



International
Labour
Organization

Skilled Workers Matter

The business case for addressing absenteeism
and turnover in Myanmar's garment sector





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Skilled Workers Matter:

The business case for addressing absenteeism and turnover in Myanmar's garment sector

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A decorative graphic in the top left corner featuring a yellow thread and a needle. The thread is looped and ends in a yellow button. A needle is positioned diagonally, with its tip pointing towards the text 'Foreword'.

Foreword

The garment sector currently plays a pivotal role in Myanmar's economic growth and quest for economic and social development through decent work. According to the Myanmar Garment Manufacturers Association's (MGMA) official data, there are currently close to 600 factories giving jobs to approximately half a millions workers, the overwhelming majority of which are young women. The garment industry is the fastest growing economic sector with the highest formal job creation rate in the country. MGMA forecasts that the sector could soon provide employment to 1.5 million people, generating export value of US\$8-10 billion.

These optimistic development projections however require the industry stakeholders to pay careful attention to labour productivity. A number of considerations to explore in order to redress this situation are workers' turnover and absenteeism rates.

Turnover and absenteeism are complex realities, symptomatic of other workplace aspects. It is however well known that they both result in a lack of investment in workers' skills development, thus affecting the overall productivity of any given factory and overall sector. Exploring the root causes of these phenomena, including workplace social dialogue practices, working conditions, wages and other incentives, payment system as well as overall human resources management's practices or the individual decision making processes of a young workforce could definitely contribute to putting in place sustainable solutions for the retention of an increasingly skilled, productive and mature workforce. Sustainable solutions will require the involvement of all relevant actors and institutions including workers, trade union representatives, employers, workplace coordinating committees, and government authorities enacting and enforcing a conducive legal framework.

This study clearly demonstrates there is a need for employers to take absenteeism and turnover in their factories seriously. The existing situation is posing a significant risk to the productivity of the workforce and the competitiveness of Myanmar's garment industry on the global market. This research wishes to shed light on one of the challenges most commonly evoked by the industry, one that, in Myanmar, has not yet been explored comprehensively. It is meant to introduce data and empirical evidences about the linkages between absenteeism, turn over and factories' productivity. We hope that this report will generate a healthy dialogue between the industry's stakeholders and change the view that little can be done to reverse the vicious circle, while convincing that workplace and industry-wide dialogue can co-generate a range of options that will sustain the future and sustainable growth of such a vital industry for the men and most importantly women of Myanmar.

Donglin Li
ILO Liaison Officer
Myanmar

Preface

The Myanmar Garment Manufacturers Association is one of the most important engine of Myanmar's development. In 2019, we exported to the world the equivalent of US\$4.37 billion worth of garments, collectively produced by its almost 600 members factories and the half million women and men it employs. As stated in our ten-year strategy, we have an ambitious vision for the industry and aims at reaching US\$8-10 billion worth of export in the coming years.

The success of the industry and the realization of this vision will be result of the joint efforts of all industry stakeholders: workers, factory owners and managers, investors and government coming together to continuously understand and address the remaining challenges the sector faces.

The present research paper is a contribution to the understanding of one of the important impediments to industry's steady and continued growth: the high absenteeism and turnover rate of its workforce. While we expect workers to legitimately miss a certain number of workdays each year, due to statutory annual leave, sickness, earned maternity or paternity leaves to name few possible reasons, excessive and unplanned absences affect productivity and can have a major impact on factories' finances, reputation, collective morale and their ability to meet demanding production targets and commitments.

Knowing exactly how best to tackle these problems requires first knowing why workers take time off and why workers leave. The present paper goes in this direction. It highlights the complexities embedded in turnover and absenteeism and shed light on how the interactions and dynamics between workers, employers, workplaces, social and economic factors can be mobilized to address the situation to everyone's benefit. It is a clear statement that far from being powerless in front of these phenomena, factory owners and managers have options to look into.

This study can help employers develop sustainable solutions for the retention of a more skilled and committed labour force. It is encouraging to note that skilled workers will be attracted to workplaces where they are treated with respect and where they feel safe. We believe that this study will contribute to enhancing the performance of our businesses and developing human resource management system in a way that will favour "presenteeism" and retention of the workforce.

