated by 300108021 on 30th January 2008)

1.5 Physical environment of the workplace: Good physical environment of the workplace was an other reason to cause the participants to feel good because the atmosphere in the stitching line is airy and wide. One participant said that

"It is airiness, more space in each line, not too narrow. I like to work here."

(Expressed by 1002081211 on 10th February 2008)

1.6 Work Rules and Regulations: This study also found that work rules and regulations also were reasons to cause the participant to like this manufactures, because whenever the participant was sick and needed to be treated by a nurse, the participant can be admitted to the first-aid center for 2 hours without any sick leave application submission. In addition, working hour, break time and two hours a day for overtime working was a factor to make them happy with this manufacturer because the participants can go back home and sleep early. One participant stated that:

"When I was sick I can rest in nurse room for 2 hours without any sick leave application form." *(Stated by 300108021 on 30th January 2008)*

2. The dissatisfaction perspective:

2.1 Benefits and pay: The result of the study found that an imbalance of income and expenses per month, less overtime worked, no good allowance preparation for the participants, such as traveling allowance, night shift allowance, cost of living allowance, less amount and not good taste of food allowance, accommodation allowance, medical allowance and uncomfortable transportation allowance were reasons to cause them dissatisfaction and lead them to leave this manufacturer, as in the following statement:

"I think traveling allowance (gasoline allowance) is important because some workers went to manufacturer by their own vehicle. Another manufacturer pay this allowance to their employee

around 100-200 baht a month. I still don't understand why this manufacturer will not pay."

(Stated by 300108021 on 30th January 2008)

2.2 Stitching job: The study found that the unstable and inappropriate working process of the stitching job, the variety of models of shoes in a line and several changes of the production line made them confused and feel uncomfortable at work. Working hours and targets in the production line were not balanced with too high a target in the stitching line and too difficult to do stitching were reasons to cause them dissatisfaction and lead them to leave this manufacturer. One participant addressed this point by stating that:

"Stitching job is very complicated and difficult. When I go back home after working hours, I don't want to do anything because I was tired, I want to relax and sleep." *(Addressed by 030208051 on 3rd February 2008)*

2.3 Supervisor: This study found that impolite manners, poor communication skills toward to the subordinates, poor motivation skills and inconsiderateness of the supervisor (e.g., does not care about their feelings, complain in the public area and never admire the subordinate when achieving the target) were reasons to cause them dissatisfaction and lead them to leave this manufacturer. One participant said that:

"I felt uncomfortable when the foreman showed bad manners. She has a high Education, but cannot control her emotions. She got complaints from Department's head and continually transfers these to workers. Sometimes she kicked the basket of shoes and abused us." *(Stated by 030208041 on 3rd February 2008)*

2.4 Co-worker: This study found that poor relationships in the production line, lack of teamwork, team was separately group by group, the existing workers were not sincere and had poor relationships, blame and gossip about each other and possesses the knowledge; do not train the new worker were factors that influenced turnover, as illustrated by the following statement:

"In the beginning the existing workers help me to run a job but 2-3 weeks after, they left me alone so when I can not make it fast then I was complained about." (Illustrated by 300108021 on 30th January 2008)

2.5 Technician: This study found a lack of service mindedness and an impolite manner of the technicians on calling to repair broken machines, the technician responded with bad manners, using strong words and showing the irritable feelings when repairing the sewing machines. That is one reason the participants left this manufacturer. As one participant commented:

"Technician shown us bad manner when repairing. He said "Let it break down, I don't want to repair it, I am tired". So he made me bored. Sometimes I told him to leave [manufacturer name] and stay at home." (Commented by 030208041 on 3rd February 2008)

2.6 Physical environment of the workplace: This study found that the large number of participants in the line and the manufacturer's big size affect the supervisor's ability to control all subordinates. It was too crowded, making the participant uncomfortable at work and inconvenient to provide care. Too rigid rules and regulations, such as assigning to do a cleanliness routine every

hour and fixed overtime working of only twelve hours a week cause dissatisfaction, because the participant earn less money. Bad news about the manufacturer closing affected the security of the participants' life. The location being too far from the residence caused the participants to wake up too early and arrive home too late. An unsuitable environment and safety system, working in hot work surrounding, too much dust, not enough Personal Preventive Equipment (PPE) and noise of machine's working were other reasons to make the participants unhappy and leave this manufacturer. As one former employee said:

"There are many workers in one line, it will be better if we are separated to be a small group. Sometimes the foreman can not control their workers." (Stated by 290108011 on 29th January 2008)

Discussion of findings and relationship of the present study to two theories

At least two theories of human motivation may be employed to interpret these findings. The two theories will now be discussed.

Maslow's Hierarchy of Needs Theory

This study's findings were consistent with Maslow's Hierarchy of Needs Theory (Maslow, 1943 cited in Sirinut, 1997). In Maslow's first or lowest level physiological of needs, the findings indicated that factors about benefits and pay were the critical issues which caused dissatisfaction and influenced turnover. A participant explained that this manufacturer paid them less than other manufacturers. Most

participants are getting more benefits and a better future at another manufacturer to fulfill their needs. The second level of need is a Safety need that the need for security, only one factor was found, that is regarding concerns about the manufacturer closing. The third level of need is Social needs include the factors of relationships between the participant and supervisor and no team work in the production line. Esteem needs are the fourth level of need including no different or special reward or recognition system preparing the employees who have stitching skills and the lack of a promotion system (e.g., no promotion of the daily employee to become the monthly staff). The highest need in Maslow's Hierarchy of Needs Theory is Self-actualization, such as problems of not receiving training or being able to leave from other tasks.

Once the Physiological needs, Safety needs and Esteem needs of the participants are unsatisfied by this manufacturer, the participants will find another manufacturer until such needs are met. Therefore, the participants decided to leave the manufacturer to go to another company.

