

**A STUDY ON THE EXTENT OF HUMAN RESOURCE  
PROBLEMS THAT AFFECTS EXPORT PERFORMANCE -  
WITH SPECIAL REFERENCE TO TRIPPUR GARMENT  
EXPORT FIRMS**

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**Abstract:**

The textile and garment industry is one of the important industries in the global market. This industry typifies the development of global productive chains in the world economy. The global production network in this industry is controlled by the TNCs (Trans National Corporation), who are traders and retailers and who set the terms for others in the chain, and decide what to produce and where to produce. The EU and USA together account for 70-80 percent of the world textile trade and 73.00 percent of the world clothing trade. The TNC buyers in EU and USA therefore enjoy a powerful position in the world economy. The total activities, from design to raw materials to final products and distribution, are allocated across countries by these retailers as per the comparative advantages of countries. As the developing countries have the advantage in low labour costs; labour intensive parts of the global commodity chain are located in these countries. With the expiry of the MFA (Multi Fibre Arrangement), developing countries have an opportunity to attract global retailers to locate production in their countries (Hirway Indira 2008).

Indian Apparel and Textile Industry has engraved a niche for itself in the world apparel and textile market. It is an important contributor to the Indian economy and one of the few industries which is vertically integrated from raw materials to finished goods. Indian textile firms in the early days of liberalization in 1991 could not resist the temptation to explore the global

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textile markets. As a result, a brisk growth in marketing and merchandising activities, design management, fashion communications management, garment manufacturing technology, etc. was observed. As a result, many large companies like Gap, Nike, Reebok, Tesco, Next, Asda, Wal-Mart, etc started sourcing apparels, textiles and other commodities from India. (Subbalakshmi, 2004)

## REVIEW OF LITERATURE

Garments sector remain labour-intensive globally, and hence its manufacturing is secularly shifting away from developed to developing countries. In this context labour cost assumes great significance in production costs. India is compared very favourably across the developing countries in terms of low labour costs. Only countries such as Bangladesh, Pakistan and Vietnam's labour costs are marginally lower than India's. (Verma, 2002).

Since garments are highly labour-intensive, they are a major source of employment generation; in fact, this sector is the largest industrial employer in India. It is an important source of economic well-being for the Indian economy by generating employment and foreign exchange earnings. With its strong performance, China is likely to be a major competitor to India. The previous major exporters South Korea and Taiwan are gradually vacating this highly labour-intensive garment sector due to declining competitiveness because of rising labour costs in those countries. This will also provide some opportunities for India to increase its share (Pradeep, 2001).

Developing countries compete with each other for outsourced production and, under the pressure to meet the cost, quality and delivery requirements of their clients as well as to handle fluctuating order volumes; they use different methods of hiring workers. These methods seem to have made significant impact on the recruitment and terms of employment of different categories of workers. As a result, a large number of workers are forced to accept low wages, poor working conditions without adequate social protection. (Hirwayindra, 2008).

The constraints, according to the UNDP Tracking Report of 2006 is poor observation of labour standards and other international standards. India's policies favouring the small-scale industry have failed to improve the working conditions of Indian labour to a comparable extent. Thus the main achievement of the policy has been creation of inefficient, unviable and uncompetitive economic units, poor quality products that cannot compete in the international markets and poor working conditions for the labour employed in this sector (Pradeep, 2001). There is lack of awareness among workers with regard to the monetary and non-monetary benefits (both financial and non-financial) which ought to be provided to them (Christy and Ravichandran, 2009). Absence of effective worker organization or trade unions is also there (Atul and Arora., 2006). Restrictive labour policies is followed in garment sector (Duraipandian and Anitha, 2005). Training and retaining skilled labour is a barrier. (Vivekananda and Rajendran, 2006).

Unlike other countries labour has become a very sensitive area to handle in Tiruppur. Skilled labour is a basic requirement. Some big industries spend huge time and money on "training", but unfortunately there is no assurance or binding on the part of trained labour to continue to work in one place. (Venkatachalam, 2009). Non coordination between suppliers and exporters and labour laws were listed in export barriers (Vivekananda and Rajendran, 2006).

Labour laws in India have raised much dust; have been the bone of contention, and politically a 'sacred cow'. Strict labour laws in India make it virtually impossible for companies to shed labour. It also introduces unfair discrimination against large companies who are forced to comply with the labour laws relating to minimum wages, social security, contractual obligations, nature of terminations, internal transfers, job rotation, right to leaves and regulations regarding working hours etc., while the smaller ones manage to evade compliance with such regulations (Verma, 2002).