We are very thankful for the support provided by the ILO Liaison Office in Myanmar to unveil the reasons behind absenteeism and turnover and suggest some practical options to address the phenomena in our member factories.

Khine Khine Nwe
Secretary General
Myanmar Garment Manufacturers Association

Acknowledgement

This study could not have been completed without the input and expertise of the many individuals and organisations who gave their time to share and discuss experiences.

We extend a special thank you to the 240 workers who completed the survey and the additional 86 workers who participated in focus group discussions. The responses from these employees constitute the core element of this research. Their contributions are fundamental to the new knowledge attained regarding the impacts of absenteeism and turnover on businesses in Myanmar's garment sector.

Others included in this gratitude: The 37 human resources managers, supervisors, representatives of the basic labour organisations and workplace coordinating committees across the 16 factories, as well as external stakeholders – all of whom gave their time freely and were willing to share their knowledge and ideas about absenteeism and turnover in their places of work and in the garment sector more broadly.

The ILO team in Myanmar and globally, especially those working on the Improving Labour Relations for Decent Work and Sustainable Development in the Myanmar Garment Sector Project (ILO-GIP) and from the Programme for Employers' Activities.

- Mr Paolo Salvai, Programme Officer, Programme for Employers' Activities, International Training Centre of the ILO, Turin
- Mr Nyein Chan, National Project Officer, ILO-Strengthening Institutional capacity of Employers' Organization, Yangon
- Catherine Vaillancourt-Laflamme, Chief Technical Advisor for the ILO Improving labour relations for decent work and sustainable development in the Myanmar garment industry, (ILO-GIP), Yangon
- Thit Thit Su Mon and Kyaw Lin for their assistance in all matters logistics.

Med Ramos, who completed the design of this report.

The Factive team based in Myanmar – Thiri San, Moh Moh and Zunzu Zuhan. And Factive's international consultants – Morgan Laplonge (communications, technology and research support) and Dean Laplonge (lead researcher and author of this report).

About the research team

Factive (www.factiveconsulting.com) is a research consultancy that specializes in exploring gender issues and risks in the private sector and in humanitarian contexts. The company has completed gender research and consultancy for many large organizations, including the International Finance Corporation, Global Communities, the Business Coalition for Women in Papua New Guinea, the United Nations Population Fund, the International Labour Organization, the Danish Refugee Council, BHP Billiton, Rio Tinto, Horizon Power, INPEX, UN Women, the World Bank and the Australian Department of Mines and Petroleum. With a current team of eight consultants spread across four countries, Factive aims to provide exceptionally high-quality research and consultancy services, supported by secure and efficient administration. Their work is typically used to inform the development of community or workplace programs, to assist with program delivery, and to inform programming and resource allocation. Factive consultants have been instrumental in developing new workplace programmes and systems to address, among other issues, women's safety at work, the impacts of work operations on gender-based violence in workplaces and communities, masculinities and violence in the workplace and women's economic empowerment in fragile contexts.

The ILO in Myanmar

The International Labour Organization (ILO) is a specialized United Nations agency that aims to promote decent work. This includes opportunities for work that are productive and deliver a fair income; security in the workplace and social protection on for families; better prospects for personal development and social integration; freedom for people to express their concerns, organize and participate in the decisions that affect their lives; and equality of opportunity and treatment for all women and men. With its unique tripartite composition, the ILO is well placed to assist governments, workers and employers' organizations to address challenges related to sustainable development through sound industrial relations at the enterprise, industry and national levels. The ILO has an ongoing engagement with its tripartite constituents in Myanmar on the basis of an agreed Decent Work Country Programme and has been working to build the capacity of workers' and employers' organizations in Myanmar.

