

# **CHAPTER I**

## **INTRODUCTION**

### **FOCUS OF THE STUDY**

Industrialization is the most favorable key factor for the rapid economic development of a country. It is one of the main instruments to remove the burning problems of poverty, overpopulation, backwardness, unutilized resources & so on. In absence of it, healthy economy, social changes, and modernization of a country cannot be attained. Industrialization plays a vital role to alleviate sluggish economy of poverty strikes country like Nepal. It is one of the most effective means to fill the gap between the poverty & opulent, which help to overcome from the dependency on agro-based economy, perhaps followed by underdeveloped countries. Moreover it would not be wrong to say that industrialization & development are synonyms. So in the context of Nepal industrialization is the only indispensable solution to increase employment, utilization of capital, human & natural resources to improve balance of payment, greater efficiency and modernization of the county. Though realizing the emergence of industrialization, Nepal has experienced lot of problems regarding industrialization: lack of skilled labor, capital market, supply market, adequate raw material, and labor supporting policy, industrial infrastructure & so forth. Any organization, whether it be of business enterprise, industrial, or any other institution, needs an important and effective combination of four factors: money, machinery, material and men. Actually, an organization's success depends upon the management of all these four factors, and on the way they are correctly managed. Of these, however, the management of man is a very important and a challenging job since it is a job not of managing men or work, but of administering a social system. According to Oliver Sheldon, "No industry can be rendered efficiently so long as the basic fact remains unrecognized that it is principally human being. It is not a mass of machine

and technical processes, but a body of me. It is not a complex of matter, but a complex of humanity. It fulfills its function not by virtue of some impersonal force, but by human energy. Its body is not an intricate maze of mechanical devices but a magnified nervous system.”<sup>1</sup> It is, therefore, the management of human beings, a very challenging task because of the dynamic nature of the people.

No organization, whether it is small or large, public or private, profit or non-profit, can run without the major help of manpower. So, one cannot deny the fact that no organization can run smoothly without giving proper attention towards the personnel and their problems, if any. Therefore, personnel who stand for the manpower play a vital and important role in the field of management. Personnel are not only important in the field of an organization of less technology but also even in the higher and well-managed organization; manpower plays a vital role. Latest and modern machines or technology, such as computer centre, automated equipment, also cannot run without the help of effective personnel.

A worker is a man engaged in machine work. Even a machine requires timely repairs and maintenance to operate smoothly. Human beings, nonetheless, should be provided sound working environment to perform their activities, and different facilities and amenities to improve their living standards and to promote their social and economic conditions. These facilities and amenities create pleasant and healthy feelings for performing the assigned work. Workers should not be viewed as a substitute for the machines; they should rather be recognized as an important factor in the absence of which production as such is not possible. If a country moves towards industrialization for the economic prosperity, it is necessary to protect the interests of the workers associated with the industrial community.

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<sup>1</sup> C.B Memoria, *Personnel Management*, Himalaya Publishing House, Bombay, 1990, P. 75.

From the experience of the developed countries, developing countries of the Third World have learnt that the overall development of the nation is possible only through industrialization. The role of labor as a means and end of production, in the industrialization of a country, is of paramount importance. At present, due to the existence of family management in Nepalese industries, the labor aspect is the most neglected one, which is a serious problem. Conscious of unemployment lurking around the corner (as they believe that there are more men than job opportunities) and their attachment to the immediate bread and butter problem, they cannot take a giant leap for protecting their interests. Thus, they have weak bargaining power. In such circumstances, the parties (employer and employee) cannot be left alone to pursue their interests because the weaker cannot safeguard their position. In this situation, government intervention is essential to protect the interest of the workers.

Now a day, the importance of the labor force is being recognized. Nepalese workers, however, are not only inefficient and untrained but also have a lack of loyalty and, morality towards the organization. As a result, they do not co-operate with the management, and do not make any effort to contribute to the best achievement of the company. In this way, the management can be responsible for this condition.

“About 58% of Nepalese workforce is illiterate, that is, they have not had schooling, and less than 41% have completed SLC or a higher level, according to the Tenth plan. If on the one hand, there is the problem of the illiterate workforce, then on the other, the number of educated unemployed is rising. From this it can be seen that our education system needs radical changes in order to produce the skilled workforce that our economic system requires.”<sup>2</sup> Furthermore, “in Nepal 65.5% of male population and 42.8% of female population are economically active. Out of them, the estimated supply of labor

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<sup>2</sup> Prem R. Pant & Narayan Manandhar, (ed.) *Industrial Relations in Nepal*. A Book of Reading, Industrial Relations Forum, Kathmandu 1998, P. 37.

force in 2008 is 95,40,000 and in 2007 it was 93,30,000. The growth rate is 13%”.<sup>3</sup>

Therefore, the labor is very important factor of any industry. It is not concern in a company; the production is not success. As, it is the most neglected aspect in Nepal. Thus, the neglected labor can cause various problems to the management. And, out of them, one of the most burning problems is labor turnover. Now, it has become a challenge to organization as well as for nation to its sound improvements through facilitating industrial production. This problem has become a slow poison in the development and advancement of the industry or an organization. Therefore “labor turnover is a serious obstacle to the complete utilization of a country’s human and material resources.”<sup>4</sup> Therefore the labor should be considered for industry as the blood of human body. “But in reality he enjoys today not the status of the architect or master-builder of the plan, but of his goaded, harassed and discontented errand boy.”<sup>5</sup> Thus, it undoubtful fact that, labor is as indispensable for an industry and nation as of blood for human body to survive them. Though realizing the essence of labor the government of developing country like Nepal, yet could not provide any sufficient programme to improve their skill and quality, in consequence the features of developing countries; labor are unskilled, untrained inefficient. Being careless and lack of loyalty towards their job may consequence of neglected behavior to them. Similarly, lack of co-operation with management seems on several of them. Therefore towards the accomplishment of goal set by organizations, they do not make any endeavor, which are expected from them. Such behavior indicates that, they are not paying more attention to their job, as management neglect them for their welfare and to encourage. In this way they express their disappointment and discontent against the management. In this regard management should be responsible and must be considered of their worst conditions. Growing such

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<sup>3</sup> FNCCI. *Nepal and the World*. FNCCI, Kathmandu P. 15.

<sup>4</sup> R.C. Saxena, *Labor Problems and Social Welfare*. Educational Publishers and Printers, Meerut. 1974,P.79.

<sup>5</sup> Radha Kamal Mukerjee “*Labor and Planning*” Allied Publish (P) Ltd.,Allahabad, 1964, P. 30.

feelings in the labor may hamper for both employee and employer, and in absence of understanding between both sides, labor will be effective extremely. Feeling of discontent and disappointment makes them mopish and they could not stay for long in one concern, which might be the cause of quit from job. So such types of misconduct with labor can rise varied of problems, in an organization, out of them one of the most burning problems is **Labor Turnover**. Now, which has become a challenge for organizations as well as for nation to its sound improvements through facilitating industrial productions. Therefore “Labor turnover is a serious obstacle to the complete utilization of a country’s human and material resources.”<sup>6</sup>

“Labor turnover denotes the percentage change in the labor force of an organization. High percentage of labor turnover denotes that labor is not stable and there are frequent changes in the labor force because of new workers engaged and workers who have left the organization. A high turnover is not desirable.”<sup>7</sup>

The persons leave an organization due to retirement, discharge, resignation etc., and new face enters in the organization replacing them. So this outgoing and coming in process of worker is called the labor turnover. Discontent and dissatisfaction with job, working condition, payroll and other bad conditions often lead to labor turnover. Labor turnover is a measure of the extent to which old employees leave and new employees enter in the service of a concern. It is a continuous process related to separation and accession of employees in an organization.

There are many causes of labor turnover. Either employees leave at their own or are discharged by management. Both affect the employees and the employers. “Labor turnover is so costly a matter as to deserve careful consideration. It is a human phenomenon and subject to all influence operating in human behavior.”<sup>8</sup> It is an important symptom of certain

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<sup>6</sup> R.C. Saxena op.cit 1974, P. 79.

<sup>7</sup> S.P. Jain and K.L. Narang, *Cost Accounting*. Kalyani Publishers, New Delhi, P. 85.

<sup>8</sup> K.K. Ahuja: *Industrial Relation: Theory and Practices*. Kalyani Publishers, New Delhi, (1998), P. 263.

undesirable conditions and attitudes on the part of the participation in industry that they detached from an organization and sought jobs in another concern and so on. Therefore, poor working condition, minimum wage, lack of training program, lack of proper incentives and promotion plan, lack of amenities and welfare program might have been the cause of labor turnover.

The focus of the study is on the determination of the labor turnover positions analysis of Hulas Wire Industries Ltd.; Tankisinuwari, for the period of five years from 2061/62 to 2065/66.

Hulas Wire Industries Ltd. is located in eastern region of Nepal, situated in Morang District of Koshi Zone. The factory is situated in the Tankisinuwari VDC of Morang district. The company had started with production of basic steel wire products. Since then, the company has grown from strength to strength in expanding its activities in horizontal and vertical directions. Not only has it ventured into diverse field of related products but also constantly upgraded its manufacturing technologies to meet-up with most international certifications.

It was established in 1982 for manufacturing of HB wire, Galvanized iron wire, Annealed wire, Barbed wire, Cold rolled ribbed wire, wire girder, HTGS Wire, CA Round Wire & CA Steel Strips, Copper & Copper Alloy Sheets, Strips, Foils and various types of nail product, bolts and industrial fasteners. The whole plot of the company is around 8 bighas.

There were around 500 employees (staff and workers) are working in this factory. It is an ISO 14001 and NS certified company. The company has been supplying its products in most part of Southeast Asia and has total Annual Sales Volume of US\$ 5 Million – US\$ 10 Million.

## **STATEMENT OF THE PROBLEM**

To accomplish the goal of organization or to achieve the target of a concern is possible only through the dynamic and energetic manpower. Therefore in absence of solidarity and loyal workers, the goal of a concern cannot be attained, even while other various factor of production operating

smoothly. Worker is always important for a concern, as to workers himself. Frequent changes for workers from an organization cause delay in production, and trouble to the workers also. Labor is a major element of the factory, which is directly engaged in the production of goods, or services and which can be conveniently allocated the job, process or commodity unit. Labor turnover denotes how many labors left or joined the organization within a given period of time. It causes delay in production and trouble to the workers as well. It is one of the most important problems of organization. Delay in production, increase in cost, waste of time and material are the consequences of such an ailment.

The various causes of labor turnover, such as low wages, bad working condition, unfair methods of promotion, long hours of work, lack of proper recreational facilities, and wrong placement of workers may lead to job dissatisfaction. These causes of labor turnover can be classified as avoidable and unavoidable. The causes of turnover such as bad working condition, long hours of work, lack of proper recreational facilities etc are avoidable turnover because these can be avoided with proper managerial considerations. On the other hand, labor turnover may be due to unavoidable causes: the workers may be discharged due to insubordination or inefficiency, death, retirement, accident, women workers married in order to take up household duties etc. A high labor turnover is always undesirable to the organization. The effects of labor turnover will increase the cost of production. Among the various reasons of increasing cost of production some are given below:

- a. Selection or recruitment cost of new workers.
- b. Training costs of new workers.
- c. Loss of production due to interruption in production and inefficiency of new workers.
- d. Increase in cost of scrap and defective work because of inefficiency of new workers.
- e. Loss of profit due to loss of production.

When the rate of labor turnover increases, not only the progress, but general flow of the work may also be disturbed in the company. Keeping in view, the study seeks to know the effects of labor turnover and factors associated with it in Hulas Wire Industries Ltd., Tankisinuwari, Morang.

At present, labor turnover itself is being an unavoidable fact. Why is it a problem? What are the causes that create labor turnover? Is it itself a social phenomenon? Is it created by economic causes? Why the labors themselves become changed in their duty? Such innumerable questions are to be studied to get the solution of the problem and to provide suggestions.

Worker is a major component of increasing production. It is the most important factor in the success of any organization because most of the problems in any organization can be solved and set on by human efforts. Labors are the backbone of an organization. The success or failure of an organization depends upon the labor. If the organization fails, it may cause immense loss to the nation as well as to the enterprise. And an individual transfer of labor from one organizational unit to another organizational unit affects production and productivity of the industry.

High rates of labor turnover entails huge loss in monetary and creates other indirect effects. Unregulated labor turnover implies waste of human resources – the loss of working hours in between leaving one organization and joining another.

There may be high magnitude of turnover of labor force in an organization, which will be very much dangerous in the smooth running and efficient performance of the organization. It is a labor problem of the organization, which can cause various problems to management. The problem of labor turnover has become a slow poison in the development and advancement of Nepalese organizations like in other underdeveloped countries. Therefore, this study attempts to measure the magnitude of labor turnover in Hulas Wire Industries Ltd., Tankisinuwari and then suggests ways and means to regulate the state of labor turnover in view of the reported reasons of reported magnitude of turnover.



## **OBJECTIVE OF THE STUDY**

This study is to highlight the labor turnover of Hulas Wire Industries Ltd., Tankisinuwari. The main objectives of this study are mentioned below:

1. To find out the present condition of labor turnover and its cause in the Hulas Wire Industries Ltd.
2. To calculate the rate of labor turnover for the period covered by the present study.
3. To shed light on the socio-economic condition of the workers.
4. To suggest ways and means to reduce labor turnover.

## **Research Questions**

To state the labor turnover in Hulas Wire Industries Ltd., the following research questions are formulated:

1. What is the extent of avoidable and unavoidable labor turnover in Hulas Wire Industries Ltd.?
2. How does the separation rate among the workers of Hulas Wire Industries Ltd. differ on the basis of marital status?
3. What is the separation among the workers of Hulas Wire Industries Ltd. by the age group to which they belong?
4. What is the separation rate among the workers of Hulas Wire Industries Ltd. by the education level to which they belong?
5. How does the separation rate among the workers of Hulas Wire Industries Ltd. differ on the basis of skilled level?
6. How does the separation rate among the workers of Hulas Wire Industries Ltd. differ on the basis of income level?

## **IMPORTANCE OF THE STUDY**

Present study is an attempt to examine the state of labor turnover and causes thereof in Hulas Wire Industry Ltd., a manufacturing enterprise located in Biratnagar. For success, an industrial enterprise must use all its factors of production in the most possible thrifty and advantageous way. While the

inanimate factors of production like machines, raw materials etc. can be managed in a mechanistic way with precise estimation of likely output with the possible wear and tear well reckoned before hand. But, the labor comprised of human beings cannot be managed mechanically. They do have social and psychological aspects as well, a part from economic entity. When dissatisfied, they tend to escape their responsibility, leave the organization where they are working in search of another organization where they feel their needs will be better satisfied. Such a state, which is referred to as labor turnover, is undesirable for an organization because it simply means loss of production and increase in cost. So, the importance of this study can't be undermined because it would help grasp the intensity of the problem of labor turnover in the sampled enterprise and would also suggest ways and means to shut it.

The labor turnover may be affected by the various invisible factors. Labor turnover may be the cause of dissatisfaction and frustration among workers. It may be affected by various other factors. Hence, it should be a matter of concern of good personnel management, to heed to this problem, sort out solutions to solve them. This study is an attempt to find out the causes and remedies to the problem of labor turnover. Hence, from the viewpoint of efficacy of personnel management system, this study is important.

This study is also important for the policy makers, common readers, top management of Hulas Wire Industries Ltd. And the academicians as this research has analyzed at the aspect of labor position along with the solutions to counter the problems.

### **LIMITATIONS OF THE STUDY**

The following obstacles have been considered as the limitation of the study:

- a. The study is completely based on the study of the state of labor turnover in Hulas Wire Industries Pvt. Ltd. so its findings can't be generalized to make predictions with respect to labor turnover situation in industry as such.