The wages paid to the contract or temporary workers is less than the minimum wages fixed in accordance with the labour laws and regulations. (Christy and Ravichandran, 2009). At the same time another issue is the high wage demanded by highly skilled workers. A study (Lall, 1999) on Indian garment industry shows that higher wage rates are one of the determinants of export

performance of Indian garment units. Export firms paid higher wages to their labour than the domestic-market oriented firms. The study attributed this difference in wage rates to the unique and indispensable skills of designers, pattern makers and craftsmen, as well as to better-trained cutters and tailors employed by exporting firms.

As stated by the Bureau of Business Line (2003), study sponsored by the Apparel Export Promotion Council and carried out by the Textile Committee, Mumbai in the wake of the post-MFA shows that less than 6 per cent of the workforce and around 2 per cent at the supervisory level had formal institutional training (<http://www.thehindubusinessline.com/bline/2003/09/20/stories/2003092002091700.htm>)

The garment industry normally employs workers on a contract, casual or trainee basis. Home-based work, which is characterized by the poor status of workers who are often women and children, constitutes a major source of employment in the garment sector in India. It is estimated that even in the companies in the so-called formal sector, the regular salaried workers constitute only 15 per cent of the workforce; the rest are temporary casual workers (Atul and Arora, 2006).

### **NEED FOR THE STUDY AND OBJECTIVES**

In this backdrop of review of literature on barriers faced by garment exporters, the aim of the present study is to analyze the various Human Resource problems related to exports, identified through the review and from experts in this sector, of garments manufacturing and exporting firms so that this sector can be supported to grow to its fullest strength. The study aims to show the way for garment exporters in their day-to-day functioning and in their long standing business performance. The following statement represents the research question: “What is the Trippur’s Garment and Textile Exporters perception about human resource problems that affects export performance of the firm?”

#### **Primary Objective of the study**

To study the Human Resources problems faced by garment exporters

#### **Secondary Objectives**

1. To study the basic profile of the export firms on the basis of production, sales & marketing and business performance,
2. To analyze the HR barriers faced by the garment export firms.

## METHODOLOGY

Tiruppur is a garment export cluster, where in are found Knitting units, Dyeing & Bleaching Units, Fabric Printing, Garmenting, Embroidery, Compacting and Calendaring and other ancillary units. According to TEA ( Trippur Exporters Association) the prevalence of these units are as given in Table below; wherein the population of garment export units is 2500 units.

Operations	Number of Units
Knitting Units	1500
Dyeing and Bleaching	700
Fabric Printing	500
Garment Making	2500
Embroidery	250
Other Ancillary Units	500
Compacting and Calendaring	300
<b>Total</b>	<b>6250</b>

Source: "Export Figures", Tiruppur Exporter Association (TEA) @ <http://tiruppur.tn.nic.in/textile.html> accessed on 6th January, 2011

A list of garment exporters in Trippur was collected from the Exporter Directory of Trippur Export Association (TEA). Thus, the target population was the exporters who deal in garment sector, of these 125 firms were selected at random for study. GPower package was used to find out the sample size. It determined 91 as sample size. 125 samples were collected and 25 samples were half filled not able to use etc., so, 100 samples were chosen for analysis. SPSS package was used to test validity and reliability and also to analyze the data. The following statistical analysis was performed in tune with the objectives of the study - Percentage Analysis and Rank order based on Total Scores. In the data collection process, every effort was made to secure the data from the respondents. For this purpose, interviews were conducted to achieve higher rate of response.

## ANALYSIS AND FINDINGS

The data collected has been analyzed to study the basic profile of the export firms and to analyze the Human Resource barriers faced by the Tripipur garment export firms.

**Basic profile of the export firm:** Basic Business Performance Profile of the Garment Export Firms, Production and technological profile of the garment export firms and Sales and Marketing profile of the garment export firms are presented in Table 1, 2, and 3 respectively.

**Table 1: Basic Business Performance Profile of the Garment Export Firms**

Experience ( Years)	Percentage n=100
< 5	50
5 to 10	24
10 to 15	9
15 and above	17
Total	100
<b>Size of the Company</b>	
Small	34
Medium	52
Large	14
Total	100
<b>Nature of Exporter</b>	
Merchant Exporter	31
Manufacturer	56
Third party/Buying House	13
Total	100
<b>Status of Export firm</b>	
Registered Export Unit	61
Export House (20 cr.)	27
Star Export House ( 100 cr.)	11
Star Trading House(500 cr.)	1
Total	100

Majority (50 %) of the respondents are having less than 5 years of experience and subsequently the respondents are having 5 to 10 years of experience in the field of export business. Fifty two percentage of exporters are having medium size firms whereas thirty four percent of them in

small size and the rest in large size firms. Greater part (56%) of the exporters is manufacturers of export garments, 31% of them are merchant exporters remaining belong to third party/buying house of exports. With regard to the Status of exports best part (61%) of them are registered as export unit and twenty seven percentages of them are found to be registered in export house and the rest twelve percent in star export and star trading houses.