Disclaimer

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Glossary

Term	Definition
Absenteeism	Being away from work, often habitually. This is also referred to as “unplanned leave”. It includes sick leave. It does not include holiday leave. In this report, absenteeism due to sickness and absenteeism due to other reasons are sometimes separated for the purpose of analysis. Where this occurs, this is clearly stated.
Discrimination	Any distinction, exclusion or preference that is made on the basis of a particular characteristic (race, sex, religion) and that impairs equality of opportunity and treatment (in employment or occupation).
Factory survey	The survey used in this study to collect information from each factory on employee numbers, rates of absenteeism, rates of turnover, average daily wages and other business data.
Participant	A person who participated in this study by engaging in a focus group discussion.
Respondent	A person who completed the worker survey for this study.
Sexual harassment	Unwanted conduct of a sexual nature.
Turnover	Turnover is used in this report to describe the practice of workers willingly leaving a factory. This may be because they have found a job elsewhere or for personal reasons. Other reasons for turnover include when a worker is fired or retires, but these more “natural” reasons for workers leaving a factory were not included in the discussions or questions, and therefore analysis, on turnover.
Worker	An employee in a factory who does not have any supervisory or managerial responsibilities.
Worker survey	The survey used in this study to collect data from workers on their reasons for being absent from work and reasons for leaving a job.

1. Executive Summary

This study demonstrates the need for employers in Myanmar's garment sector to pay closer attention to absenteeism and turnover in their factories. The study has found these behaviours by workers contribute significantly to business costs. Yet, employers are seemingly unaware of the true extent of these costs. And they appear to be doing very little to address these problems.

As the garment sector in Myanmar continues to expand, it will need more skilled workers. The expense of running a garment factory will rise as the costs of wages, infrastructure maintenance and power consumption increase. Tackling absenteeism and turnover in factories will help business owners compensate for some of this increased expense, by reducing the amount of time and money it takes to recruit, train and replace skilled workers who do not turn up for work or who leave to take up employment in another factory or sector.

The business case for doing so is strong. The results of this study show that absenteeism and turnover are estimated to cost the Myanmar garment sector in excess of US\$40 million each year.¹

1.1 About the Study

The aim of this study was to explore the impacts of absenteeism and turnover on labour productivity in Myanmar's garment industry. What motivates workers to come to work or to stay with their current employer? What causes them to take unplanned time off ("absenteeism") or to quit their job? What is the extent of these problems? What are employers doing to respond? Do different factories experience different rates of absenteeism and turnover, and why is this the case? Based on the findings to these key questions, the study provides recommendations for how factory owners, sectoral organisations, government and stakeholders can work to reduce absenteeism and turnover rates among garment factory workers.

Globally, business owners are starting to understand better the causes of worker absenteeism and turnover. They are exploring how workplace culture, health and safety, job satisfaction and family life affect the motivation levels of workers, thereby influencing how often workers fail to turn up to work and for how long they decide to stay with an employer. This study finds that in Myanmar, even among factory managers who recognise absenteeism and turnover to be problems that negatively affect the performance of their businesses, there is a belief these actions are normal and inevitable. There is an assumption that very little can be done to address these problems. And yet nothing could be further from the truth.

¹ More detailed information on the costs to business is available in Appendix A. Business costs calculations are based on data provided HR managers from the factories that participated in this study. The required and requested data needed to calculate business costs due to absenteeism and turnover was not provided by all participating factories. The overall quality of the submitted data is also not good. This estimate is, however, considered fairly conservative given there are many more hidden costs associated with workers not turning up for work or quitting their job.

In East Asian and the Pacific Region, the International Finance Corporation has been working with businesses to help reduce absenteeism costs that are the result of employees' childcare responsibilities and their experiences of gender-based violence.² In the United Kingdom, workplace health initiatives for hospital staff have helped reduce absences due to sickness by 21 per cent producing an annual saving of almost one million pounds.³ For retail stores in United States of America, turnover rates were reduced by 63 per cent due to the introduction of an employee recognition scheme and award program.⁴ A tourist resort in Thailand managed to ensure 34 per cent of its workforce remained in employment for more than a decade—a significant achievement in an industry with exceptionally high turnover rates. The resort achieved this by introducing more effective skills training linked to visible career pathways.⁵ These are only a few of the numerous case studies that show how businesses have reduced costs associated with absenteeism and turnover by introducing incentives for workers, new training programs and better support for working parents.

Effective responses to absenteeism and turnover in the garment sector in Myanmar may differ. Knowing exactly how best to tackle these problems requires first knowing why workers take time off and why workers leave. The Myanmar Garment Manufacturers Association (MGMA) in conjunction with the International Labour Organization (ILO) therefore commissioned Factive Consulting to undertake this study to help fill a gap in available data on absenteeism and turnover in garment factories in Myanmar. Exploring the real causes for absenteeism and turnover among garment sector workers will help guide the most appropriate responses to sectoral problems that are known to exist, but that are certainly neither natural nor insurmountable. Exploring possible links between these problems and factors such as working conditions, salaries, payment systems and workplace policies, among others, could help employers create sustainable solutions for the retention of a more skilled labour and committed labour force.