- b. In the study there is little bit of problem because of Resource Constraints, and it is more time taking.
- c. Primary data limitations is applied in this study.
  - d. Secondary data is used in very small quantity and the oral explanation given by the officials of the factory are also assumed to be correct.
- d. The study covers only 5 years period i.e. from 2061/2062 to 2065/2066.
- e. The major objective of the research is to study labor turnover only. So, the present study may not provide insight into other aspects of personnel management, which are also important from the viewpoint of putting labor force to best possible use.

### **THE SCHEME OF THE STUDY**

In order to study the problem in a proper perspective this study has been divided conventional terms into five chapters devoted respectively to Introduction, Review of Literature, Research Methodology, Data Presentation and Analysis of Data and Summary, Conclusions and Recommendations.

- a. Introduction:** So far the first chapter is concerned with the subject matter of the study has been introduced along with the problem of the study. In addition, the meanings of labor turnover, statement of the problem, objectives, research questions, importance of the study, the limitation and scheme of the study have also been included in this chapter.
- b. Review of the Literature:** The second chapter presents the review of literature concerning labor turnover, and its causes and effects. The literature is comprised of the relevant books, journals, papers, magazines and studies. Review of literature also includes historical background of industrial development in Nepal, labor turnover in different countries and measurement of labor turnover etc.
- c. Research Methodology:** In the third chapter, the research methodology followed in conducting this study has been presented. This comprises

the research design, population and sample, nature and source of data, data collection procedure, data processing, variable studied and a profile of analytical tools used in the present study (measurement of labor turnover).

- d. Presentation and analysis of data:** The fourth chapter deals with the presentation, interpretation and analysis of available data. This chapter is the main section of the study in which the data concerning research questions have been tabulated, presented and analyzed descriptively. In this descriptive analysis, collected data are presented and analyzed as far the office record and perception of the respondents.
- e. Summary, Conclusion and Recommendations:** The fifth chapter deals with the summary, conclusion and recommendations drawn on the basis of the whole analysis. A list of bibliography, too, has been included at the end of the study.

#### **Definitions of the terms used**

- 1. Separations:** - It means the number of workers who leave the organization during a definite period of time for various reasons.
- 2. Accession:** - It means the number of workers coming to the factory during a definite period of time.
- 3. Resignation:** - It refers to the number of workers leaving the job voluntarily. It may be due to their dissatisfaction with the working conditions or with the personnel policies of the organization.
- 4. Discharge:** - The term denotes the separation of an employee from the payroll due to some offence of inadequacy.

- 5. Retirement:** - The term denotes the termination of workers from active service after certain period or age, as per the terms and conditions of employment.
- 6. Labor Turnover:** - The term denotes the process of leaving and joining the service by old and new workers of a concern in a given period.

## **CHAPTER II**

### **REVIEW OF LITERATURE**

Industrial development is highly needed for the economic development of a developing country like Nepal. Industrial development plays a crucial role in accelerating the dynamic progress of different sectors of the national economy. “Industrialization is the central problem of economic development of backward countries. It is one of the major tools with the aid of which vicious circle of backwardness and poverty can be broken.”<sup>9</sup>

Industrialization in Nepal is a recent phenomenon. The handicraft and cottage industry started in Nepal in ancient times and are of typical and primitive nature. Prior to 1936, Nepalese industries were limited to cottage and rural industry and organized modern industry were virtually non-existent. The first Company Act was enacted in the year 1936. After the enactment of the Company Act many useful and big industry were established in Nepal.

In 1959, Nepal Industrial Development Corporation was established under **NIDC Act 1959**, with an object to promote and develop industry in the private sector by providing financial and technical assistance. The contribution of NIDC can be accepted as highly important in the industrial development of Nepal.

“Industrialization, which is the basis of industrial relations is comparatively a new phenomenon in Nepal. The Biratnagar Jute Mills set up in 1936 marked the beginning of organized Industry in the country. Industrial development in Nepal, however, started getting regular attention of the government under the aegis of development plans after the dawn of democracy in 1951. By the end of 1979, the country had a total of 3,528 industrial units in the private and public sectors with an employment of 51, 336 workers. With

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<sup>9</sup> Gyorgy Caker. *Strategy for Industrialization in Developing Countries*. London: Hard & Co. 1977. P.9, as quoted in Narayan Prasad Dahal (1997), *A study of the Labour Turnover of the JMF Pvt. Ltd.*; Unpublished Thesis Submitted to Faculty of Management TU, Kirtipur, P. 8.

the rise of Industry, the problem of industrial relations also gained prominence.”<sup>10</sup>

“Nepal is in the very early stages of industrialization. The contribution of the industry to the national economy is awfully low. The generation of employment by this sector is equally disappointing only 2% of the labor force is employed by the industry.”<sup>11</sup>

Public Limited companies contribute substantially for the development of national economy. They play a significant role in the economic development of the nation. In that field, too, the private sectors have been playing a vital role to the overall development of Nepalese economy.

In the present age of industrial civilization there is a close relationship between economic development and the activities of industrial labor. Economic development supports higher levels of living, feeling of security and satisfaction among the people and induces overall stability. However, this will happen only when the industrial workers become highly committed to their works and way of living. Higher level of commitment of the industrial workers ensures adoption of new techniques and advanced technology, higher productivity, harmony in individual relation.

During the course of study, Hulas Wire Industries Ltd. has been chosen as a private company. In this company in the same subject will not be done the research work as the labour turnover in the Hulas Wire Industries Ltd., Tankisinuwari. For this, researcher has taken data only from Hulas Wire Industries Ltd. of five years period. But in this same subject has done research worked in the various companies. Those previous dissertation submitted that researcher have consulted there relevant findings, issues, arguments, logic and suggestions which will give me a glimpse guideline to go further depth of the study. Likewise, various books, journals, publications, seminar papers are also reviewed.

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<sup>10</sup> Prem R. Pant & Narayan Manandhar.(eds) *Industrial Relations in Nepal*. A Book of Reading . Industrial Relation forum, Kathmandu, 1998,P.9.

<sup>11</sup> Ibid. P. 92.

This study focuses on the labor turnover of Hulas Wire Industries Ltd., Tankisinuwari. In relation to this, the chapter deals with the review of concepts, causes, effects, measurement of labor turnover in different countries. But the priority is given for the study of labor at first.

“Human factor is a social component of industrial system. Industry is a social system and worker is a factor of this human system. In the system social content of the life of the worker is an important determinant of human behavior.”<sup>12</sup>

Labor force is one of the main forces of the industrial sector, which is related to the production. The production is impossible without labor. Labor has played the greatest role in the production. It is clearly found that no Industry can exist without labor. So that, workers are always important factor of industrial sector or production. They are backbone of an organization. The success or failure of an organization depends upon the labor. Daily transfer of labor from one organizational unit to other organizational unit directly affects production and productivity of the Industry.

“Labor should also be conscious in their efforts. They should realize that strike is only the last weapon to encounter problems. Identification of genuine grievances and a systematic collective bargaining process may be more helpful in coming to sound solutions. They should also be flexible. The most important thing is that they should be able to identify with the organization and not an outside party. This may help to improve the situation significantly.”<sup>13</sup>

## **LABOR TURNOVER**

The function of any organization commences with the procurement of manpower, similarly it is logical that those employees will not be tied up with the same organization forever, they may join other organization, whenever they

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<sup>12</sup> Dahal: op.cit., P.9.

<sup>13</sup> Pant & Manandhar : op. cit. P. 28.



get better opportunities. Such movements may entice a serious ailment to the organization, which is known as **LABOR TURNOVER**.

The term labor turnover implies the relation between the workers joining and leaving an organization in a given period due to various reasons. In other words, the relation between the number of persons joining the organization and leaving due to resignation, retirement or retrenchment to the average number on the payroll is called labor turnover. Dissatisfaction with the job, working conditions, payroll and other bad conditions often lead to labor turnover. It is a human phenomenon and as such subject to all influences operating in human behavior.

In all the business organizations, it is a common feature that some workers leave the employment and some new workers join in place of those leaving. This change in workforce is known as labor turnover. "Labor turnover is thus defined as the rate of change in the composition of the labor force in the organization."<sup>14</sup>

C.B. Memoria defines the labor turnover: "The rate of change in the working staff of a concern during a definite period."<sup>15</sup> In other words, it signifies the shifting of the workforce into and out of an organization.

But in the broad sense, "turnover refers to the movement into and out of an organization by the workforce. This movement is an index of the stability of that force."<sup>16</sup>

In the word of K.K. Ahuja "The relation between the number of persons joining the organization and leaving due to resignation, retirement, or retrenchment to the average number on the payroll is called labor turnover." It may also define as "The rate of the change in the working staff of a concern during a definite period."<sup>17</sup>

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<sup>14</sup> M.N. Arora. *Cost Accounting, Principles and Practice*. New Delhi: Vias Publishing House Pvt. Ltd. 1993. P.126.

<sup>15</sup> C.B. Mamoria. *Personnel Management*., Bombay. Himalaya Publishing House 1990, P.302.

<sup>16</sup> Edwin B. Flippo. *Personnel Management*, New Delhi, 6/e (1984). McGraw- Hill International, P. 547.

<sup>10</sup> Mamoria, op. cit P.32.

B.P. Singh et. al. has identified the term labor turnover as “the movement, shifting or migration of workers from one unit to another or from one Industry to another.”<sup>18</sup> In encyclopedia Britannica “the term labor turnover has been defined as, the movement of workers into and out of the labor force of an employer.”<sup>19</sup> It is a measure of an extend to which old employees leave and new employees enter in the service of the concern. This is a continuous process related to separation and accession of an organization. Retirement, resignation, lay off, discharge, dismissal, illness, accident, ageing, death and variety of personal reasons bring separation.

“Quits occur when employees choose to leave the organization for reasons other than retirement. Many researchers and professionals use the term turnover to signify employee quits. However, turnover is confusing because it also signifies quits and their subsequent replacements (that is the organization “turnover” the position to a new person). Quits are initiated by employees, so research has sought to explain why employees choose to separate.”<sup>20</sup>

It is the consequence of separation and accession process of employees, and will continue till the existence of an organization. Retirement, resignation, layoff, discharge, dismissal are the means through which service are terminated.

Retirement implies the termination of workers from the service after certain period or age as per terms and conditions of the concern. Whereas resignation is a voluntary activity of an employee, due to various reasons, such as: poor wage, dissatisfaction from the job, poor working condition, domestic affairs like marriage (in case of female employee), bad health, personal betterment, bad relation with supervisor, old age, exodus to village for agriculture operation and so on.

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<sup>18</sup> B.P. Singh, et al. (1995), as quoted in Narayan, op. cit. P. 33.

<sup>19</sup> William Benton, *Encyclopedia Britannica*, as quoted in Kamallesh Sharma, *A Study on the Problem of Labor Turnover in the BDK Ltd.*, (1995). Unpublished Thesis Submitted to The Faculty of Management TU, Kirtipur P. 14.

<sup>20</sup> George T. Milkovich, and Johan W. Boudreau, *Personnel/Human Resource Management*. (1990) Delhi. Richard D Irwin, Inc. All India Traveller Book Seller, P. 21.

Layoff is the termination of employment, initiated by the employer, because the job is being eliminated or because there is a reduction of operators. It is a temporary or permanent removal of workers from the payroll. Likewise dismissal and discharge are the official actions, initiated by the management, because of dissatisfaction with employees performance, participation in strikes or union activities, misconduct, insubordination and inefficiency and so on.

Retirement and resignation are known as voluntary separation, on the contrary management initiated separation such as discharge, dismissal and layoff are known as involuntary separation. Likewise the causes of labor turnover are numerous and may be classified as unavoidable or natural and avoidable. The unavoidable includes those which do not arise from the initiative of management, thus are death, retirement, marriage, accident etc. The avoidable cause are due to personal policy of the establishment such as dismissal, layoff etc.

## **CAUSES OF LABOR TURNOVER**

There are many causes of labor turnover. Either employees leave on their own accord or they are discharged. Every separation of an employee from an organization, whether voluntary or involuntary, is serious for the organization. Therefore management studies the various causes of labor turnover. Labor turnover is caused by many factors, which can be listed as follows:<sup>21</sup>

1. **Avoidable causes:** Avoidable causes are due to the fault of management. These causes may be eliminated by taking suitable measures by the business firm. Avoidable causes are:
  - a) Low wages and earning,
  - b) Unsatisfactory working conditions,

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<sup>21</sup> Jawahar Lal. *Cost Account*. Tata McGraw Hill Publishing Company Limited, New Delhi, (1995) P.148.

- c) Bad relations among workers and between workers and supervisions,
- d) Existence of rival trade unions in the organization.
- e) Unsuitability of jobs,
- f) Lac of conveyance, accommodation, medical educational facilities, recreational amenities etc.

2. **Unavoidable Causes:** The unavoidable causes are not due to the fault of management but due to other factors, which are not under its control. Sometimes workers have to leave the organization because of management requirements and actions. These are known as unavoidable causes and can be described as follows:

- a) Termination of service due to misbehavior, indiscipline, etc.
- b) Retrenchment or layoff due to shortage of resources, low demand, seasonal nature of business.

3. **Personal Causes:** Sometimes workers leave the organization at their own will, and management can do nothing in this regard. These are known as personal factors which are:

- a) Change for better jobs,
- b) Death,
- c) Retirement due to old age and ill health,
- d) Family troubles and constraints,
- e) Change for a better place, environment, etc.

“In so far as separations occur on the initiative of individual employees, the causes are as complex as the motives which stimulate human action, economic, health, family and personal considerations, all have a part in determining the final action of an individual. Separations due to managerial initiative are usually traceable to economic condition, managerial policies and the quality of supervision.”<sup>22</sup>

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<sup>22</sup> H.G. Henaman: *Personnel Administration and Labor Relation*, Delhi Mc Graw Hill (1978) P. 302.

Sometimes labor turnover arises due to completion of a particular piece of work, when employees are discharged, or recruited. Misinformation about the job may also play role for labor turnover. Joining a job without perceiving clearly the rules regulation, working condition, demand and requirement, will be a burden for an employee. Similarly over qualified and under qualified person also can not adjust themselves with their jobs. Employees of high and low intelligence are expected to show different degrees of satisfaction or dissatisfaction for the same job. Findings of the study signifies that turnover increases with job complexity among individuals below average in mental alertness. On the contrary declines in individual with high intelligence as the complexity job increases.” An ambitious employee needs to know that promotion will parallel his increased ability and worth to the company. If his job is far below his capacity, he inevitably wasting ability and is subjected to tensions. Similarly, if he feels that he is in a “blind-alley” job, he is certain to be dissatisfied.”<sup>23</sup> Likewise “an employee who has been placed in a position that far beyond his abilities is inevitably inefficient and subject to overstrain and may indulge in griping”.<sup>24</sup>

Generally it occurs that labor turnover seems among young men in higher rather than older man. Study by Scott, Clothier and Mathewson (1941) focus that on labor turnover in relation to age indicates that the desire to find suitable employment is very strong in young workers. This, in turn, is responsible for their quitting the job. Besides the desires for suitable employment, young people usually have less responsibilities and higher aspirations.

The causes of labor turnover may be ascertained by arranging personal interview with the outgoing employees and opinion poll or survey of the present employees by independent persons. Exit interview is the best way to know the

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<sup>23</sup> Pigors and Myers “*Personnel Administration -A Point of View and a method*” Delhi, Mc Graw – Hill.(1956) P.152.

<sup>24</sup> Ibid.

causes. The causes would also be investigated by asking fellow employees whom the person leaving could be more frank.

Labor turnover is the outcome of resignation and dismissals. Resignation may be due to such causes as dissatisfaction with working conditions, insufficient wages, bad health, sickness, old age, family circumstances and exodus to the village for agricultural operation. When workers return from their villages after a long time, they do not find their old jobs and have to seek employment elsewhere.