Herzberg's Motivation-Hygiene Theory

These findings were consistent with the theories of Herzberg's Motivation-Hygiene Theory (Herzberg, 1975 cited in Sirinut, 1997). This present study showed that every worker has similar needs but that individuals have different expectations of how their needs should be met in the workplace.

When comparing the findings of this study and the theories, we found that Dissatisfaction (Hygiene) factors were benefits and pay, bad news of the manufacturer's reputation; the manufacturer

may be closed down in the future, unfair and abusive treatment of the Supervisor, lack of good relationship between the participant and Supervisor and no team work in the production line. In addition, the Satisfaction (Motivation) factors were a long-term career path, no different or special rewards or recognition system offered to the employees who have stitching skills.

Therefore, to reduce labor turnover, the management has to assure that such hygiene (dissatisfaction) factors in the manufacturer are promptly addressed and be ready to pay or arrange for the employees in order to avoid making them dissatisfied, pay attention on job and avoid to withdraw effort or minimize effort to simply provide adequate performance standard, lower the frustration level caused by the job and be ready to manifest the working hardship.

In addition, the motivation factors such as the career path, special reward or recognition system should be determined with more attractive and clear regulations in order to make the employees satisfied with their job.

Research Utilization

All dissatisfaction perspectives about benefits and pay, job factors and people factors (e.g., supervisor, co-worker and technicians) are important, since they were reported by the participants in this study. Additionally, they are avoidable and preventable, if this manufacturer could have recognized the dissatisfaction of these participants and solutions could have been employed, and the turnover might have been lowered.

Findings from the research are intended to offer the recommendation that the manufacturer should review the factors of: 1) *Benefits and pay system*: a survey of the system of benefits and pay with another manufacturers in the nearby area is needed in order to compare how they pay or prepare for the employee based on the purpose of benchmarking; the process used in management in which organizations evaluate various aspects of their processes in relation to the best practice, usually within their own sector (Jackson, 2001). After data collection and analysis, the management should review and implement new benefits and pay system to be more competitive and attractive; 2) *Stitching job*; because too high a target in the stitching line resulted in the inability of the employees to achieve the target and caused them to lose incentive bonus and earn less income per month. Such an outcome made the employees feel dissatisfied and decide to leave. Therefore, the management should review the number of targets to be able to be achieved by calculating based on past productivity results; 3) *People characteristics*; the manufacturer should arrange a training class for the employees who will be promoted as new supervisors before the promotion in order to improve and develop their leadership to be more supportive, motivating, considerate to their employees, be more fair and present a polite manner. In addition, the training for all employees, especially in the production line for avoiding a lack of teamwork, develop relationships to be more close and friendly, to improve the behavior of the technician to be more service-minded and have good behavior and polite manners should be determined as training needs.

Recommendations for future research

Knowing the reasons why skilled employees leave their job will help all parties reduce turnover. However, there is a need for additional research. Findings from this study indicated that skilled employee turnover was influenced by factors related to the stress of the stitching job and to people problems, such as with supervisors, co-workers and technicians. More research is needed to better understand and study the stress level of stitching line workers, how to decrease the stress on the stitching work line and how to give employees better pay and benefits.

References

- Beck, M. (2004). *Turnover is not a Problem*. Retrieved August 28, 2008, from <http://www.buzzle.com/editorial/12-14-2004-62940.asp>
- Denzin, N.K. & Lincoln, Y.S. (1998). *Introduction: Entering the Field of Qualitative Research: Theories and Issues*. Thousand Oaks, CA: Sage.
- Herzberg, F.B. (1975). *The Motivation to Work* (2nd ed.) New York: Wiley.
- Jackson, N.J (2001), *Implications of Benchmarking for Curriculum Design and the Assessment of Student Learning*, Learning and Teaching Support Network, Generic Centre.
- Jackson N.J (2001), *PDP and Subject Benchmarking*. Retrieved March 21, 2009, from <http://www.ltsn.ac.uk/genericcentre/network/PDP>
- Lincoln, Y.S. & Guba, E.G. (1985). *Naturalistic Inquiry*. Beverly Hills, CA: Sage.
- Marshall, C., & Rossman, G.B. (1995). *Designing Qualitative Research* (2nd ed.). Newbury Park, CA: Sage
- Maslow, A.H. (1954). *Motivation and Personality*. New York: Harper & Brothers.
- Mobley, W.H. (1982). *Employee Turnover: Causes, Consequences and Control*. Philippines: Addison-Wesley Publishing Company.
- Niedermann, F., & Summer, M. (2003, Apr 10-12). *Decision Paths Affecting Turnover among Information Technology Professionals*. Paper presented at the ACM SIGMIS CPR Conference, Philadelphia.
- Rajapakse, W. (2002). *Analysis of Factors Affecting Labor Turnover in the Garment Industry in Sri Lanka: Implications for Government Policy*. Unpublished Doctoral Dissertation, Department of Development Administration, National Institute of Development Administration, Bangkok, Thailand.
- Reichheld, F.F. (1996). *The Loyalty effect*. Boston, MA: Harvard Business School Press.
- Sakulkoo, S. (2002). *Factors influencing nursing turnover and intent to stay in Renal Dialysis Units*. Unpublished Doctoral dissertation, Department of Nursing, University of Kansas.
- Sirinut, T. (1997). *Factor affecting resign trend of Metropolitan Electricity Authority Officers*. Master's thesis, Department of Social Development, National Institute of Development Administration, Bangkok, Thailand.
- Wateetip, C. (1999). *Factors affecting employee turnover in Sony Group of Companies in Thailand*. Unpublished Doctoral dissertation, Department of Development Administration, National Institute of Development Administration, Bangkok, Thailand.