As this study demonstrates, the solution to the problems of absenteeism and turnover in garment factories in Myanmar today is not all about money. Workers are not asking for higher salaries above anything else. When considering whether to go to work or not, and when considering where to work, workers give more weight to how they feel when travelling to work and when at work. They are especially attracted to workplaces where they are treated with respect and where they feel safe.

1.2 Key findings from the study

- Employers appear to have accepted both absenteeism and turnover as inevitable. They therefore pay little attention to addressing these issues. This is despite a total annual cost to the garment sector in Myanmar of more than US\$40 million due to absenteeism and turnover.
- Bonuses incentivise workers to turn up for work. However, salary in general is not considered a major reason to choose a factory in which to work or a motivator for remaining with an employer. When making decisions about choice of and commitment to their job, workers generally give more weight to how happy they are at work and their relationships with colleagues and supervisors.

² See https://www.ifc.org/wps/wcm/connect/region_ext_content/ifc_external_corporate_site/east+asia+and+the+pacif/priorities/gender-in-eap.

³ See <http://www.ewin.nhs.uk/sites/default/files/eWIN%20Case%20Study%20-%20Reducing%20Long-term%20Absenteeism.pdf>.

⁴ See <https://www.behavioralchemistry.com/true-cost-of-turnover>.

⁵ See <https://www.humanresourcesonline.net/case-study-movenpick-resort-reduced-employee-turnover-rate/>.

- The stability of their homes and families matters to workers. If everything is well at home and if their families are healthy and safe, workers are more inclined to turn up to work and, while there, work harder. Female workers in particular will prioritise caring for family members over coming to work. Employers need to be cognisant of this to inform initiatives to help workers—especially women—manage their family care and domestic responsibilities.
- Business costs due to absenteeism and turnover, and the impacts of these worker actions on factory productivity and production deadlines, could be reduced by strengthening efforts to create workplaces in which workers feel respected and rewarded.
- HR managers are aware of the negative impacts on workers and on factory production when supervisors shout at or scold the workers. They are making efforts, mostly, informal, to address the problem of abuse in their factories. Their efforts are not always supported by management. They are not always informed by business policies.
- Businesses are generally weak in the area of ensuring there are formalised policies and procedures in place to ensure consistent, fair and accountable responses to workplace issues such as harassment, discrimination and absenteeism. The lack of formalised policies to help guide responses to these issues means the businesses also lack data that would enable them to make more effective decisions to address these issues.
- Businesses need to keep much better and more accurate data on rates and reasons for both absenteeism and turnover. Having consistent and quality data on these issues is important if businesses are to be able to reduce associated costs.

2. Introduction

The garment sector currently plays a pivotal role in Myanmar's economic growth. It is the fastest growing sector with the highest rate of job creation in the country. There are currently around 500 factories giving jobs to half a million workers. By 2020, it is predicted the sector can provide 1.5 million people with employment and have an increased export value of up to US\$10 billion. In order to ensure a sustained growth of the garment sector, there is a need to foster labour productivity.

In April 2019, the ILO in conjunction with the MGMA commissioned a study into the impacts of absenteeism and turnover on productivity in Myanmar's garment sector. This report presents the findings of this study. It includes recommendations for ways to tackle high rates of absenteeism and turnover in the sector. Through a better understanding about why factory workers take unplanned days off work and why they leave an employer, it is hoped employers can and will make more informed decisions about how to get the most out of their already skilled workforce and how to keep valuable workers employed in their factories for longer.

Currently, no adequate data and empirical evidences exist on the impacts of absenteeism and turnover on the productivity of garment factories in Myanmar. Yet, absenteeism is one of the most common problems indicated by HR managers as explanation for lower production results compared to regional competitors. The difficulties in rearranging the structure of a production line due to unforeseen absenteeism and the need to require overtime from workers to reach production targets are posing serious consequences on the competitive capacity of garment businesses and putting the workers under immense strain. The sector's high turnover rate also has significant consequences for workers and businesses. It results in very low investment in training and skills development, because employers simply expect and accept that their workers will leave. It means employers are constantly having to offer training to newly recruited personnel, whose ability to make a full contribution to production is initially not as high as that of the skilled workers they have replaced.