“Dismissals on the other hand, may occur due to participation in strikes or union activities, misconduct, insubordination and inefficiency. But dismissal is a lesser cause of labor turnover.”<sup>25</sup>

Perhaps the major factor that influences desirability leave to employee satisfaction. Therefore, the greater the satisfaction the lower the probability of leaving. However, research indicates that dissatisfied employees seems to reluctant to leave during the times of high unemployment, and more likely to leave during the times of high unemployment, and more likely to leave during periods of low unemployment. Likewise employee’s attitudes and motivations are important factors in their decision to leave organization. “The research just cited suggests that quits result from a variety of factors reflecting individual perceptions and attitudes, organization policies and external factors. If the objective is to reduce the quantity of employee separations, the model and research evidence suggest several work related factors that could be affected by human resource activities. These factors include pay, role clarity, satisfying work, improved supervision and improved co-worker relationship.”<sup>26</sup>

Indeed high rate of turnover and separation become always injurious to the efficiency of the worker as well as to the quality and quantity of production. “Mobility of employees among organizations and between functional subunits within a given organization confronts managers with may interrelate and

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<sup>25</sup>Mamoria, op.cit. P.304.

<sup>26</sup>Milkovich and Boudreau op.cit. P. 457.

knotty problems.”<sup>27</sup> Due to excess turnover the workers are not only deprived of various advantages of continued employment in one establishment such as: opportunities of a graded pay, bonus, provident fund and leave, but on account of defective system of recruitment, they have even to purchase their re-engagement. It also affects their organization because it leads to less solidarity among the workers who move frequently from mill to mill and from Industry to Industry.”<sup>28</sup> This undesirable phenomenon labor turnover is not merely a traumatic event for organization, but affects adversely to both employee and employer. “Excessive turnover and mobility are wasteful in money, human values and friction within and between work teams, and also because they jeopardize organizational health.”<sup>29</sup>

According to K.K. Ahuja, causes of labor turnover can be classified under the following heads:<sup>30</sup>

- a. Reduction in the quantity of jobs.
- b. Causes relating to the jobs.
- c. Causes pertaining to the methods of handling workers.
- d. Causes relating to the fellow workers and union.
- e. Causes pertaining to the worker.
- f. More attractive opportunities elsewhere.
- g. Causes relating to the methods of recruitment.
- h. Causes relating to family of the worker.

## **EFFECTS OF LABOR TURNOVER**

Labor turnover is one of the most important factors of the industrial development. An Industry is directly affected by the labor turnover. “The heavy rate of turnover is a great handicap for workers and Industry alike, for it

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<sup>27</sup> Pigors and Myers, op.cit. P. 217.

<sup>28</sup> Saxena, op.cit. P.127.

<sup>29</sup> Pigors and Myers. op.cit. P. 203.

<sup>30</sup> K.K. Ahuja: *Advanced Personnel Management.*, New Delhi, Kalyani Publishers (1998), P. 99.

implies a reduction in skill and efficiency on the part of the worker and reduced output for the Industry.”<sup>31</sup> High rate of labor turnover is always injurious to the efficiency of the worker as well as to the quality and quantity of production.

An excessive movement of labor is undesirable and expensive. “Excessive turnover are wastage of money, human values, attitudes and friction within and between work teams and can also be a cause of destruction of organizational health.”<sup>32</sup>

High labor turnover is a costly problem for Industry. When an employee leaves the firm, such costs as the following are usually involved:

1. Hiring costs – involving time and facilities, recruitment, interviewing and examining a replacement.
2. Trainings costs – involving the time of the supervisor, the personnel department and the trainee.
3. Breakage, scrap and wastage of materials in the learning period.
4. Accident rates of new employees are often higher.
5. The loss of production in the interval between the separation of the old employee and the replacement by the new.
6. The production equipment is not fully utilized during the hiring interval and the training period.
7. Overtime pay may result from an excessive number of separations causing trouble in meeting contract delivery dates.

“Turnover is expensive. Not only the recruiting and selection expenses but also the costs associated with creating new employee records in the personnel department, establishing payroll records in accounting, giving new employees training, and providing them with necessary safety equipment are lost when employees leave.”<sup>33</sup> A high turnover may mean poor personnel practices, poor supervisory practices, and poor company policies. One should

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<sup>31</sup> Memoria. op. cit. P. 303.

<sup>32</sup> Pigors & Myers, op. cit., P.817.

<sup>33</sup> William B. Werther and Davis J.R. Keith. *Human Resources and Personnel Management*. 3/e New Delhi. McGraw-Hill Book Company( 1989) P. 217.



not forget that too low a rate of turnover like a below normal reading on thermometer might also be a danger signal.

Turnover is harmful to the efficiency of the workers and impairs the quality of production. It is a serious obstacle to the full utilization of a country's human and material resources. "From the worker's side, they are not only deprived of various advantages of continued employment, viz. Opportunities of graded pay, bonus, provident fund, and leave but they have even to purchase their re-engagement; and there is bound to be less solidarity among workers who move from mill to mill."<sup>34</sup>

High rate of labor turnover casuses direct effects on Industry as well as workers. Both of them have to suffer in the following manner:

1. **On Industry:** - It affects first of all the Industry and then the labor community, and eventually the nation's economy. Labor turnover in Industry stops machines, disturbs process, creates production bottlenecks, hampers smooth flow or continuity of work, and upsets production targets.

Similarly, it results in production losses, increases direct overhead costs, increases workload of the attending workers, causes employment of inexperienced, less experienced or sub-standard workers as substitutes. Such effects in turn create problems of recruitment, training, job adjustments, morale and attitude. Manpower planning is rendered impossible. Casual or substandard employees increase machine downtime, breakdown of machinery and consequent idle machine hours. Labor turnover on the one hand directly contributes to the rise in the production cost while on the other it deprives the Industry of its hard-earned reputation due to deterioration in the quality of goods produced and the delay in supply to valued customers.

2. **On Worker:** - Frequent labor turnover adversely affects the economy of the workers themselves. It reduces their earnings, adds their indebtedness,

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<sup>34</sup> R.K. Mukerjee. *The Indian Working Class*. Hindi Kitabs, Bombay( 1951) P.42. as quoted in, Mamoria. op.cit. P.303.

and decreases their purchasing power. This makes it difficult for them to meet the necessities of life, adding to the personnel problem of attitude and morale, and in many cases loss of employment and resultant disaster for their dependants.

Thus high turnover is neither good for the Industry nor for the workers. It is a bad sign for the development of a nation.

### **LABOR TURNOVER IN DIFFERENT COUNTRIES**

Though the management of labor turnover is most important, it is often poorly understood from the aspect of human resource function. Employee's turnover presents one of the most important challenges that affects the efficiency and productivity of the company.

Now a day, the problem of labor turnover is universal. The problem is not confined to one Industry or one country.

“The American Telephone and Telegraph Company experiment was a 13% drop in turnover rates among a large sample of service representatives, while in the control group, which functioned as before, there was a 9% increase in turnover.”<sup>35</sup>

In India, the Bombay Textile Labor Committee pointed out the high rate of turnover exists in all organized industry. The Raje Committee observed that the cotton textile Industry in Bombay has a higher monthly turnover rate than in Madurai, Nagpur, Calcutta and Akola. It may be that the number of mills in Bombay is far greater than anywhere else, and it is possible for the workers to mover from one mill to another. In the engineering group, the rates are fairly high in Calcutta. “Study of 1981 shows that in textile industry accession and separation rates for Bombay were 1.46 and 1.33 respectively per hundred workers. For all the centres in Maharastra, the figures were 1.40 and 1.29

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<sup>35</sup> Pigors & Myers. op.cit. P. 227.

respectively. In Ahmaedabad the rates were 1.56 and 1.31 respectively.”<sup>36</sup> These data indicates that labor turnover is not high.

In USA, the Bureau of National Affairs (BNA) reported that “the monthly labor turnover rate in the year 1981 in manufacturing organization was about 1.2%, whereas in non-manufacturing organization it was 1.5%. Likewise in financial organization it was 1.8%, and in non-business organization it was 1.6%. In health care organization the rate was 1.8%.”<sup>37</sup> Another survey by BNA (USA) reported that “the separation rate in 1986 was about 12% yearly. It is further said that 21% organization are in swamp of labor turnover severely.”<sup>38</sup>

In Nepal, Mr. Susheel Koirala, while studying the labor turnover and its correlation with the profitability in the Harisiddhi Brick and Tile Factory, has found that “the increase in labor turnover rates has caused a highly significant argument in the unit cost of brick, while the unit cost of tile has been decreased in spite of the increased trends of the labor turnover rate, though that is quite insignificant.”<sup>39</sup>

In the same way, a scholar has elaborated research to measure the extent of labor turnover in Balaju Industrial District covering 1466 employees of four industry in 1978. Finding of the study was that in the industry the rate of turnover fluctuate three to four folds during the period of three years. Meanwhile in other two industry, the rate was quite constant during that period. In 1975 annual turnover rate for Balaju Yantra Shala (BYS) 4.21% and in Nebico it was 5%. For the year 1976, and 1977, labor turnover rates in BYS, JGP, BKU and Nebico were 18.46% and 4.14%, 17.05% and 8.14%, 4.91% and 5.61%, and 3.75% and 5.63% respectively.<sup>40</sup> Similarly, the labor turnover rate in the Butwal Dhago Karkhana Ltd. Was 1.98%, 2.62%, 2.07% and 4.04% for

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<sup>36</sup>Saxena, op.cit. , P. 271.

<sup>37</sup> Henerman et al. *Personnel Human Resources Management*. New York, Richard D. Irwin. (1983) P. 164.

<sup>38</sup> Milkovich and Boudreau. op.cit. P.457

<sup>39</sup> Susheel Koirala. *Labor Turnover: Its Correlation with Profitability*. Unpublished Thesis, Submitted to the Faculty of Management, TU Kirtipur,(1975). P. 21.

<sup>40</sup> Laxmi Hada. *Labor Turnover in BID*. Unpublished Thesis, Submitted to the Faculty of Management TU, Kirtipur,(1978) P. 65.

the years 2048, 2049, 2050, and 2051 respectively.<sup>41</sup> A study of the labor turnover rate of the Juddha Match Factory (Biratnagar) Ltd. was found to be 18.81%, 3.41% for the years 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052 and 2053 respectively. The average rate of labor turnover in the factory was 2.66%.<sup>42</sup>

The results of different studies made in different countries show the worldwide problem of labor turnover.

### **MEASUREMENT OF LABOR TURNOVNER**

The measurement of labor turnover is a difficult task because of the lack of exact measuring method. No universally accepted formula has yet been developed for the measurement of labor turnover.

The separation rate, relatively simple measure method, is mostly used to calculate the labor turnover in different organizations. This rate is generally defined as the number of separations per month/year per 100 of the average workforce. Separation includes all quits, layoffs and discharges. The average workforce is typically calculated by adding the number on the payroll at the beginning of the period and at the end of the period and then dividing by 2.

The rate of labor turnover is generally expressed in a number of different formulas, which involve such forms as accessions (i.e., additions to the payroll); separations (quits, discharges, retirements, deaths, etc); replacements (i.e., one accession plus separation); and average workforce (i.e., number at the beginning of a period plus the number at the end divided by 2).

If in a particular Industry, the average workforce per month is 1000 and there are 20 accessions and 25 separations during that period:

I. The accession rate is =  $20 \times 100 / 1000 = 2\%$

$$= \frac{\text{Total accession during a period}}{\text{Average workforce}} \times 100$$

<sup>41</sup> Kamalesh Sharma. *A study on the problem of labor Turnover in the BOK, Ltd.* . Unpublished Thesis Submitted to Faculty of Management, TU. Kirtipur, (1995) P.26.

<sup>42</sup> Dahal. op.cit. ,P. 26.

Average workforce during that period

II. The separation rate is =  $25 \times 100/1000 = 2.5\%$

$$= \frac{\text{Total separation during a period}}{\text{Average workforce during that period}} \times 100$$

III. The replacement rate is =  $20 \times 100/1000 = 2\%$

$$= \frac{\text{Total replacements during a period}}{\text{Average workforce during that period}} \times 100$$

Labor turnover can be measured simply by relating accessions or separations during a given period to the average workforce during that period. For the purpose of consistency and comparability, month is the commonly used period. The US Bureau of Labor Statistics uses the following method to compute the separation rate:<sup>43</sup>

- Find the average number of employees by adding together the number on the payroll on the first and the last days of the month and then divide the sum by 2.
- Divide the total number of separations during the month by this average employment figure.
- Multiply this number by 100 to get the rate per 100 employees for the month.

Calculation of separation rate in percentage formula is expressed as follows:

The separation rate is =  $25 \times 100/1000 = 2.5\%$

$$\text{Separation rate (or \%)} = \frac{\text{Total separations per month/year}}{\text{Average number on month/year payroll}} \times 100$$

“The rate for accessions, quits, layoffs and discharges can be computed by the same basic formula. When the separation rate is subtracted from the accession rate, the positive or negative figures show whether employment is

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<sup>43</sup> Figors & Myers. op.cit. P. 218.

expanding or contracting. If 'avoidable' turnover is to be measured, the quit rate is the most useful figure. This may be subdivided for regular employees with seniority standing and new hires whose status is probationary."<sup>44</sup>

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<sup>44</sup> Ibid.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter is divided into different subheadings: Research design, population and sample, Nature and source of data, Data collection procedure, Data processing Variables studied, Measurement of labor turnover rate, etc. This study is mainly based on conclusions oriented to fulfilling the particular objective of labor turnover, its causes and impact on the Hulas Wire Industry Ltd.

#### **A. RESEARCH DESIGN**

Research design gives the frame to this study. The structure of research has been designed to attain the objectives, which are mentioned in this study. The core of this study is to assess the labor turnover of Hulas Wire Industry Ltd.; and to suggest for the improvement of the labor turnover position of the company.

Since the basic objective of this study is to analyze and evaluate labor turnover and its management system in Hulas Wire Industry Ltd., the study therefore is descriptive cum exploratory research design based on the collection of primary and little bit of secondary sources of data. It is heavily dependent upon the primary source of information, though there is a lack of reference material.

#### **B. POPULATION AND SAMPLE**

The term population refers to the total work force of Hulas Wire Industries Ltd. The population of this study is concerned about the labor force of the company during the five year time period ranging from 2061/62 to 2065/66. The occurrence of turnover is measured in terms of separation during this period, which has been taken as the sample of five years is that part of the universe, which has been selected for the purpose of investigation. Out of

the population, the data of the last five years have been selected as sample for this study.

### **C. NATURE AND SOURCE OF DATA**

The data, which are mostly used in this study, are secondary in nature. However, some of the data, which are used, are primary in nature.

The company itself is the main source of data because all of the data and information are collected from the company directly. The office of the labor union also maintained the labor records, thus, it is taken as one of the sources of data. As for the primary data, the workers themselves are the source.

The sampling process involved for the collection of data is Convenience Sampling (some time known as grab or opportunity sampling):

It is a type of non probability sampling which involves the sample being drawn from the part of the population which is close to hand. That is a sample population selected because it is readily available and convenient. Using such a sample cannot scientifically make generalization about the total population from this sample, and the limitations of this method is also applied in the results of the study.

### **D. DATA COLLECITON PROCEDURE**

The data of labor turnover for the five years period of the factory has been collected generally from primary sources, and little bit of data has been collected from secondary sources. Primary data for the study and obtained from questionnaires and personal interview with the employees. Where as data regarding employees have been collected from the official records as the secondary source.

The following procedures have been followed for this study:

1. Previous studies and report,
2. Official Records present in the administration and time office.



3. Opinions of the labor from Hulas Wire Industries Ltd.

#### **E. DATA PROCESSING**

Most of the data have been processed and interpreted as for the need of this study. With the help of simple arithmetical rules, raw data are processed and are presented in tabular forms. All the data are presented for the analytical purpose after the tabulation of the data.

The collected data within a given period is shown in row and column form in a chart. The data of different fiscal years are recorded in the row form and the data which is separated according to the number of workers, age group, sex, marital status, educational level, skill level and income level are shown in the column form.

#### **F. VARIABLES STUDIED**

In order to study the relationship between dependent and independent variables the following independent variables are individually studied in relation to the dependent variables, i.e., “rate of labor turnover” – i) age ii) sex iii) marital status iv) skill level v) educational level vi) income level etc.