**Table 2: Production and technological profile of the garment export firms**

Annual Production( Lakh Pcs)	Percentage (n=100)
< 1	40
1 – 2	14
2 & above	46
Total	100
<b>Nature of Machinery</b>	
Manual Operated Machine	6
Semi Automatic	5
100% Automatic	4
Manual and Semi Automatic	31
Manual and Automatic	54
Total	100
<b>Technologies adopted</b>	
CAD	59
CAM	11
CRM	2
LAN/WAN	26
Others please specify	2
Total	100
<b>Job Order Units( Percentage)</b>	
< 10	36
11 – 15	21
16 – 20	25
21 – 25	10
26 & above	8
Total	100
<b>Quality related certificates</b>	
ISO Certification	63
ECO-TEX	23
Others Please Specify	14
Total	100

Capital Invested (Rs. Crores)	
< 1	67
1 – 5	25
5 & above	8
Total	100

Related to the production details it is found that the 46% of annual production of exports of garments is two lakhs pieces and above and 40 %, and 14% with less than one lakh and one to two lakhs pieces respectively. Most (54%) of them use manual and automatic machines whereas 31% exercise both manual and semi automatic machines, 6%, 5%, and 4% of them make use of manual operated machines, semi automatic machines and fully automated machines respectively. It is found that Computer Aided Designs are profusely adopted by 59% of the respondents while 26% of them opt for LAN/WAN technologies. Computer Aided Machines are in use by 11% and remaining 4% belongs to CRM and others. Less than 10% of the respondents give their job order units to outsiders' upto 36% whereas 16 to 20% of them give 25% of their job orders to others. Best part (63%) of them profusely adopts ISO certification while 23% opt for ECO TEX and left behind others use other types of quality related certificates. The initial amount invested in the garment export business is found to be less than 1 core for the majority (67%) of these firms.

**Table 3: Sales and Marketing profile of the garment export firms**

Annual Sales ( Rs. Million)	Percentage (n =100)
< 1	56
1 – 5	38
5 & above	6
Total	100
Annual Exports( in Rs.million)	
< 1	54
1 – 5	38
5 and above	8
Total	100
Markets (multiple response)	
United States of America	64
European Union	78
Middle- East	5
North Africa	3



<b>Contacts</b> (multiple response)	
Fashion Oriented Buyers	43
Departmental Stores	39
Specialty Stores	10
Mass Merchandisers	30
Small Importers	19

With regards to the sales and marketing profile annual sales and annual exports is less than 1 million, as the majority is 56% and 54% respectively. Subsequently the annual sales and annual exports are 38% each which is from 1 to 5 million. Only 6% and 8% of the respondents' sales and exports has increased to 5 million and above. Concerning the major market supply from Tiruppur garment exports majority (78 respondents) supply to European union, 64 respondents to United States and 5 to Middle-East and 3 to North Africa. Pertaining to the nature of contacts 43 respondents contacts fashion oriented buyers, 39, 30, 19 and 10 to departmental stores, mass merchandisers, small importers and speciality stores respectively.

### **Human Resource Problems faced by the garment export firms.**

#### **Human Resource barriers dimension**

Table 4 shows distribution of respondents based on their level of agreeability towards various dimensions relating to human resources.

**Table 4 : Dimensions of Human Resource Barriers**

n =100

<b>Dimensions of Human Resource Barriers</b>	<b>Total Score</b>	<b>Average Score</b>	<b>Ranking</b>
Failure in committed date because of lack of human resource	381	3.81	1

Migrant Labours	370	3.70	2
Absenteeism	349	3.49	3
Labour Sourcing/ availability	341	3.41	4
Low level of skills	315	3.15	5
Restrictive labour policies	296	2.96	6
Lack of skilled staff	285	2.85	7
Lack of 'experts' in export consulting	280	2.80	8
Motivational training	273	2.73	9
Wages	272	2.72	10
Union	269	2.69	11.5
Lack of awareness regarding monetary & non-monetary benefits	269	2.69	11.5
Poor observation of labour standards and other international standards	268	2.68	13
Non coordination between supplier and exporter	265	2.65	14
<b>Mean Average Score</b>	<b>3.02</b>		

Regarding human resource barriers, the foremost barrier perceived by the respondent firm is failure in the committed date because of lack of human resources, next of importance were migrant labour, absenteeism, labour sourcing/ availability and low level of skills.

Based on the average score, of the dimensions taken for study, failure in the committed date because of lack of human resources, migrant labour, absenteeism, labour sourcing/availability and low level of skills are the 'more important' dimensions of the human resource barriers.

**Human Resource** – In studying the extent of Human Resources problem that affects export performance the following barriers were considered, Lack of skilled staff (C1), Labour sourcing/availability (C2), Allocation of wages(C3), Poor observation of labour standards and other international standards (C4), Lack of awareness regarding monetary & non-monetary benefits(C5), Non coordination between supplier and exporter(C6), Lack of 'experts' in export consulting(C7), Restrictive labour policies (C8), Low level of skills in staff (C9), Absenteeism (C10), Lacks in motivational training (C11), Union of employees (C12), Migrant Labours (C13), Failures in committed date because of lack of human resources (C14).