The movement of workers from one factory to another, sometimes for a very small increase in salary, has become the norm in the sector. This norm is, however, created and sustained by a range of unknown factors that drive workers to the point of quitting. Some of these factors are likely to be more personal, such as sickness or a decision to change careers. Others are the outcomes of systemic problems in the sector, including negative attitudes towards working mothers and stressful workplace cultures. The distinction between the personal and the systemic is, however, not always so absolute. Even the personal reasons can be linked to systemic problems in the sector, where wages may not be sufficient to ensure workers have adequate nutrition to sustain good health and where opportunities for developing a challenging and rewarding career are minimal.

The high rate of absenteeism in the sector is also both a problem of individuals and systems. Employers cannot expect every worker to turn up every day for work. Sickness is a natural part of the human experience and is acknowledged as such in the legal requirement that employers in Myanmar have to allow workers to take up to 30 days of paid medical leave each year. There is, in fact, an argument to be made for encouraging workers who are sick not to come to work, to prevent mass contagion of healthy employees, which could pose a threat to productivity. However, when workers are taking unplanned leave because they have been upset by their supervisor or because they need to care for their children, these are causes for absenteeism that are not always chosen by individual workers. Instead, these causes are consequences of poor workplace cultures and social gender inequality. On

days when workers fail to turn up to work, it may be that many of these workers wish they could turn up to work.

This report shows there are actions employers can take to help reduce rates of absenteeism and turnover in their factories. It provides evidence that workers are taking unplanned leave and quitting their jobs for specific and identifiable reasons. Employers need to understand these reasons. And they need to respond accordingly. For employers who take the problems of worker absenteeism and turnover in their factories seriously, there are significant reputational and financial benefits to be gained.

2.1 Methodology

There were 16 factories in the sample size. All participating factories were based in either Yangon (n = 13) or Mandalay (n = 3).

Only 14 of the 16 factories completed all research activities, including the factory survey to collect business data on absenteeism and turnover. These 14 factories have a combined total of 14,680 employees, of which 11,187 are identified as workers with no supervisory or managerial responsibilities.⁶

The study used a mixed method approach for data collection, using the following data sources:

- A worker survey completed by 240 workers across the 16 factories. This survey was completed in the factories with members of the research team present at the time to offer assistance.
- Focus groups discussions (FGD) with workers at each of the factories. In total, 86 workers participated in 16 FGDs, with 61 women and 25 men.
- A factory survey completed by the Human Resources (HR) manager in each factory. This survey was issued online and multiple follow up requests were made to ensure completion. Of the 16 factories, 14 submitted a completed factory survey. The results of this survey have been used to estimate costs to business due to absenteeism and turnover.
- Key informant interviews (KIIs) with HR managers, representatives of the Workplace Coordinating Committee (WCC), representatives of the Basic Labour Organization (BLO), supervisors and external stakeholders. In total, 37 KIIs were completed.

In total, 346 workers participated in the study. These workers were selected by the factory HR managers. No worker participated in more than one study activity.

⁶ For the purpose of this report, the term “worker” is used for employees working below supervisory level. The term “employee” is used when there is reference to the total number of all employed persons, including workers, supervisors and managers. Business cost calculations are based on the number of workers in the participating factories.

Of the 240 worker survey respondents, 202 (85.2 per cent) were women and 34 (14.4 per cent) were men. This is slightly different than the average female / male population across the 16 factories—which is 87 per cent female and 13 per cent male. The percentage of female respondents is slightly lower than the general population of workers in garment factories in Myanmar where it is estimated that around 90 per cent of workers are female.⁷ One respondent (0.4 per cent) identified their gender as other.⁸

The largest age group of the survey respondents was 18-24 years old, with this group representing 62.3 per cent of respondents. The second largest group was aged between 25 and 34 (26.4 per cent).⁹ The majority of the respondents were born in Yangon (29.2 per cent), followed by Mandalay (20.9 per cent), Ayerwaddy (16.3 per cent) and Bago (11.3 per cent). More than half (59 per cent) said they had migrated into either Yangon or Mandalay to work in the garment sector. Seventeen of the respondents (7.2 per cent) identified as having a disability. A majority of the survey respondents were single (59.6 per cent). Nine out of ten have completed education to at least middle school level.¹⁰ Just under 10 per cent were university educated.