#### **G. MEASUREMENT OF LABOR TURNOVER RATE**

To measure the labor turnover, the separation rate formula is preferred and chosen, for it is the most widely employed and would suffice for most of the purposes. The separation rates have been calculated by using the following formula:

$$\text{Separation Rate} = L = \frac{S}{E}100$$

Where, L = Rate of labor turnover,

S = Total separation during a definite period of time,

E = Average number of employees on payroll during a certain period of time.

The average number of employees = Total number of employee at the beginning of year + Total number of employee at the end of the year divided by 2.

## **CHAPTER IV**

### **PRESENTATION AND ANALYSIS OF DATA**

The presentation and analysis of data concerning the labor turnover Hulas Wire Industries Ltd. have been done with the help of modern tools and techniques. This research work has been done on the basis of labor turnover rate, with only five years data regarding the labor turnover.

Here, the labor turnover reported for the years 2061/2062 to 2065/2066 has been studied to find out the separation rate. The required information associated with the labor turnover was collected from the field survey and from the official records of the Hulas Wire Industries Ltd. and used in the present study.

The present study is an attempt to examine the labor turnover of Hulas Wire Industries Ltd. This research encompasses the 'diagnosis' of the labor turnover position of the company to know whether it is within the desirable limits or alarming, as some turnover is inevitable.

In this chapter, the relevant information collected through the primary and secondary sources are tabulated, analyzed and presented. Since, the basic objective of this study is to analyze and evaluate the labor turnover and its management system in the Hulas Wire Industries Ltd., the study is based on the field survey and the collection of secondary information. Due to the lack of secondary sources, the research is heavily depended on the primary sources. The data has been collected regarding workers number, age, sex, marital status, educational level, and skill level and income level. Likewise the workers who detached from the job are also taken into consideration, which gives us a vivid picture of the human resource activities of this concern.

The various aspects of labor, which are observed in the Hulas Wire Industries Ltd. for five years, are described below.

Table 1 profiles the workers, who are employed during 2061/62 to 2065/66, on the basis of age group, sex, marital status, education, skill level, and income level.

**TABLE 1**

**Total number of workers who are employed during 2061/62 to 2065/66 on the basis of their age group, sex, marital status, education level, skill level and income level.**

Years	Total no. of workers	Age group		Sex		Marital status		Total
		20-35	35-50	Male	Female	Married	Unmarried	
2061/62	382	122	260	382	-	276	106	382
2062/63	390	194	196	390	-	242	148	390
2063/64	378	189	189	378	-	209	169	378
2064/65	373	179	194	373	-	246	127	373
2065/66	375	162	213	375	-	244	131	375

Education Level		Skill Level					Income Level	
SLC	Below SLC	Highly skilled	Skilled	Semi-skilled	Unskilled	Total	Above Rs. 4500/-	Below Rs 4500/-
78	304	133	38	87	124	382	168	214
78	312	138	36	89	127	390	156	234
84	294	130	39	85	124	378	166	212
75	298	128	38	81	126	373	149	224
84	291	136	41	75	123	375	161	214

Source: Official Record From Administration dept of HWI Ltd.

As seen from the above table, the total number of workers is 382, 390, 378, 373 and 375 respectively have been employed in Hulas Wire Industries Ltd. during the study period 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66. By the age it is observed that majority belong to the age bracket of 35-50. On the contrary, as observed in the above set of data in the age bracket of 20 to 35, the number of workers is least with a constantly decreasing trend while the trend of workers belonging to the age group of 35 to 50 constantly decreasing over the years covered by this study. It is quite reasonable for the

company to have this kind of age structure because age as a factor influencing physical maturity also influences one's stability of employment tenure and tendency to turnover.

As the work is heavy, there are no female workers at all. In case of marital status, the numbers of married workers are higher than the numbers of unmarried workers in every year. From the viewpoint of reducing turnover this too seems favorable for the company. Because married people seek stability and hence may not have a tendency to change the job frequently.

In the case of education, every fiscal year shows that the number of workers under SLC is huge in comparison with the workers of SLC level. As the data indicate, while the company has hired 78, 78, 84, 75 and 84 workers respectively over the years between 2061/62 to 2065/66, and respective numbers are 304, 312, 294, 298 and 291 for under SLC for the same period.

The table 1 obviously, shows that the position of the highly skilled workers is seen to be higher than that of skilled. In the same way the number of unskilled workers, in average, is greater than that of the semi-skilled workers. The division by the skill of the workers shows that the number of skilled workers is lower than that of highly skilled, semiskilled and unskilled. The income of the workers is fixed to the extent they belong to different skill categories.

**TABLE 2**

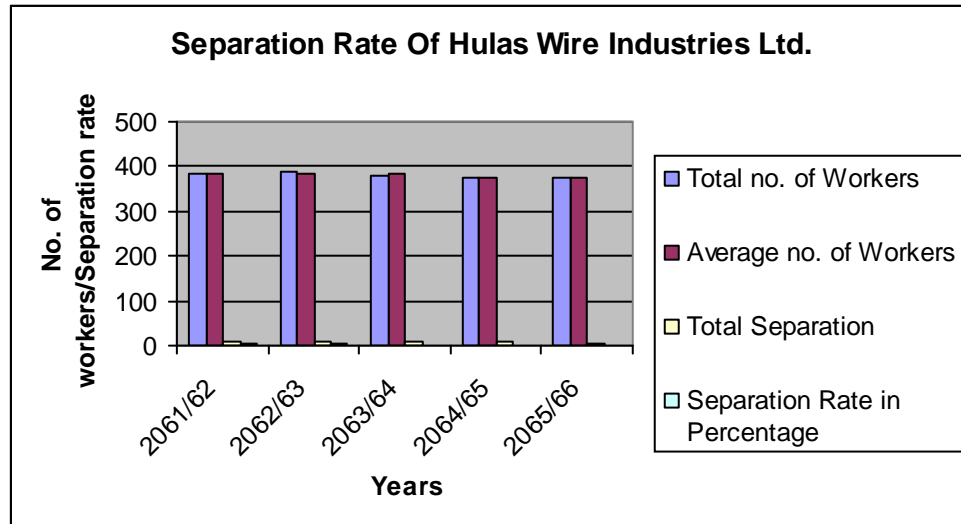
**Separation Rate in Year 2061/62 to 2065/66 of Hulas Wire Industries Ltd.  
Biratnagar**

<b>Years</b>	<b>Total no. of Workers</b>	<b>Average no. of Workers</b>	<b>Total Separation</b>	<b>Separation Rate in Percentage</b>
2061/62	382	382	9	2.36
2062/63	390	386	10	2.59
2063/64	378	384	7	1.82
2064/65	373	375.5	8	2.13
2065/66	375	374	4	1.07

Source: Official Record from Administration Dept of HWI Ltd.

**FIGURE 1**

**Separation Rate of Hulas Wire Industries Ltd.**



The above table 2 enlightens the trend of labor separation rate within the year 2061/62 to 2065/66 of Hulas Wire Industries Ltd., Tankisinuwari.

It is apparent from the above table of that the separation rate of the company in the year 2061/62 is 2.36%. And 2065/66 is 1.07% which is the lowest percentage of separation rate in comparison in other fiscal year viz. 2061/62, 2062/63, 2063/64 and 2064/65. In B.S 2062/63 the separation rate is 2.59%, while the separation rate in year 2063/64 is 1.82%. In the year 2064/65, the separation rate is 2.13%. The greatest rate of separation is 2.59% in the year 2062/63. It is clear from the above analysis that the rate of separation from Hulas Wire Industries Ltd. is in fluctuating trend. The reason behind this trend is that the workers themselves are prone to turnover from the organization. Furthermore, this trend of turnover of the labor itself is in fluctuating trend.

Analysis of the table 2, it can be said that the problem of labor turnover in Hulas Wire Industries Ltd. is not so serious. But it does not mean that Hulas Wire Industries Ltd. is completely out from the problem of labor turnover. Moreover, while evaluating the labor turnover rate in detail, it is

obvious that the turnover rate is fluctuating in nature in fiscal year 2061/62 to 2065/66.

The main reason for labor turnover from this factory is the resignation of the workers, which indicates that the workers are not satisfied. The other reasons (discharge, Retirement and death) for turnover are quite negligible.

**TABLE 3**  
**Separation of the Workers According to Age Group in**  
**Hulas Wire Industries (Ltd)**

Years	Age Group		Total Separation
	Above 35	Below 35	
2061/62	6	3	9
2062/63	8	2	10
2063/64	4	3	7
2064/65	6	2	8
2065/66	3	1	4

Source: Official Record of Administration Dept. of HWI Ltd.

**FIGURE 2**  
**Separation According to Age Group in Hulas Wire Industries Ltd.**

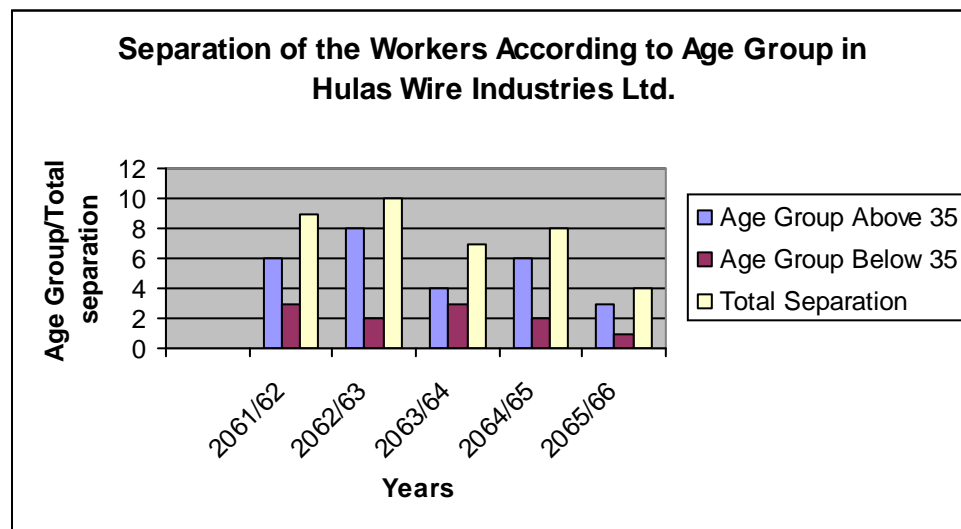


Table 3 shows the trend of labor separation of various age groups of the year 2061/62 to 2065/66 in Hulas Wire Industries Ltd.

From the above table 3, it is seen that most of the workers who left the job belonged to the age group above 35. Throughout the year 2061/62 the total separation is 9 and 6 belonged to age group above 35. This amount contained the 67% of the job separation. Whereas during the year 2061/63 the total number of separation 10 and 8 belonged to the age group above 35 i.e. 80% of the job separation. The number of workers who detached the service in the year 2063/64 is 7. Among them 43% i.e. 3 is below 35, whereas 57% i.e. 4 is above 35. In the year 2064/65 and 2065/66, the ratio of the worker, who detached the service according to the age group below 35 and above 35, is 3:1. In the year 2064/65 the separation of the workers is same as the year 2065/66.

From the above analysis, it can be concluded that the workers who left the job during the years 2050/51 to 2055/56 are 71% above the age group of 35 and 29% below the age group of 35. The total number of separation during the period of analysis, the workers above the age group of 35 is found to be greater than the age group below 35.

The table 4 shows the separation of the workers on the basis of marital status in Hulas Wire Industries Ltd. from the year 2061/62 to 2065/66.

**TABLE 4**  
**Separation by Marital Status**

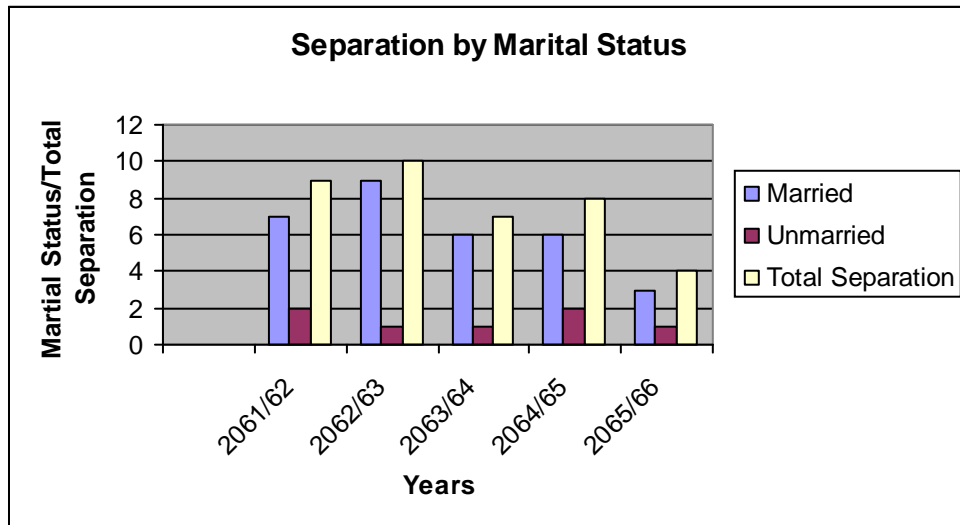
Years	Marital Status		Total Separation
	Married	Unmarried	
2061/62	7	2	9
2062/63	9	1	10
2063/64	6	1	7
2064/65	6	2	8
2065/66	3	1	4

Source: Official Record from Administration Dept. of HWI Ltd.



**FIGURE 3**

**Separation by Marital Status**



From the above table 4 it is clear that the total number of workers who left their job in the year 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 are 9, 10, 7, 8 and 4 respectively. 82% of the workers, who are detached from their job, are married. On the contrary, 18% of the workers who are detached from their job are unmarried. However, in the year 2064/65 and 2065/66, the total number of separation is 8 and 4, where 6 and 3 is married and another 2 and 1 is unmarried, which accounts 75% and 25% respectively. In the same way, the position of separation in the year 2064/65 is exactly alike with the year 2065/66.

It is therefore from the above analysis it can be concluded that the number of separation by married workers is extremely higher than unmarried workers. Throughout the year, thus 82% of separation is done by married workers while 18% is done by unmarried workers.

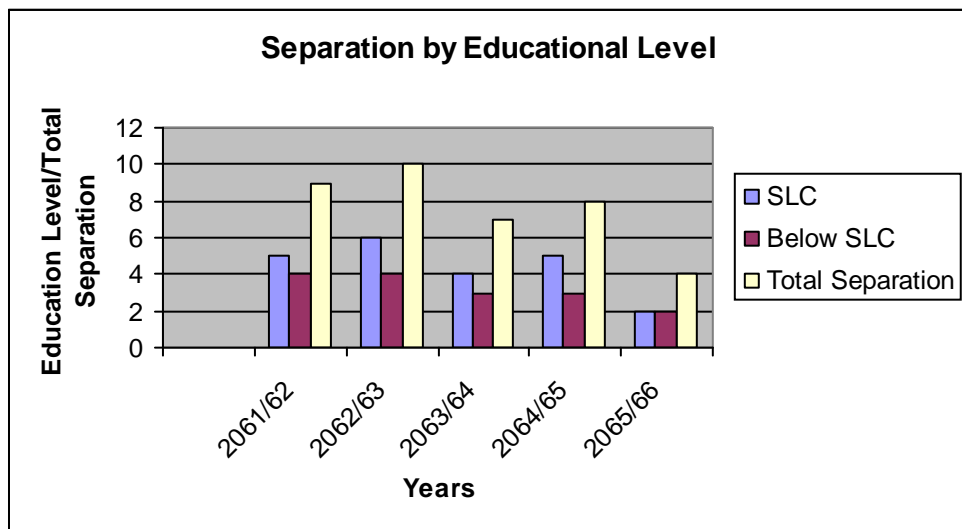
Table 5 shows description of the workers separated from the service in year 2061/62 to 2065/66 on the basis of educational level.

