

**Impact on Employee Discipline Management Practice to Non - Managerial Employees
Productivity and their Intention to Turnover in Garment Industry in**

Sri Lanka

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Abstract

The objective of this research paper was to investigate whether employee discipline management practice has impact any on the non-managerial employee productivity and their intention to turnover and relationship between them. A research framework is consisting of one independent variable and two dependent variables. Two hypotheses were formulated using deductive approach based on literature. The study was conducted relating to ten garment factories in the Western Province in Sri Lanka. Study setting, unit of analysis and time horizon was hypotheses testing, noncausal, noncontrived and individual respectively. Measures of the study had possessed sufficient validity and reliability. The data analysis included the univariate, bivariate and multivariate. The structured questioner was administered to cover 1000 non-managerial employees; however data were possible to be collected from 826 non-managerial employees in ten garment factories in the western Province in Sri Lanka marking a responded rate of 82.6 per cent. The results of the study showed significant and positive relationship with employee discipline management and employee productivity, negative relationship with employee intention to turnover. Findings of the study will be important on the practical ground.

Key words: employee discipline management practice, employee productivity, and intention to turnover

Introduction

In 2001, performance in the industrial sector was adversely affected by weak demand and increased cost of production. Industrial output, measured as the output of the factory industries, declined by 3.9 per cent in 2001 due to a sharp reduction in output of export oriented industries and a considerable showing down of industries catering of the domestic market. This was the first time during the last two decades where industries grew by 11 per cent in 2000 and 9.5 per cent per annum, during last ten years (Central Bank Report, 2001). The major export industries such as the apparel, textiles, ceramics, rubber-based products and processed diamonds were the worst affected in 2001.

This is the case for the Sri Lankan garment industry too. Being the top foreign exchange earner for the country it has contributed US \$ 2982 and 2543 millions to the country's economy in 2000 and 2001 respectively. The value of textiles and garment exports dropped by 3.6 per cent in year 2001 as against in the year 2000.

Sri Lanka expects to reach Newly Industrialized Country (NIC) status. The government has introduced various industrial strategies in order to achieve this target. One strategy for achieving this target is that, the government has announced a productivity decade from 1997 to 2007. As productivity relates to all the resources available, labour productivity is also a major component to be considered (Economic Review, 1997). But the labour productivity prevailing in Sri Lanka is inadequate to some extent.

There is no doubt that the "person" as the principal resource of labour incentive garment industry plays a crucial role in any productivity improvement effect. Further, this argument is supported by the facts that labour comprises about 20 per cent of the cost price of a garment

(Gerry, 1997). Therefore, the way people are directed, motivated or utilized will be decided upon whether the organization will be prosperous and survive or ultimately fail. Hence, people are the key element for competitive advantage (Luthan, 1995). Central Bank of Sri Lanka (2001) stated that restrictive labour regulations, poor working conditions, insufficient incentives for workers, high labour turnover and absenteeism and strained employer employee relations adversely affected labour productivity in year 2001.

Absenteeism and turnover resulting from poor productivity could be seen almost in each of past years. Kelagama and Epaarachchi (2001) found that 55 per cent of average labour turnover rate has recorded from Sri Lankan garment industry sector per annum with the highest rate of 60 per cent being recorded for factories in the western province.

Most of researchers find that the employee absenteeism and turnover affect to the development of organization productivity. In a broader sense, it relates to the development of a country. A country's ultimate goal is to get the highest standard of living of the people in that country (Opatha, 1996). These two indicators are heavily depending on productivity. The Human Resource Management (HRM) practice and absenteeism and turnover are one of the major determinants of organization productivity. It is very important to maintain a better HRM practice for the better productivity and reduce employee turnover in any organization (Patterson et al, 1996). Therefore, organizations need to design effective HRM practices that encourage the retention of high performing employees, particularly among skilled employees. This is because there is a global shortage of skilled employees and firms will need to have competitive practices to retain them. Past research have linked various HRM practices to employee turnover and productivity, for example, realistic job previews, selection procedures, socialization programs, promotion opportunities and compensation practices were found to affect employee turnover and productivity.

Thus, the theoretical literature clearly suggests that the behavior of employees within firms has important implications for organizational performance and that HRM practices can affect individual employee performance through their influence over employees' skill and motivation

and through organizational structures that allow employees to improve how their jobs are performed. If this is so, a firm's HRM practices should be related to at least two dimensions of performance. Superior HRM practices increase employees' discretionary effort, intermediate outcomes such as turnover and productivity, over which employees have direct control. Therefore, in anticipation, my review of the empirical literature concentrates on primarily work examining the HRM practices on non-managerial employee productivity and their turnover in relation to the garment manufacturing industry in Sri Lanka.

There are some theoretical explanations proposed on factors over which HRM practices affect the organizational performance. The literature includes studies that focus on the performance effects of specific HRM practice such as training (Barter, 1994; Knoke and Kalleberg, 1994) and information sharing (Kleiner and Bouillon, 1998; Morishima, 1991) and research that examines the influence of system of such practice on organizational outcomes (Huselid, 1995; McDuffie, 1995). Although many studies have reported a positive association between various HRM practices and objective and perceptual measures of firm performance, some authors (Leving, 1990; Wagner, 1994) have expressed concern that results may be biased because of methodological problems.

Therefore, these contradictions on selected HRM practices and its impact on non-managerial intention to turnover and their productivity lead to the identification of a research problem that is worth to study. Hence the problem statement addressed in the present study is:

Does employee discipline management practice impact to non-managerial employee's perceived productivity and their intention to turnover significantly in garment industry in Sri Lanka?

Research Framework

Employee discipline management practice refers to perceived as fair and construct by the non-managerial employees. In simple terms disciplinary practice is maintaining of employee behavior according to a set of suitable rules and regulations. The objective of discipline practice

is to protect the established standards, policies, procedures and rules and regulations from the employees in order to achieve the objectives of organization. Therefore, discipline practice is a group of activities related to set-up a disciplinary system, its execution and maintenance which help the achievement of the organizational objectives. Employee discipline practice comprises of three distinct aspects: policy, procedure and practice (Opatha, 2002). As far as this study is concerned practice only.

Employee productivity refers to perceived as goods and services produced by an individual in a given time. The link between HRM practices and productivity is important for all stakeholders, employers, employees and governments. For employers, productivity is crucial factor for competitive survival under global competition. For employees, it is important for job security and to sustain real wage growth. For government, enhanced productivity is important for sustainable growth, reduced unemployment, tax revenue generation etc. in essence, the way in which productivity is enhanced and the productivity gains shared are important. According to Gunderson (2002), Lazear (1992), Kelegama and Epparachchi (2001), MacAfee and McMillan (1991), Holmstrom and Milgrom (1994), Katz, Kochan and Weber (1985), Katz, Kochan, Gobeille and Schuster (1983), Bartel in 1994, Holzer (1987), Gerhart and Milkovich (1992), Brown and Medoff (1978), etc stressed that there is a positive relationship between a employee discipline management practice and employee productivity. Based on the above evidences, it is hypothesized that:

Hypothesis 1: The degree to which the current discipline management practice is perceived fair and construct by the non-managerial employees will be positively related to their productivity

Intention to turnover refers to perceived as existing employees voluntary leave on their organizations. In order to firms to be competitive, they must retain their competent and motivated employees. One of the important areas that affects is employees' intentions to leave, their levels of job satisfaction and organizational commitment in the organizations practices (Lee & Heard, 2000). According to Pitt and Ramaseshan (1995), Kelegama and