With respect to employment status, the majority (97.1 per cent) were in permanent positions in their factory. The worker survey targeted workers below supervisory level, however 3.4 per cent of the respondents identified their role as supervisor, line manager or manager. Slightly more than 50 per cent of the survey respondents had worked in their current factory for less than two years. Despite known high rates of turnover in the garment sector in Myanmar, 12.8 per cent said they had worked in their current factory for more than five years, of which 50 per cent had in fact worked for more than 10 years. Just under a quarter of the total respondents (24.3 per cent) had been working in the sector for more than five years; and 26.5 per cent said they expected to continue to work in the sector for at least another five years.

2.1.1 Limitations

The number of factories included in this study constitutes only a small sample of the total number of garment factories throughout Myanmar. The initial target of 40 factories was unachievable. Extensive efforts were made to engage with factories to encourage participation, including multiple emails sent and telephone calls made to every factory in the MGMA database. Brands provided assistance and managed to secure participation from some of their suppliers. However, many factory managers indicated they were extremely busy with production deadlines and were unable to allocate time for their workers to participate in the study. Many also declined the invitation to participate without stating a reason. The research team sensed a certain level of research fatigue in the sector, among both employers and workers, including those who participated in the study.

⁷ Fair Wear Foundation, 2016, p. 4; ILO, 2016; Oxfam, 2015, p. 7.

⁸ For gender identity, survey respondents were offered the option of identifying as “other.” The inclusion of this option was intended to address, to some extent, the systemic exclusion of gender non-binary persons from research that includes demographic data on the genders of participants. The term “other” nevertheless risks further marginalising gender non-binary and gender non-conforming persons by recreating and restating their otherness in relation to the already dominant gender binary. This is an ongoing issue facing research in Myanmar and one that requires significant attention if future research is to be fully and truly inclusive of all gender identities and experiences.

⁹ Five of the survey respondents identified as being under the age of 17.

¹⁰ Middle school (or lower secondary school) in Myanmar is for ages 11 to 14.

The sample size of 240 for the worker survey from a total worker population of 11,187 (in the participating factories) with a 95 per cent confidence level results in a margin of error of ± 6.26 per cent. This means that we can be 95 per cent certain the results from the survey are within ± 6.26 per cent of the true values of the total worker population in the sector. Extending this calculation to a total worker population of 500,000 in the sector increases the margin of error only slightly to ± 6.32 per cent with the same confidence level.

The workers who participated in research activities for this study cannot be considered a random sample of workers from the total population of garment sector workers. The selection of some of the factories by brands may mean there are some biases in the results due to the specific characteristics of the participating factories. The selection of FGD participants and survey respondents by the HR manager in each factory introduces an additional significant risk of bias in the results. The research team is unable to confirm the criteria used for selecting factories or participants. In some cases, the criteria might have been based on availability at the time when research activities were being conducted. In other cases, it is possible participants were selected based on the HR manager's assessment of these participants' ability and/or willingness to provide answers predetermined to be "good" answers rather than accurate or honest answers. In the case of FGD participants, the non-random selection method resulted in zero per cent of these participants identifying as being a member of a BLO.

Just over 3 per cent of the survey respondents identified as supervisors, line managers or managers. The analysis of the survey data in this report is intended to explore the experiences, situations and views of workers only. The dataset nevertheless includes this 3 per cent for the purpose of analysis. This is because the research team assessed that some respondents may have selected their job category incorrectly—either by mistake or purposely. The inclusion of the 3 per cent of survey respondents who did not identify as being a worker could mean there are some errors in the results. Any such errors would, however, be minimal because the total number of survey respondents who identified as supervisors, line managers or managers was only nine.

The primary focus of the workers and their managers is to meet production targets. Any failure to do so can result in risks to contracts and a loss of bonuses for workers. In order to ensure no harm to workers and businesses as a result of their participation in this study, the research team took guidance from each factory's HR manager with respect to numbers of workers who were available to participate in a particular research activity and the amount of time these workers were allowed to be away from their production lines to do so. In some cases, this meant it was not always possible to run all research activities as planned; and the quantity and quality of data were not consistent across the participating factories.