**TABLE 5**  
**Separation by Educational Level**

Years	Education Level		Total Separation
	SLC	Below SLC	
2061/62	5	4	9
2062/63	6	4	10
2063/64	4	3	7
2064/65	5	3	8
2065/66	2	2	4

Source: Official Record from Administration Dept. of HWI Ltd.

**FIGURE 4**  
**Separation by Educational Level**



The above table 5 shows the trend of labor separation by educational level within the year 2061/62 to 2065/66.

Study of table 5 pointed that in year 2061/62, 2062/63, 2063/64 and 2064/65 separation of workers of SLC level is higher than below SLC level. That means trend of separation seems higher in SLC educational level. But on the other hand in the year 2065/66 the separation rate between SLC level and Below SLC level is 50-50 percent.

Among them 5, 6, 4, 5 and 2, i.e. 56%, 60%, 57%, 63% and 50% are SLC level, quitted the job in year 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 respectively.

In the case of below SLC level 4, 4, 3, 3 and 2 workers i.e. 44%, 40%, 43%, 37% and 50% are quitted the service in the year 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 respectively.

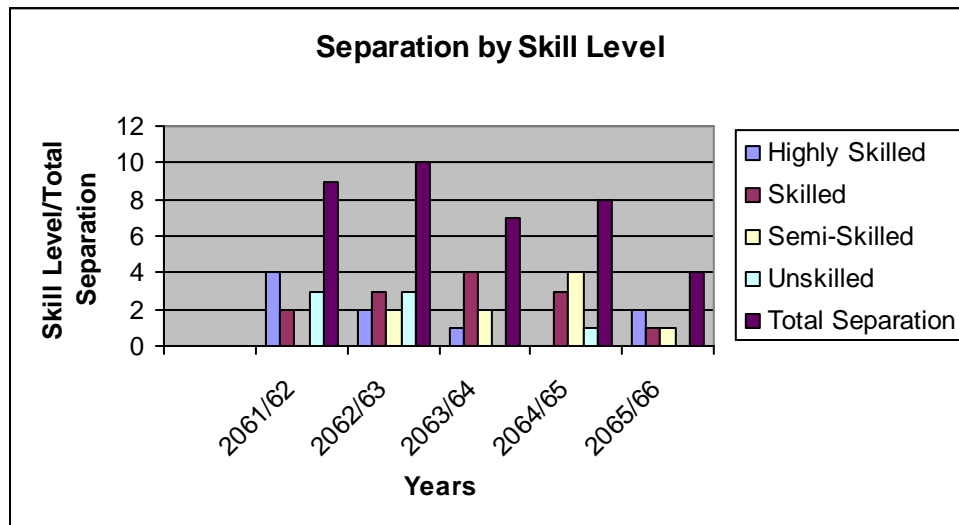
Description of the workers separation from the organization by skill level in year 2061/62 to 2065/66.

**TABLE 6**  
**Separation by Skill Level**

Years	Skill Level				Total Separation
	Highly Skilled	Skilled	Semi-Skilled	Unskilled	
2061/62	4	2	-	3	9
2062/63	2	3	2	3	10
2063/64	1	4	2	-	7
2064/65	-	3	4	1	8
2065/66	2	1	1	-	4

Source: Official Record of Administration Dept. of HWI Ltd.

**FIGURE 5**  
**Separation by Skill Level**



Analyzing the above table 6, it is observed that separation of the workers according to the various skilled levels: highly skilled, skilled, semi-skilled and unskilled are 9, 13, 9 and 7 respectively during the analyzing periods.

In the year 2061/62, 9 workers left their jobs, out of them 4 i.e. 44% is highly skilled, 2 i.e. 23% is skilled and 3 i.e. 33% is Unskilled level. In the year 2062/63, 10 workers detached their job. In the year 2063/64, 7 workers left the job out of the total separation. 1, i.e. 15% highly skilled, 4 i.e. 56% skilled level and 2 i.e. 29% is semi-skilled. Likewise, in the year 2064/65, total separation is 8, where no worker is highly skilled with 3, 4 and 1 i.e. 38%, 50% and 12% belong to skilled, semi-skilled and unskilled level respectively. During the period 2065/66, total separation is 4, where separation of unskilled workers is nil. The workers who quitted their service are 2, 1 and 1 i.e. 50%, 25% and 25% belongs to highly skilled, skilled and semi-skilled worker respectively.

Above analysis clarifies that the number of separation is higher in skilled level than that of other various skill levels: highly skilled, semi-skilled and unskilled.

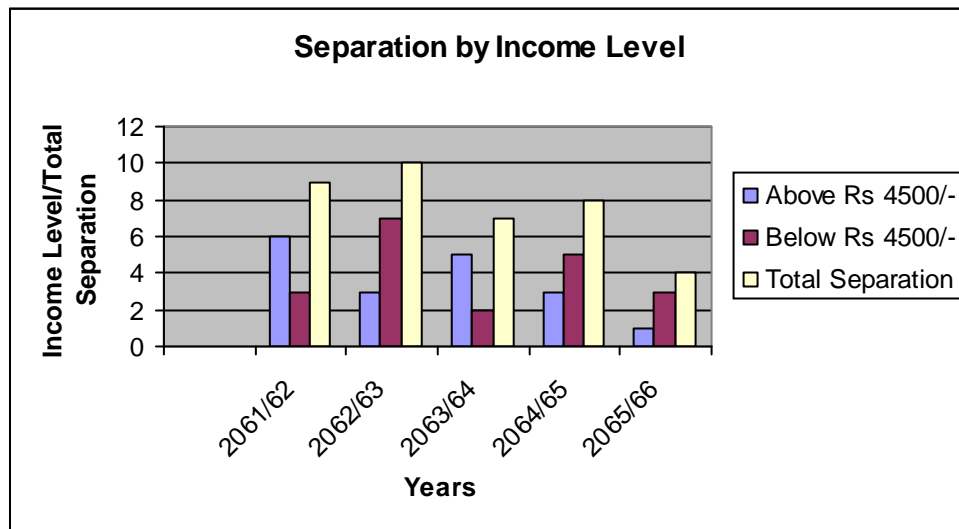
Description of the separation of workers on the basis of income level from the organization in year 2061/62 to 2065/66 of Hulas Wire Industries Ltd.

**TABLE 7**  
**Separation by Income Level**

Years	Income Level		Total Separation
	Above Rs 4500/-	Below Rs 4500/-	
2061/62	6	3	9
2062/63	3	7	10
2063/64	5	2	7
2064/65	3	5	8
2065/66	1	3	4

Source: Record from Accounts Dept. of HWI Ltd.

**FIGURE 6**  
**Separation by Income Level**



The above table 7 shows the trend of separation according to income level. During the period, separation of workers earning below Rs 4500/- per month is higher i.e. 53% than those earning above Rs 4500/- per month i.e. 47%. In this factory highly and skilled workers earn above Rs 4500/- per month whereas semiskilled and unskilled workers earned below Rs 4500/- per month. So that the income level and skill level go hand in hand. In this sense it is not necessary to make any definite conclusion about the tendency of quitting the job by workers of a particular income level.

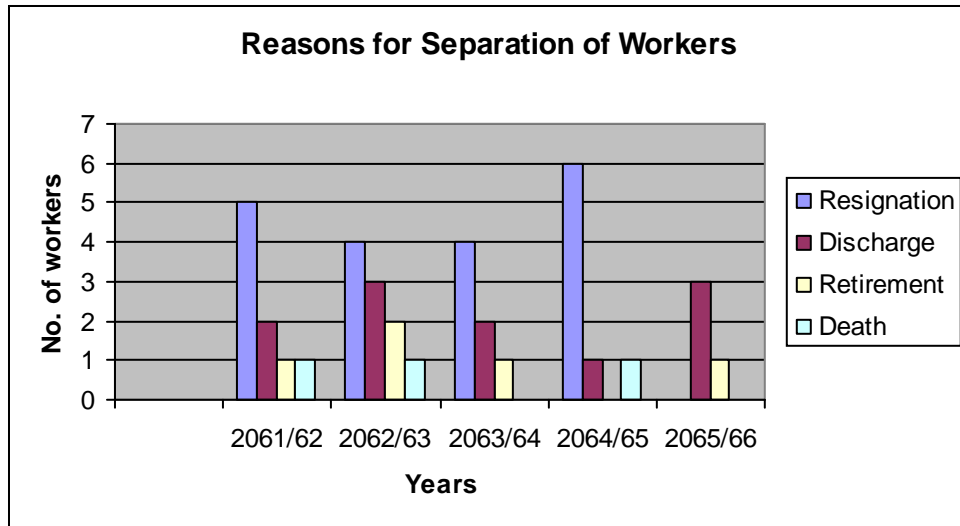
Table 8 shows reasons of separations of workers between the year 2061/62 to 2065/66 of Hulas Wire Industries Ltd.

**TABLE 8**  
**Reasons for Separation of Workers**

Years	Total no. of workers	Reason of Separation				Total Separations	
		Resignation	Discharge	Retirement	Death	In Figures	In Percentage
2061/62	382	5	2	1	1	9	2.36
2062/63	390	4	3	2	1	10	2.31
2063/64	378	4	2	1	-	7	2.38
2064/65	373	6	1	-	1	8	2.41
2065/66	375	-	3	1	-	4	2.40

Source: Official Record from Administration Dept. of HWI Ltd.

**FIGURE 7**  
**Reasons for Separation of Workers**



The above Table 8 focuses on the description of workers who quit the job in different years 2061/62 to 2065/66 for various reasons.

Although very High number of separations over the years during the study are mostly caused by the resignation of the workers than due to other reasons. In the case of separation there is also a nominal percentage of death rates.

Throughout the year 2061/62 the total number of workers on the payroll is reported to be 382. Of them 9 workers left the job i.e. 2.36% of the total workers. Higher percentage of Separations i.e. 55.56% are seen caused by resignation during that year.

However, in the year 2062/63 the total number of workers is 390. Out of which there has been only 10 reported case of separation, which is 2.31% of the total workers. During the year, the reason of separation as indicated by office records of Hulas Wire Industries Ltd. is 4, 3, 2 and 1 for Resignation, Discharge, Retirement and death respectively.

Similarly, the record of the year 2063/64 shows the total number of workers to be 378, out of which 7 cases of separation is reported to have occurred. There were no separations by death; 4, 2 and 1 each due to

resignation discharge and retirement. Therefore, the total number of separations was 7, i.e. 2.38% of the total workers.

In the same way, in 2064/65, in the payroll of 373 workers, there were 8 incidents of separation, which amounts to 2.41% of the total payroll of the year. In this case, the separations are reported to have occurred due to resignation-6, discharge-1 and death-1.

During the period 2065/66 the total number of separation is 4, i.e. 2.40% out of 375 workers. In the year 2065/66 one separations are caused by retirement which accounts 75% and discharge is three i.e. 25% of the total separation of the workers during this year.

From the above analysis, when viewed in totality, reveals that during the period of 2061/62 to 2065/66 years, there have been 38 separations. Out of which the separation from resignation, discharge, retirement and death are reported to be 19(50%), 11 (29%), 5 (13%) and 3 (8%) respectively.

### **Research Question 1**

What is the extent of avoidable and unavoidable labor turnover in Hulas Wire Industries Ltd.?

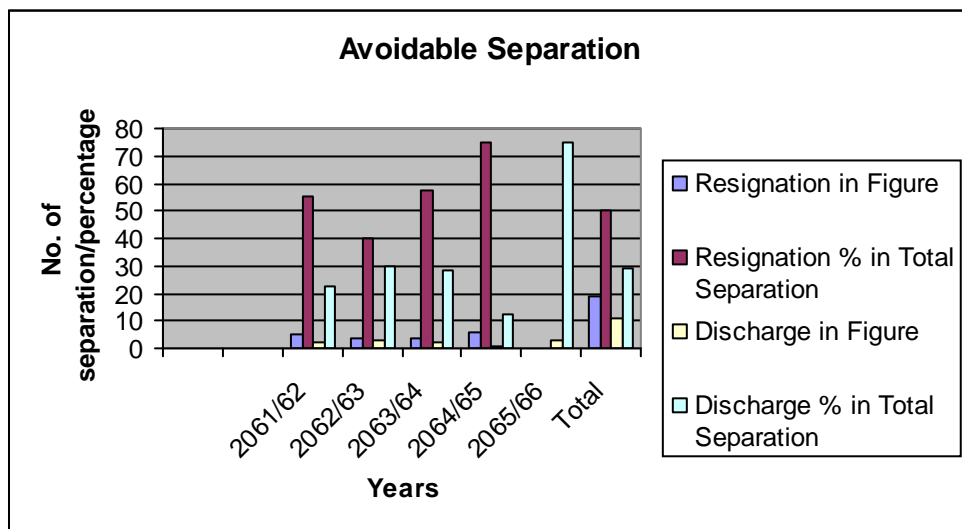
**TABLE 9**  
**Avoidable and Unavoidable Separation of**  
**Hulas Wire Industries Ltd.**

Years	Avoidable Separation				Total Avoidable Separation		Total no. of Separation
	Resignation		Discharge		In Figure	In Percent	
	In Figure	% in Total Separation	In Figure	% in Total Separation			
2061/62	5	55.56	2	22.22	7	77.78	9
2062/63	4	40.00	3	30.00	7	70.00	10
2063/64	4	57.14	2	28.57	6	85.71	7
2064/65	6	75.00	1	12.50	7	87.50	8
2065/66	-	-	3	75.00	3	75.00	4
Total	19	50.00	11	28.95	30	78.95	38

Years	Unavoidable Separation			Total Unavoidable Separation		Total no. of Separation	
	Retirement		Death	In Figure		In Percent	
	In Figure	% in Total Separation	In Figure	% in Total Separation			
2061/62	1	11.11	1	11.11	2	22.22	9
2062/63	2	20.00	1	10.00	3	30.00	10
2063/64	1	14.29	-	-	1	14.29	7
2064/65	-	-	1	12.50	1	12.50	8
2065/66	1	25.00	-	-	1	25.00	4
Total	5	13.16	3	7.89	8	21.05	38

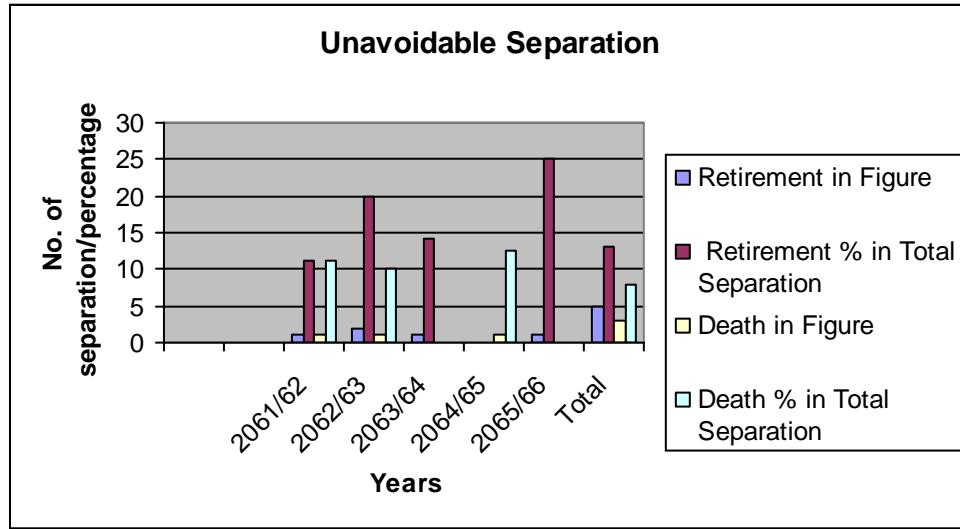
Source: Records in Administration Dept of HWI Ltd.

**FIGURE 8**  
**Avoidable Separation**





**FIGURE 9**  
**Unavoidable Separation**



The above figures corroborate that there are no similarities among the avoidable separations in the organization. Out of total separation in year 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 most of the separation is avoidable separation. Indeed it is a serious matter and should not be taken lightly whereas there is least avoidable separation.