Table 5 describes the average scores for the various human resource barriers classified on the basis of business performance dimensions.

**Table 5 : Human Resource barriers on the basis of business performance dimensions**

Barriers relating to HR		Human Resource													
		C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14
<b>Business performance Dimensions</b>															
<b>Experienc e (years)</b>	< 5 years	3.04	3.18	2.34	2.72	2.68	2.52	2.62	2.68	2.92	3.32	2.48	2.54	3.74	3.68
	5 to 10	3.38	3.75	3.17	2.79	2.79	2.71	2.58	3.29	3.25	3.71	3.08	2.88	3.83	4
	10 to 15	2.89	3.78	3	2.56	3	3.44	3.67	3.67	3.89	3.67	2.78	3	3.33	3.89
	15& above	3.29	3.41	3.06	2.47	2.41	2.53	3.18	2.94	3.29	3.59	2.94	2.71	3.59	3.88
<b>Size</b>	Small	3.35	3.56	2.38	2.91	2.82	2.71	2.76	2.88	3.21	3.53	2.82	2.74	3.76	3.62
	Medium	3.15	3.46	2.94	2.65	2.73	2.65	2.85	3.04	3.21	3.48	2.69	2.65	3.81	3.98
	Large	2.64	2.86	2.71	2.21	2.21	2.5	2.71	2.86	2.79	3.43	2.64	2.71	3.14	3.64
<b>N a t</b>	Merchant	3.13	3	2.39	2.77	2.58	2.71	2.84	2.97	3.06	3.35	2.39	2.39	3.55	3.58

	<b>Exporter</b>														
	<b>Manufacturer</b>	3.37	3.71	2.96	2.66	2.71	2.61	2.84	3.02	3.23	3.61	2.82	2.73	3.79	4.02
	<b>Third party/ Buying house</b>	2.23	3.08	2.46	2.54	2.85	2.69	2.54	2.69	3	3.31	3.15	3.23	3.69	3.46
<b>Status of exports</b>	<b>Registered Export unit</b>	3.2	3.43	2.74	2.82	2.7	2.64	2.82	2.9	3.18	3.61	2.69	2.46	3.92	4
	<b>Export house ( 20 cr.)</b>	2.89	3.22	2.93	2.41	2.44	2.74	2.89	3.11	2.96	3.37	2.63	2.85	3.22	3.59
	<b>Star Export House ( 100Cr. )</b>	3.45	3.73	2.09	2.64	3.27	2.55	2.55	2.91	3.45	3.09	3.27	3.64	3.55	3.18
	<b>Star Trading House (500 Cr)</b>	4	4	3	2	2	2	2	3	3	4	2	2	5	5

It was found that respondents irrespective of their years of experience except less than 5 years gave priority to failure in committed date because of lack of human resources. Respondents belonging to the group of 5 to 10 years give their second priority to barriers in migrant labours. Whereas the respondents of less than five years of experience gives top priority to barriers in migrant labours followed by failure in committed date because of lack of human resources. Respondents with the years of experience from 10 to 15 years gives top priority to both low level skills in staff as well as failure in committed date because of lack of human resources followed by Labour sourcing / availability as impediments in their firm. Respondents with 15 years and above give their second priority to both the dimension such as absenteeism and also failure in committed date because of lack of human resources.

Regarding the respondents responses irrespective of size, nature of exporter and status of export concern except small size exporter, third party/ buying house and star export house (100 crores) have given high priority to company fails in committed date because of lack of human resources. Whereas star export house (100 crores) gives top priority to Labour sourcing and availability followed by hindrances in the union of employees which affects the export performance.

## Conclusion

Actually, the nation's capacity to face the challenges of globalization and industrialization of business towards the latest century depends heavily on the human resources.

Firms have the capital, technology and human resources; but the HR is the one who can help facing the challenges of export business. Capital can be generated. So can technology. But the human resources are needed to propel the organization and the nation through the coming challenges with encouragement and motivation.

We need to involve Human Resource to change and improve our export business and service delivery. Our success will come from the way our people can anticipate, adapt and respond to change.

In order to perform well in the highly competitive export markets, the firms need support in human resource. The foremost impediment perceived by the respondent firm is failure in the committed date, next importance are migrant labour, absenteeism, labour sourcing/ availability, low level of skills, restrictive labour policies, lack of skilled staff, lack of 'experts' in export consulting, motivational training, wages, union, lack of awareness regarding monetary & non-monetary benefits, poor observation of labour standards and other international standards and non coordination between supplier and exporter in that order.

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