Despite extensive efforts, not all participating factories completed the factory survey or appeared to provide accurate data in this survey. This outcome limits the accuracy of some of the analysis, especially the calculations of business costs due to absenteeism and turnover.

3. Impacts of Absenteeism on Productivity in the Garment Sector

3.1 Findings

Across the factories, the average amount of absenteeism per worker was 3.68 days per year. For the 11,187 workers in the factory survey this equates to a total of 41,217 days¹¹ of absenteeism during the previous 12 months. In total, this costs an estimated MMK227,242,085 (US\$149,936) across the factories that participated in this study; or an averaged annual amount of US\$10,710 for each factory. There are 522 factories in the MGMA's member list and the sector as a whole is estimated to employ around 500,000 workers. The sector is therefore losing more than US\$6 million per year due to worker absenteeism.

The methodology used to calculate these costs to business¹² does not factor in additional costs associated with absenteeism, such as overtime payments to make up for lost production time and the time it takes supervisors to reorganise workers on production lines. The actual cost is likely much higher.

This calculation also factors in the possibility that almost 50 per cent of workers who take sick leave do not get paid for this leave. This is based on an analysis of factory data provided by 14 factories that revealed a turnover rate during the previous 12 months of 54.2 per cent. Workers who have been in employment for fewer than 12 months may not be eligible to receive sick pay. If some of these workers were, in fact, paid for sick days, the overall costs of absenteeism would be higher in the participating factories and therefore across the sector. Again, the US\$6 million estimate is, therefore, assumed to be at the very low end of actual costs to business due to worker absenteeism.

Among the factories that participated in this study, the impacts of absenteeism on their business are clear. There are examples of factories not being able to run entire production lines due to a high number of absent workers. For supervisors, it is an everyday struggle to move workers around so the right skills are in place to enable production to proceed. In some cases, entire shipments of garments have been cancelled because the rate of absenteeism leading up to a production deadline in a factory has been excessively high.

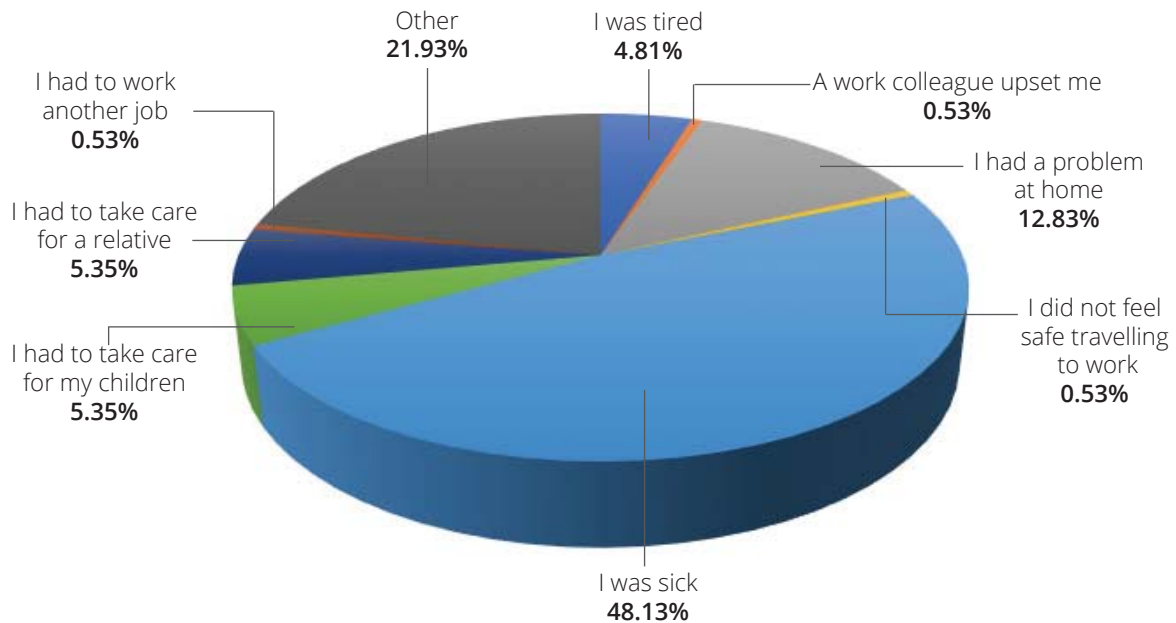
3.1.1 Reasons for absenteeism

Of the total worker survey respondents, 186 (77.5 per cent) said they had taken at least one day of unplanned leave during the previous year. Figure 1 shows a breakdown of the reasons given for these absent days.