The avoidable separation constitutes many reasons e.g., discharge, dismissals, layoffs, resignation etc while analyzing the avoidable separation we find that most of them are due to resignation of the workers and a low percentage has been due to discharge of the workers. Generally, discharge signifies the inefficiency of the workers. But while carefully analyzing the reasons of workers inefficiency, it can be found that the workers inefficiency are often closely related with the management's inability to provide better tools, machines, better condition and other facilities. It is natural that when the workers are not satisfied, they do not intend to work earnestly and sincerely.

In avoidable separation resignations is threefold higher than the discharge. In case of resignation, the highest and the lowest percent of separation is 75% in the year 2064/65 and 40% in the year 2062/63 respectively. In the year 2065/66 no worker has resigned from the job.

Similarly, coming to discharge, the highest percent is 75% and lowest percent is 12.50% in year 2065/66 and 2064/65 respectively.

In avoidable separation, the large percentage of resignation by the workers shows that the worker may be unsatisfied with work. Because of poor co-operation, lack of promotion, personal betterment are the factors those guide employees to resign the job. Usually discharge is known as employer's official action, because of workers inefficiency, poor performance, misconduct, involvement in strikes and so on.

In case of unavoidable separation, out of 8 separated workers, 5 quitted due to retirement while 3 quitted to death. The highest percent of retirement of workers is 25% in year 2065/66 and lowest percent of retirement of workers is 11.11% in year 2061/62. The retirement is not recorded in year 2064/65. The higher death is recorded 12.50% in year 2064/65 and lower death is recorded in the year 2062/63 with 10%. In the year 2063/64 to 2065/66 death is not recorded.

A comparison between avoidable and unavoidable separation, avoidable separation is higher than the unavoidable separation. Excess of avoidable separation implies that management ha not been able to confront with the problem faced by employees. It is related with management behavior, lack of facilities, encouragement, motivation, unsatisfactory working environment, poor co-ordination, lack of promotion may lead workers to be careless towards their responsibilities. Therefore, management must properly handle the grievances to prevent such events.

## **Research Question 2**

How does the separation rate among the workers of Hulas Wire Industries Ltd. differ on the basis of marital status?

**TABLE 10**  
**Labor Turnover Rate on the Basis of Marital Status**

**TABLE 10.1**

<b>Years</b>	<b>No. of Separation by Married Workers</b>		<b>No. of Separation by Unmarried Workers</b>		<b>Total No. of Separations</b>
	<b>In Figure</b>	<b>% in Total Separation</b>	<b>In Figure</b>	<b>% in Total Separation</b>	
2061/62	7	77.78	2	22.22	9
2062/63	9	90.00	1	10.00	10
2063/64	6	85.71	1	14.29	7
2064/65	6	75.00	2	25.00	8
2065/66	3	75.00	1	25.00	4
Total	31	81.58	7	18.42	38

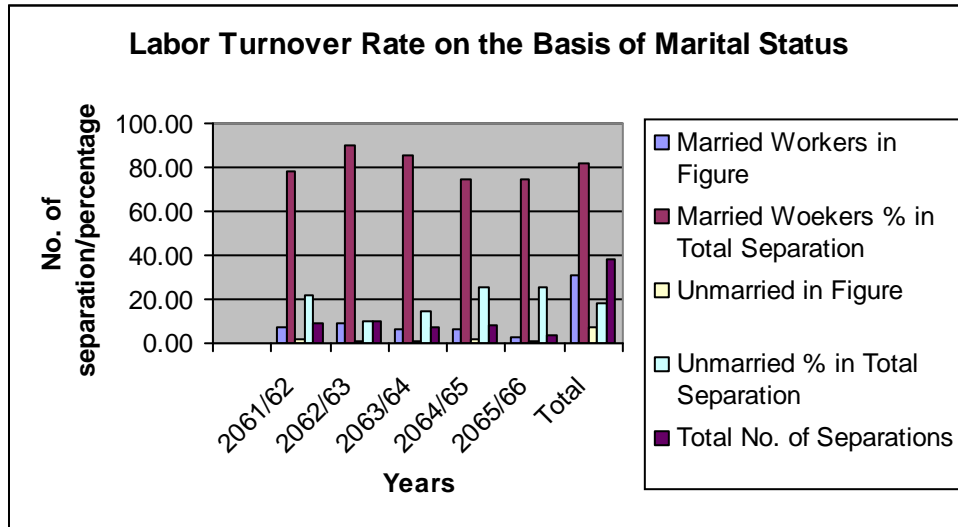
Source: Official Record

**TABLE 10.2**

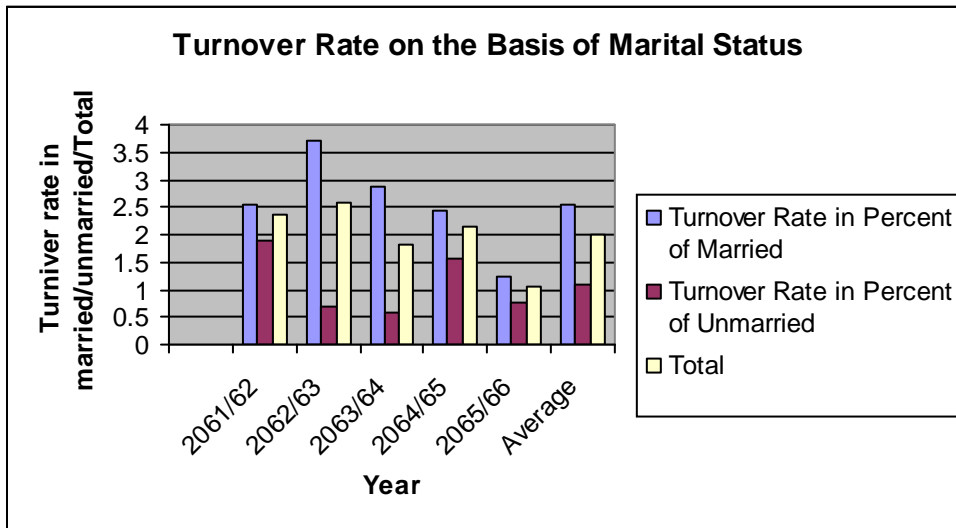
<b>Years</b>	<b>Turnover Rate in Percent</b>		
	<b>Married</b>	<b>Unmarried</b>	<b>Total</b>
2061/62	2.54	1.89	2.36
2062/63	3.72	0.68	2.59
2063/64	2.87	0.59	1.82
2064/65	2.44	1.57	2.13
2065/66	1.23	0.76	1.07
Average	2.56	1.10	1.99

Source: Official Record at Administration Dept. of HWI Ltd.

**FIGURE 10**  
**Labor Turnover Rate on the Basis of Marital Status**



**FIGURE 11**  
**Turnover Rate on the Basis of Marital Status**



The above table 10.1 shows that most of the workers who have quitted the job are found to be married. As started above it is seen that out of 38, i.e. 100% separation, 31, i.e. 81.58% are married and 7, i.e. 18.42% unmarried. In total married separation is higher than unmarried. It is due to the fact that most of the workers in the concern are married.

From the above table 10.1 out of total separation in year 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66, 77.78%, 90%, 85.74%, 75% and 75% separation are married respectively. In the year 2061/62, 22.22% separation is unmarried. But in the year 2062/63, 2063/64, 2064/65 and 2065/66, 10%, 14.29%, 25% and 25% separation is done by unmarried.

It is clear from the above analysis that most of the workers who quitted the job are married. Since, married workers have to bear a lot of responsibilities regarding their own family along with parents and others. In such situations a deduction in different facilities has forced workers to in such situations a deduction in different facilities has forced workers to search for other areas from where they can earn more to fulfill their responsibilities. There are also other causes, for example, they have to return back to their village for different purpose, whereas most of the unmarried are free from this anxiety. Because they don't have to bear such responsibilities as mentioned above except in rare cases.

Analysis of above table 10.2 shows that the highest turnover rate of married and unmarried is 3.72% and 1.89% in the year 2062/63 and 2061/62 respectively. And the lowest percent of turnover rate of married and unmarried is 1.23 and 0.59 in the year 2065/66 and 2063/64 respectively.

The mean value of married turnover rate is 2.56 percent and unmarried is 1.10 percent, which indicates that the rate of turnover of married is higher than unmarried. It means the married turnover is normally more than unmarried turnover. Married workers are more prone to turnover than unmarried workers.

### **Research Question 3**

What is the separation rate among the workers of Hulas Wire Industries Ltd. by the age groups to which they belong?

**TABLE 11**  
**Labor Turnover Rate on the Basis of Various Age Groups**

**TABLE 11.1**

<b>Years</b>	<b>No of Separations by Above 35 Age Group</b>		<b>No of Separations by Below 35 Age Group</b>		<b>Total No. of Separations</b>
	<b>In Figure</b>	<b>% in Total Separation</b>	<b>In Figure</b>	<b>% in Total Separation</b>	
2061/62	6	66.67	3	33.33	9
2062/63	8	80.00	2	20.00	10
2063/64	4	57.14	3	42.86	7
2064/65	6	75.00	2	25.00	8
2065/66	3	75.00	1	25.00	4
Average	27	71.05	11	28.95	38

Source: Official Record from Time office Department of HWI.

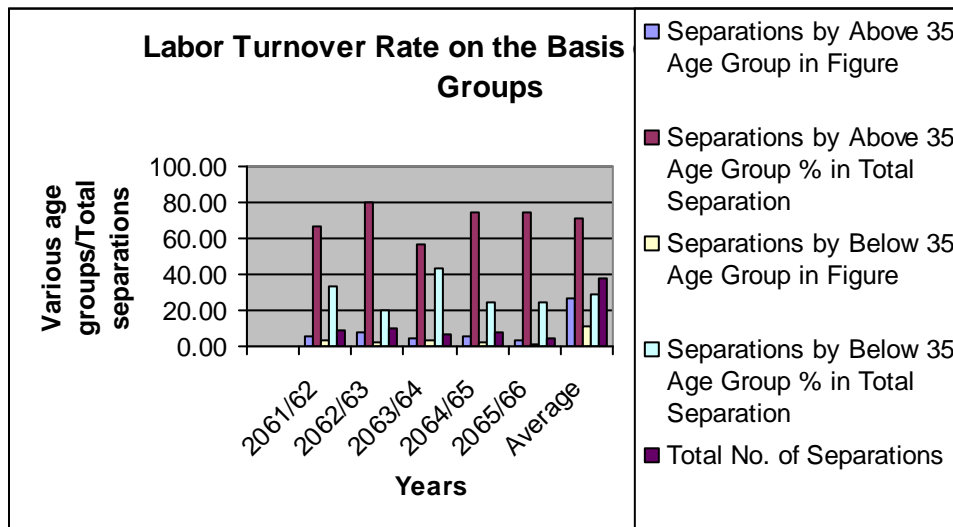
**TABLE 11.2**

<b>Years</b>	<b>Turnover Rate in Percent</b>		
	<b>Above 35 Age Group</b>	<b>Below 35 Age Group</b>	<b>Total</b>
2061/62	2.31	2.46	2.36
2062/63	4.08	1.03	2.59
2063/64	2.12	1.59	1.82
2064/65	3.09	1.12	2.13
2065/66	1.41	0.62	1.07
Total	2.60	1.36	1.99

Source: Official Record in Administration dept.

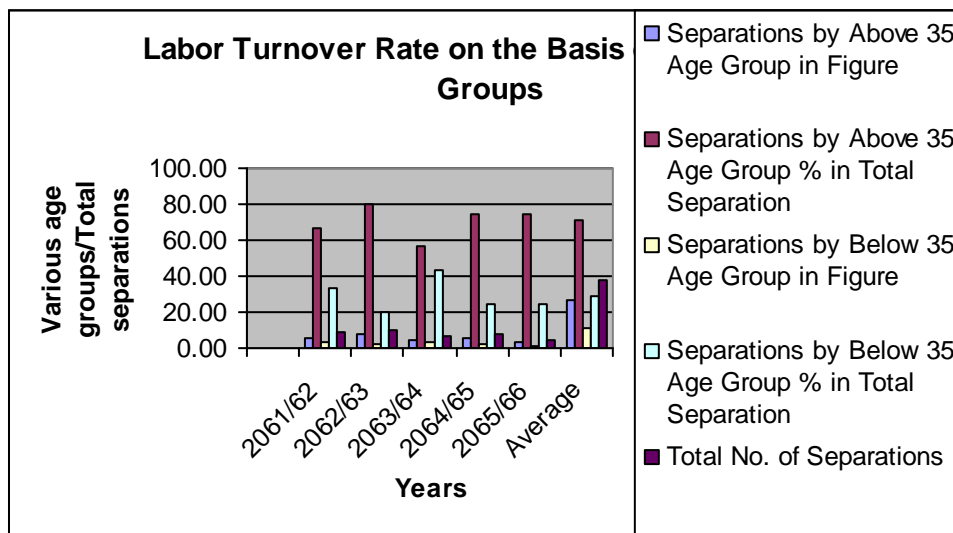
**FIGURE 12**

**Labor Turnover Rate on the Basis of Age Groups**



**FIGURE 13**

**Labor Turnover Rate on the Basis of Age Groups**



The above table 11.1 clarifies the percentage of separation above 35 age group is higher than below 35 age group out of 38, i.e. 100% total separation, 11, i.e. 28.95% are below 35 age group and 27, i.e. 71.05% are above 35 age group.

In year 2063/64, 42.86% separation is from the below 35 age group, and this is the highest percentage of separation of this age group. In case of below 35 age group the separation of workers 33.33%, 20%, 25% and 25% in year 2061/62, 2062/63, 2064/65 and 2065/66 respectively whereas the highest percent of separation in above 35 age group where in the years 2062/63 which is 80%. And the lowest percent of separation in this age group is found in the year 2063/64 i.e. 57.14%. However, there is equal separation from both age groups in the year 2064/65 and 2065/66.

From the above analysis it can be concluded that most of the workers, who work in this factory, are above 35 age group. Hence most of the workers, who quitted the job, belong to the same age group. Question may arise why this age group people leave the job. It is because people of this age group are more conscious than those of the other age group.

Above table 11.2 indicates that the turnover rate of above 35 age group is not same trend. Also, the turnover rate of below 35 age group is in fluctuating trend. The highest rates of turnover of above 35 and below 35 age group are 4.08 percent and 2.46 percent in year 2062/63 and 2061/62 respectively. While the lowest rate of turnover of above 35 and below 35 age group is 1.41 percent and 0.62 percent in year 2065/66.

The mean value of above 35 and below 35 age group is 2.60 percent and 1.36 percent respectively whereas it indicates that below 35 age group separation rate is lower than above 35 age group separated.

#### **Research Question 4**

What is the separation rate among the workers of Hulas Wire Industries Ltd. by the education level to which they belong?



**TABLE 12****Labor Turnover Rate on the Basis of Educational Level****TABLE 12.1**

<b>Years</b>	<b>Number of Separation by SLC Level</b>		<b>Number of Separation by below SLC Level</b>		<b>Total No. of Separations</b>
	<b>In Figure</b>	<b>% in Total Separation</b>	<b>In Figure</b>	<b>% in Total Separation</b>	
2061/62	5	55.56	4	44.44	9
2062/63	6	60.00	4	40.00	10
2063/64	4	57.14	3	42.86	7
2064/65	5	62.50	3	37.50	8
2065/66	2	50.00	2	50.00	4
Total	22	57.04	16	42.96	38

Source: Official Record from Administration Dept. of HWI Ltd.

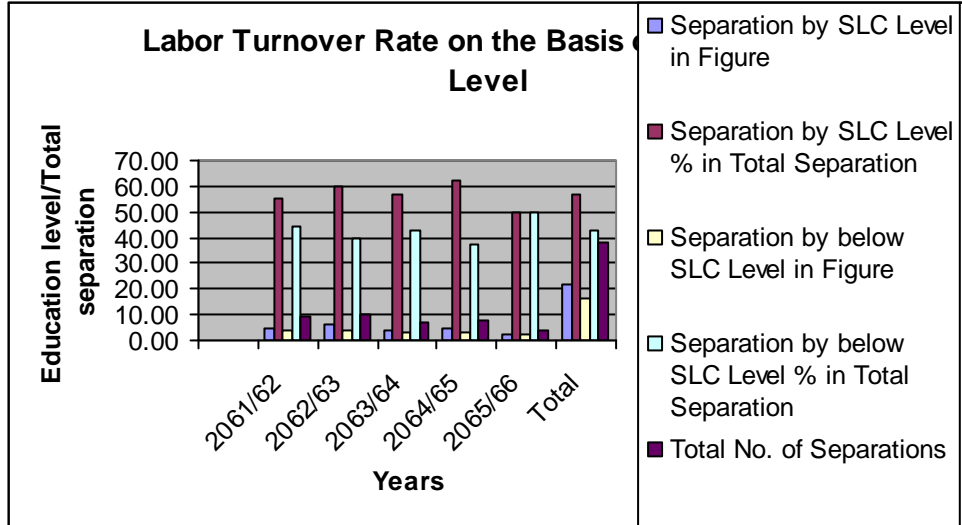
**TABLE 12.2**

<b>Years</b>	<b>Turnover Rate in Percent</b>		
	<b>SLC Level</b>	<b>Below SLC Level</b>	<b>Total</b>
2061/62	6.41	1.32	2.36
2062/63	7.69	1.28	2.59
2063/64	4.76	1.02	1.82
2064/65	6.67	1.01	2.13
2065/66	2.38	0.69	1.07
Total	5.58	1.06	1.99

Source: Official Record from Administration Dept. of HWI Ltd.

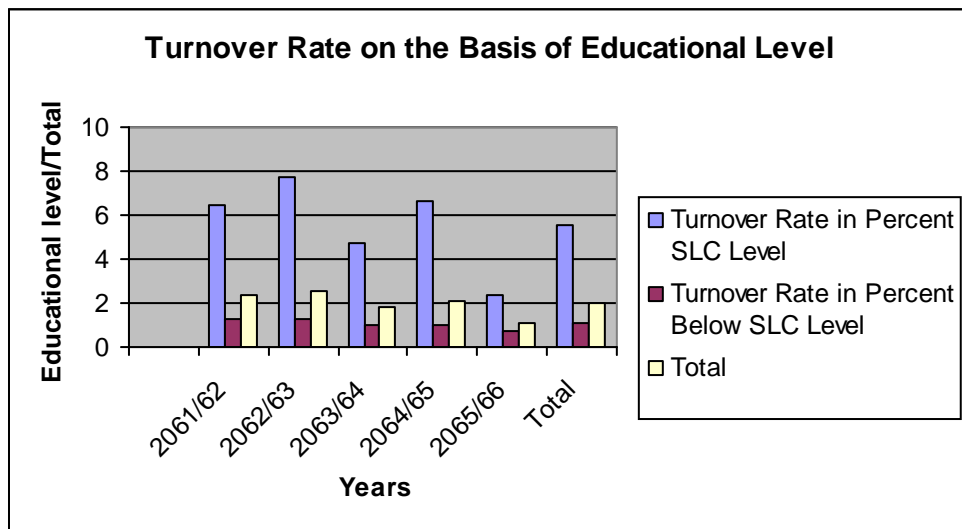
**FIGURE 14**

**Labor Turnover Rate on the Basis of Educational Level**



**FIGURE 15**

**Turnover Rate on the Basis of Educational Level**



An evaluation of the above table 12.1 indicates that there is discrimination in separation between the workers of two educational levels. The figure shows that most of the workers, who were separated from the job, are SLC level.

During the period, out of 38 separations, 22 workers, i.e. 57.04% are SLC level. Likewise workers having the qualification of below SLC were 16, i.e. 42.96%.

In case of SLC level the separation are 55.56%, 60%, 57.14%, 62.50% and 50% in the year 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 respectively.

In the years 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 the separation percentage are 44.44%, 40%, 42.86%, 37.50% and 50% respectively. The highest rate of separation of this group during the analysis period is 50% in the year 2065/66.

The corroboration of this figure gives us a glimpse, that in this concern the workers having lower qualification are less prone to detach the job than the workers having qualifications of SLC. In fact most of the workers in Hulas Wire Industries Ltd. are SLC.

Above table 12-2 focuses that the rate of turnover of below SLC is decreasing trend during the study period. But in SLC level case is fluctuating trend. In year 2062/63 is 7.69 percent turnover rate, which is almost highest rate in during the study period. The lowest rate of turnover is 2.38 percent in year 2065/66 of SLC Level. In case of below SLC, the highest and lowest percent of turnover rate is 1.32 percent in year 2061/62 and 0.69 percent in year 2053/54 respectively. The mean value of SLC level turnover rate is 5.58 percent and below SLC turnover is 1.06 percent, which clearly indicates that the turnover rate of SLC level is extremely high than below SLC level during the periods 2061/62 to 2065/66.

### **Research Question 5**

How does the separation rate among the workers of Hulas Wire Industries Ltd. differ on the basis of skilled level?

According to the classification of Government legislation the workers have been classified into four categories of skilled level viz. highly skilled, skilled, semi-skilled and unskilled. In order to find out, which of the four

categorized workers are more prone to separate from the factory, the following table can be taken as a helpful measure.

**TABLE 13**  
**Labor Turnover Rate on the Basis of Skill Level**

**Table 13.1**

Years	No. of Separation by Highly Skilled		No. of Separation by Skilled		No. of Separation by Semi-Skilled		No. of Separation by Unskilled		Total No. of Separations
	In Figure	% in Total Separation	In Figure	% in Total Separation	In Figure	% in Total Separation	In Figure	% in Total Separation	
2061/62	4	44.44	2	22.22	-	-	3	33.33	9
2062/63	2	20.00	3	30.00	2	20.00	3	30.00	10
2063/64	1	14.29	4	57.14	2	28.57	-	-	7
2064/65	-	-	3	37.50	4	50.00	1	12.50	8
2065/66	2	50.00	1	25.00	1	25.00	-	-	4
Average	9	23.68	13	34.21	9	23.68	7	18.42	38

Source: Official Record Present in Time Office Dept. of HWI Ltd.

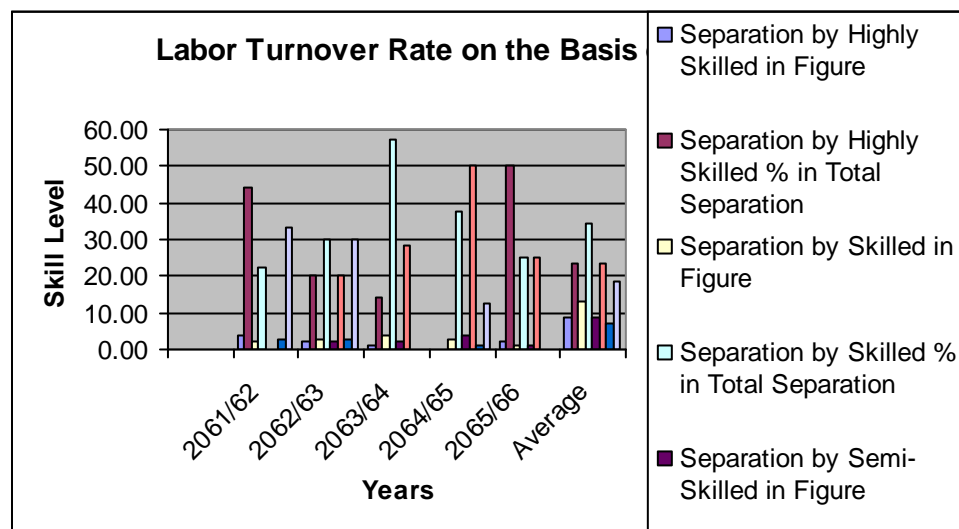
**TABLE 13.2**

Years	Turnover Rate in Percent				
	Highly Skilled	Skilled	Semi-Skilled	Unskilled	Total
2061/62	3.01	5.26	-	2.42	2.36
2062/63	1.45	8.33	2.25	2.36	2.59
2063/64	0.77	10.26	2.35	-	1.82
2064/65	-	7.89	4.94	0.79	2.13
2065/66	1.47	2.44	1.33	-	1.07
Average	1.67	6.84	2.72	1.86	1.99

Source: Official Record Present in Time Office Dept. of HWI Ltd.

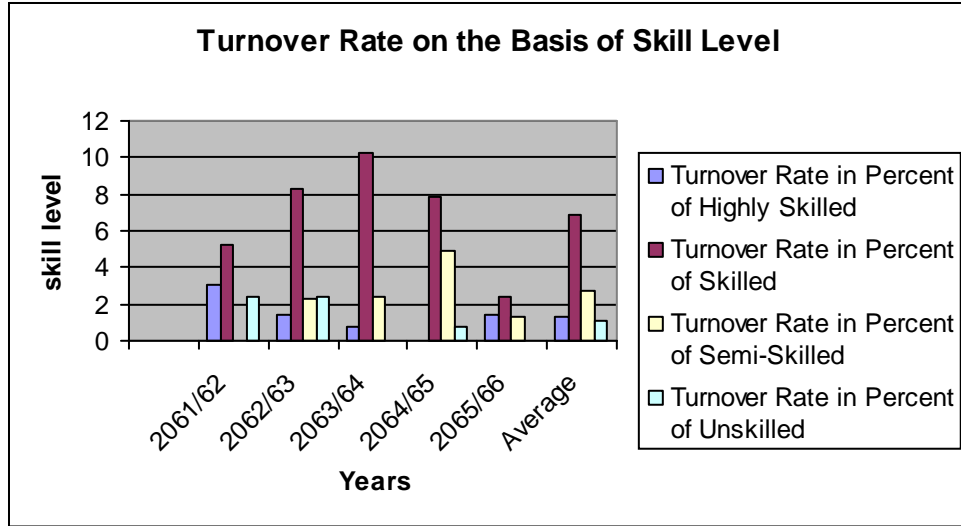
**FIGURE 16**

**Labor Turnover Rate on the Basis of Skill Level**



**FIGURE 17**

**Labor Turnover Rate on the Basis of Skill Level**



The table 13.1 clarifies the fact that most of the workers, who are separated from the job, belonged to skilled level. Out of total separation 34.21% is from the skilled level. The remaining skilled levels have 23.68% each in Highly skilled and semi-skilled level. But unskilled level has the lowest percentage in the separation i.e. 23.08%.

In case of highly skilled workers, throughout the years, 9 workers separated from the job. In the years 2062/63 and 2065/66, the ratio of the separation is the same. In each year only two workers separated from the job. Whereas the separation in the years 2061/62 and 2063/64 the separation of the worker is 4 and 1 only. In the same way, in years 2065/66 from the skilled level the separation is nil i.e. 0%.

The total separation throughout the year from the semi-skilled workers is 23.68%. In years 2062/63, 2063/64 the separation percent are equal i.e. 50%. And 18.42% workers left the job from the unskilled group throughout the five years period. They left the job in years 2061/62, 2062/63, 2064/65 and 2065/66 marking 33.33%, 30% and 12.50% respectively.

The above table 13.2 indicates that the turnover rate in percent of highly skilled, skilled, semi-skilled and unskilled labor is in fluctuating trend. The highest and lowest percent of highly skilled 3.01 percent and 0.77 percent in

the year 2061/62 and 2063/64 respectively. Similarly, the highest and lowest percent of skilled turnover rate is 10.26 percent and 2.44 percent in year 2063/64 and 2065/66 respectively. The semi-skilled labor, highest and lowest percent turnover rate is 4.94 percent and 1.33 percent in years 2064/65 and 2065/66 respectively, and unskilled labor highest and lowest percent turnover rate is 2.42 and 0.79 in year 2061/62 and 2064/65 respectively. The mean value of highly skilled, skilled, semi-skilled and unskilled labor turnover rate is 1.67, 6.84, 2.72 and 1.86 percent respectively. It means that the turnover rate of skilled is higher than highly skilled, semi-skilled and unskilled workers in during the study period.

### **Research Question 6**

How do the separation rates among the workers of Hulas Wire Industries Ltd. differ on the basis of income level?

On the basis of income level, the workers of Hulas Wire Industries Ltd. are divided into two groups: workers earning below and above Rs 1500/- per month. The table 14 shows the rate of separation from Hulas Wire Industries Ltd. on the basis of income level during the years 2061/62 to 2065/66.

**TABLE 14**  
**Labor Turnover Rate on the Basis of Income Level**

**TABLE 14.1**

Years	Number of Separation by Above Rs 4500/-		Number of Separation by Below Rs 4500/-		Total No. of Separations
	In Figure	% in Total Separation	In Figure	% in Total Separation	
2061/62	6	66.67	3	33.33	9
2062/63	3	30.00	7	70.00	10
2063/64	5	71.43	2	28.57	7
2064/65	3	37.50	5	62.50	8
2065/66	1	25.00	3	75.00	4
Total	18	46.12	20	53.88	38

Source: Official Record from Accounts Dept. of HWI Ltd.

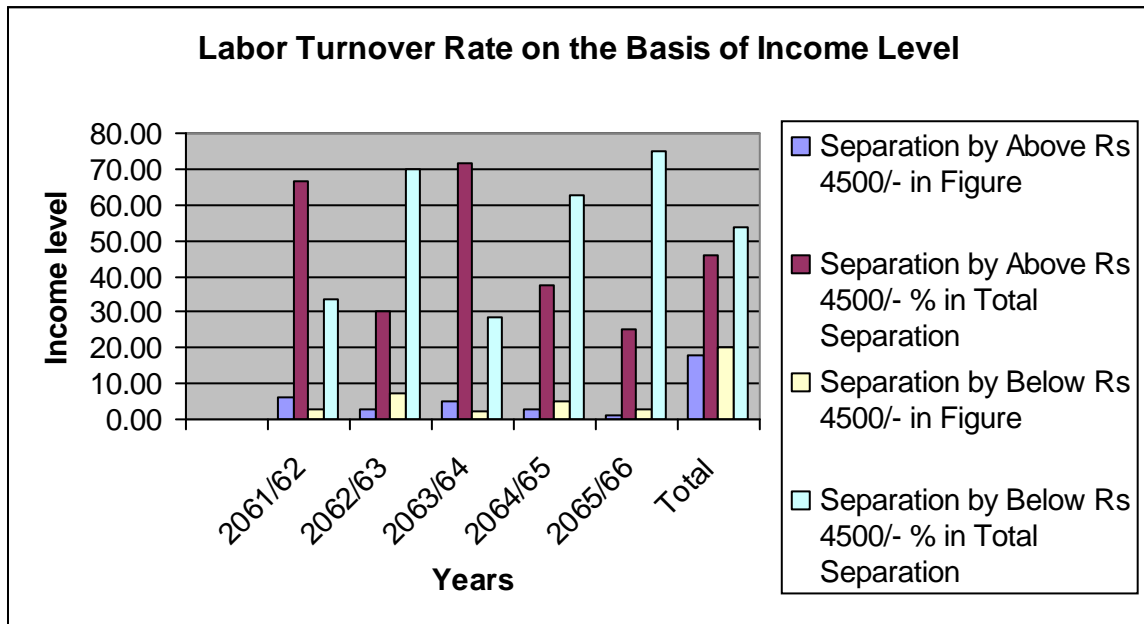
**TABLE 14.2**

Years	Turnover Rate in Percent		
	Above Rs 4500/-	Below Rs 4500/-	Total
2061/62	3.57	1.40	2.36
2062/63	1.92	2.99	2.59
2063/64	3.01	0.94	1.82
2064/65	2.01	2.23	2.13
2065/66	0.62	1.40	1.07
Average	2.23	8.97	1.99

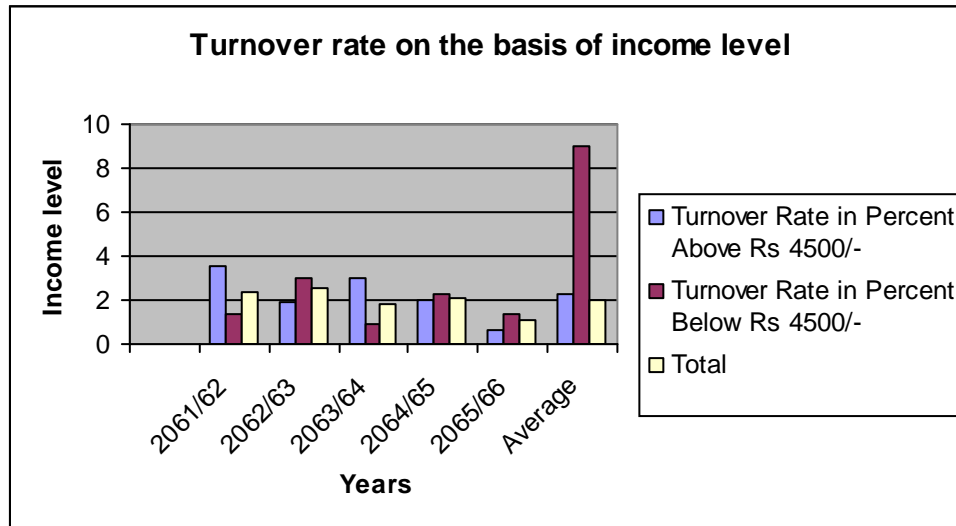
Source: Official Record from Accounts Dept. of HWI Ltd.

**FIGURE 18**

**Labor Turnover Rate on the Basis of Income Level**



**FIGURE 19**  
**Turnover Rate on the Basis of Skill Level**



The above figure 14.1 indicates the fact that there is slight difference in separation rate between the workers earning above and below Rs 4500/- per month. The record shows out of total separation 46.12% workers earning above Rs 4500/- per month left the job whereas 53.88% workers earning below Rs 4500/- per month left the job. In years 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 workers earning above Rs 4500/- per month left the job 66.67%, 30%, 71.43%, 37.50% and 25% respectively. Likewise workers earning below Rs 4500/- per month 33.33%, 70%, 28.57%, 62.50% and 75% left the job in years 2061/62, 2062/63, 2063/64, 2064/65 and 2065/66 respectively.

Above table 14.2 indicates that the average rate of turnover in above Rs 4500/- per month is 2.23 percent and below Rs 4500/- per month is 8.97 percent. It means that the rate of turnover in above Rs 4500/- per month is slightly lower than below Rs 4500/- per month. The highest and lowest rate of turnover in above Rs 4500/- per month is 3.57 percent in year 2061/62 and 0.62 percent in year 2065/66 respectively. While in below Rs 4500/- per month, the highest and lowest rate of turnover is 2.99 percent in year 2062/63 and 0.94 percent in year 2063/64 respectively.



## **CHAPTER V**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **SUMMARY**

Personnel are the most important factor of the manufacturing organizations. The labor (personnel) in all process of production has to be depended upon. No production is possible without labor. The role of labor as a means and ends of production, in the industrialization of a country is of paramount importance. But in the Nepalese context the labor is the most neglected aspect of labor administration. It is a serious problem of Nepalese organization. Nepalese labor is not only inefficient and untrained but also lacks the feeling of loyalty to the concern and organization. As a result they do not co-operate with the management and do not make efforts to contribute towards the achievement of goals. In a way the management can be held responsible for this.

The labor turnover was seen in the personnel management. The labor turnover is the rate of change in the working staff of a concern during a definite period. It is a measure of the extent to which old employees leave and new employees enter in the service of the concern. It is a continuous process of an organization. It is one of the greatest problems for industries. The plenty of labor turnover begets the numerous barriers in industrial activities, as well as to the advancement of employees. It is necessary to know how far the Nepalese factories are facing the problem of labor turnover and what are the main factors causing excess of turnover in the factories. The researcher in this study has tried to study the labor turnover problem faced by Hulas Wire Industries Ltd.

Labor turnover has various causes in an organization, which may be avoidable, unavoidable and personal causes. Either employees leave on their

own desires or by retirement or are discharged by the management. All affect employees and employers. The researcher tried to measure the extent of labor turnover in Hulas Wire Industries Ltd. The researcher has used the following formula to calculate the rate of labor turnover:

$$\text{Labor Turnover Rate} = \frac{\text{Total Number of separations during a certain period}}{\text{Average number of employees in a certain period}} \times 100$$

A Research work in Hulas Wire Industries Ltd. has been conducted applying explorative research method. The data used in this study are primary as well as secondary. These data are organized, recast, rearranged, summarized and presented in table forms.

During the study it is found that Hulas Wire Industries Ltd. does not have any consistency in the labor turnover rate among the various years and the rate varies year by year. The labor turnover rate is increasing gradually in later years in comparison to the previous ones. The average labor turnover rate is 1.99% during the study period.

## **CONCLUSION**

The researcher has found out the labor turnover of Hulas Wire Industries Ltd. in year 2061/62 to 2065/66 B.S. In Hulas Wire Industries Ltd. the rate of labor turnover does not have the same trend, increasing or decreasing. In all the period, workers do not quit for same reasons. In the factory of Hulas Wire Industries Ltd. the labor turnover problem is the direct result of the employee's dissatisfaction with their work and their management. It is reflected in the high rate of resignation in the factory although; the real cause which led the workers to resign from their post is not understood. It may be that the workers have quitted the factory because of their own personal and family reasons having no connection with their work and working conditions.

The most dominant factor that leads to turnover is avoidable which includes the resignation and discharge. In case of resignation, the highest separation rate is found to be due to varied reasons. To identify the exact cause of resignation is really a difficult task. Discharge is not high in this factory. But discharge played an important role in the separation rate of workers. The information gathered from the management shows that a number of discharges have occurred in the organization, because of long absence without any prior notices. Likewise, many workers joined other organizations for their betterment, without resignation, so they were also discharged as per rules and regulations.

The unavoidable separations included in this factory are retirement and death of workers. The workers get retired as per rules and regulations of the factory. These workers are not dissatisfied with their work. Those workers who were full-time workers get compulsory or voluntary retirement from their job. But death is natural. Recently, workers either got retired or died naturally, but none of them resigned or was discharged. However, this does not mean that the workers are perfectly satisfied with their work.

The main reasons for turnover can be pointed out to be the lack of advancement opportunities, lack of participation in management decision-making system, unreasonable evaluation of work, inadequate wages, poor working conditions, lack of job security, defective promotional policy, poor personnel-management relationship, lack of training, and uninteresting work.

## **RECOMMENDATIONS**

The researcher makes the following recommendations:

1. It is necessary to establish a labor training centre to develop the skill of the workers. A trained laborer helps to increase the production and will be committed to the betterment of the company.
2. Provision for housing and transport facilities may also be given adequately. This may help them to improve the level of attendance.
3. In order to acquire true information as to why the workers leave the organization, exit interviews can be of real help to the management. It enables the management to know the real causes of workers' quitting the job and analyze the workers' job difficulties.
4. If the labor turnover has the same increasing trend, it will lead the organization to moribund condition. Therefore, it is recommended to the management to create attractive job, supporting any such conditions which improve morale and which is conducive to better human relations, because the labor prefer to develop their career and feel the magnitude of self-esteem rather than the wages they receive. In this regard, the management must pay attention to the welfare of workers as well as remain alert for providing incentives and motivation respecting their work efficiency.
5. There should not be a gulf between the management and the workers. The supervisor should act as a useful bridge between the workers and the management.
6. The amount of facilities should be increased and the bonus provided should be according to the profit made by the organization.
7. If the workers' wages are not sufficient to fulfill their basic physiological needs, the workers will not show their interest in the work, the result being inefficiency of the workers.
8. From the information gathered through the questionnaires, it is exposed that the working conditions of the factory are very poor and unhealthy. So

concerted effects should be made by the management of the factory to improve the working conditions by making it healthy and pleasant.

9. The factory has been inefficient in repairing the obsolete machines. So they should be repaired and kept in working condition.
10. The government should pay attention to whether the rules, regulations and policies that have been formulated for the welfare of workers are promptly implemented or not.
11. Labor relation is an indicator of sound position of any organization. Therefore, the management of Hulas Wire Industries Ltd. should maintain a good labor relation.

The Hulas Wire Industries Ltd. should improve its method of recruitment.

## **THE FINDINGS**

The major findings that the researcher has found from the analysis of the data pertaining to labor turnover in Hulas Wire Industries Ltd. are listed below:

1. The rate of labor turnover from the factory is not stable in different years. During the period of five years, the lowest rate is found to be 1.07% whereas the highest rate of separation is 2.59% in the year 2065/66 and 2062/63 respectively. In the years 2061/62, 2063/64 and 2064/65 the rate is fluctuating in trend.
2. The causes of separation are found to be resignation, discharge, retirement and death. Separation by resignation is found to be highly effective in Hulas Wire Industries Ltd., whereas separation by natural death is quite low.
3. From the analysis, it is found that the nature of the work in the factory is not favorable to the female workers. So there are no female workers in the factory, all the workers engaged in the factory are found to be male.
4. Analysis of the skilled level of workers gives a glowing picture of the number of separations among the workers of the various skilled levels. It is found that the number of separations among the skilled level is higher

than the other groups. Out of the total separations, 13 (34.21%) workers are skilled, while 9 (23.68%) workers are from highly and semi-skilled levels in which each level has equal share of separations. Similarly separation rate of unskilled labor is quite low i.e. 7 (18.42%) workers from each level quitted the job.

5. In the case of marital status, it is found that the trend of married workers towards the termination of their job has a higher separation than that of the unmarried ones. Out of the total separations, 31 (81.58%) workers are married, whereas 7 (18.42%) are unmarried. This shows that the ratio of separation of married workers is more than four folds higher than that of the unmarried ones.
6. It is found that the workers above 35 years age group are more on quitting the job than those below 35 years age group. Out of the total separations, 27 (71.05%) workers are above 35, whereas 11 (28.95%) workers are below 35 years age group.
7. On the basis of the corroboration of the above figures, it becomes evident that the number of separations among the workers below SLC is low and covers 16 (42.96%) of the total separations. On the other hand, 22 (57.04%) workers having the qualification of SLC quitted the job. It depicts that the workers having lower academic qualification are less prone to quit the job. It is because less of the workers in this factory are from the lower academic level.
8. On the basis of income, workers having an income level lower than Rs 4500/- per month intend to quit the job. Out of the total separations, 53.88% workers of lower income group terminated the job. But the percentage of separations among workers earning more than Rs 4500/- per month is 46.12% only. So, in this context, we can say that lower the income, higher the separation and higher the income, lower the separation.
9. In case of avoidable and unavoidable separations, there were 8 (21.05%) unavoidable separation of workers against 30 (78.95%) avoidable

separations. So, we can say that the avoidable separations are more than unavoidable separations. It means that the workers leaving their job are not satisfied with the management. Moreover, the management does not seem to be efficient in handling the problem properly.

As revealed from the earlier analysis of labor turnover, the most prevalent reason behind the separations is resignation, which constitutes avoidable type of labor turnover. In an attempt to probe into why resignation appeared to be the most dominant cause of labor turnover a sample of 50 workers of Hulas Wire Industries Ltd. have been asked by the researcher to state the reasons behind the causes of resignation.

The questionnaire coupled with personal interview have yielded following factors which are believed to be the reasons of resignation by the workers who are presently on the payroll at Hulas Wire Industries Ltd.

**TABLE 15**  
**Sources of Job Dissatisfaction (Sample Size: 50)**

S.n.	Sources	Dissatisfied Workers	% of Dissatisfied Workers
1	Lack of advancement opportunity	30	60
2	Lack of participation in management decision making system	40	80
3	Unreasonable evaluation of workers	37	75
4	Inadequate wage	45	90
5	Poor working condition	25	50
6	Lack of job security	25	50
7	Defective promotional policy	40	80
8	Poor Personnel-management relationship	42	85
9	Lack of training	48	95
10	Uninteresting work	35	70
11	Lack of machine maintenance	20	40
12	Housing condition	32	80

Source: field Survey

**1. Lack of advancement opportunity:**

Most of the workers expressed their opinion that they will not get any advancement opportunity, while staying in the present job. Lack of advancement opportunity made the workers de-motivated and demoralized. Total 60 percent workers complained that the management does not launch any programme to uplift their skill and career.

**2. Lack of participation in management decision making system:**

The next factor that begets discontent to workers is the lack of participation in management decision making process. About 80 percent workers are dissatisfied with the decision-making system. They said that, until now, they are never asked about their opinions while making decision, though they are the members of the organization.

**3. Unreasonable evaluation of works:**

Unreasonable evaluation of works influences to increase the dissatisfaction of workers. About 75 percent of the workers are dissatisfied with the procedure of evaluation of works. The management never praises and comments their work, which is a powerful block on the way to their promotion.

**4. Inadequate wages:**

The workers of Hulas Wire Industries Ltd. are suffering from low-income level. About 90 percent workers are dissatisfied with the wage payments. The workers expressed that the average expenditure is higher than that of income. They said that they could hardly manage with it.

**5. Poor working condition:**

The above table 15 shows that out of total 50 sampled workers 50 percent are dissatisfied from the job due to the working condition. It



influences to increase the rate of labor turnover. If the working condition is improved, the problem of turnover will be reduced. So, provision of better working condition may bring a change in the behavior of workers.

**6. Lack of job security:**

The lack of job security has been the next sources of the workers dissatisfaction. Total 50 percent workers thought that they do not feel the job security. As they don't feel the job security, they are likely to move away from the organization.

**7. Defective promotional policy:**

Most of the workers are dissatisfied with the defective promotional policy. According to them, management does not apply a homogeneous promotion policy to the workers. 80 percent of the workers are affected from this factor. They expressed that it is being done without plan.

**8. Poor personnel-management relationship:**

85 percent of the workers complain that they don't have relation with the management. It is most important factor of the workers dissatisfaction. Workers claim that their grievances are not seriously taken up by the management.

**9. Lack of Training:**

Training is one of the most important variables to improve workers ability. Lack of training may increase the job dissatisfaction among the workers. Here, also 95 percent of the workers are dissatisfied from this factor. The workers complained that the management of Hulas Wire Industries Ltd. has not provided any training opportunity for them. Therefore, since a long period they are remaining in the same skilled level.

**10. Uninteresting work:**

About 70 percent of the workers are dissatisfied from uninteresting work. They said that the work is boring and they are not interested in that work. They said if they get better work, they will, surely, move away from the factory.

**11. Lack of machine maintenance:**

Above table focuses that out of total 50 sampled workers, 40 percent are dissatisfied from the job due to lack of machine maintenance. Regular repair is essential for good production.

**12. Housing Condition:**

Housing condition is the other factor for discontent of the workers. About 80 percent workers have quit their job due to this factor. The workers complained that they have not got their own house. They are staying in rental house with a big family. If the management had provided the housing facilities or rent for house, they would not have left the job.

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13. Have you got any opportunity to participate in the management decisions?  
 Yes  No
14. Are you satisfied with promotion and transfer policy of organization?  
 Yes  No
15. Are you satisfied with your present job?  
 Yes  No
16. How do you feel about the working condition of your job?  
 Satisfied  Unsatisfied
17. Is there any provision for toilet, ventilation and lighting in your factory?  
 Yes  No
18. Is there any provision for workers participation in management decision making process?  
 Yes  No
19. Are there any recreational facilities available in concern?  
 Yes  No
20. Are you getting the opportunity for profit sharing scheme?  
 Yes  No
21. Are the machines kept in good condition?  
 Yes  No
22. Is your work place clean?  
 Yes  No
23. Do workers who quit the job are dissatisfied due to .....?  
 Poor wage  Poor working condition