¹¹ 14 out of 16 factories completed the factory survey. Unplanned absenteeism was estimated for 2 of these 14 factories based on the per worker average due to missing or erroneous data.

¹² See Appendix A.

Figure 1. Incidence of reasons for absenteeism



These results clearly show that personal and family issues are common reasons why workers do not turn up to work. These reasons are confirmed in the results of the FGDs, during which participants in 11 of the 16 factories identified sickness as the number one reason why workers in their factory might not turn up to work. Having a problem at home was identified as one of the top two common reasons in four factories; and having to look after a sick relative as the second most common reason in three factories.

Sometimes, workers do not give the real reason for why they are absent from work. HR managers and supervisors are aware of this, but in most cases, they said they do not feel inclined to push for truthful reasons. Almost 10 per cent of the survey respondents admitted to having given a false reason for being away from work at some time.

While the reason given by a worker to explain their absence may sometimes be an unspecified problem at home or sickness, there is concern among some HR personnel that personal relationships workers have with people outside the workplace are starting to affect absenteeism rates. They claimed that workers sometimes take a gate pass to meet their boyfriend and do not come back to work that day. They also said that increasingly they are finding that female workers fail to turn up to work because they have been out late with their boyfriend the night before. FGD participants corroborated these as reasons for worker absenteeism. In the study results, there are cited examples of workers in relationships who take time off whenever their partner is absent too and of workers who have taken time off to elope.

Of the worker survey respondents who identified at least one reason for having taken unplanned leave from work during the previous 12 months, 85 per cent were female and 15 per cent were male. When these results are considered as a proportion of the survey respondents based on sex, it suggests that men are 5 per cent more likely to take unplanned leave than women. This is not, however, a statistically significant difference because it is less than the margin of error for this survey. These results certainly

do not support the opinion stated by one HR manager that “Male workers take more time off than female workers. Female workers are greedy and hardworking.”

3.1.2 Why workers come to work

Money motivates workers to turn up for work in their factories. Almost one in four (22.9 per cent) of the survey respondents said that the possibility of receiving a bonus is a good motivator for them. Cash incentives are available in many of the 16 factories. These include bonuses for meeting production targets, for not taking a working day off during a set period of time (for example, one month), for improving skills and for remaining in employment for one full year. Many employers also provide bonuses at specific times of year, especially the annual Thingyan and Thadingyut festivals. In 14 out of the 16 factories, FGD participants said they would be inclined to take less time off work if their employer offered them more money. Overall, 86 per cent of these participants said more money would be a good motivator for them to come to work. This is significantly higher than the comparable percentage (22.9) from the worker survey.

Money is, however, not the strongest motivator for workers to turn up to work. There are similarities between what most drives a worker to turn up for work and what initially drove them to select a factory in which to work. In both cases, workers want to be happy while they are at work. For one HR manager, it could not be any simpler.

When the working environment is unhappy, the workers will not want to come to work. So being in a happy working environment is important for them.

Among the survey respondents, 34.8 per cent said they are especially motivated to come to work because they enjoy working with their friends. For general operators in the factories, the everyday work tasks in roles such as sewing and ironing are highly repetitive. The working environments are not always comfortable. In several of the FGD groups, participants spoke about how hot their workplaces were even after management had installed extra fans or air-conditioners to help cool the inside temperature. Others bemoaned the scarcity of basic resources inside their workplaces, such as soap, potable water, sanitary pads and shower gel. The social interactions that workers experience while they are inside the factories are therefore extremely important. Workers rely on their enjoyment of being with friends as compensation for having to complete work tasks that are not always interesting and for having to work inside factory buildings that are not always well-designed for human comfort.

There are some simple initiatives that employers can implement to help create this desired happy working environment. Some of these initiatives are already in place in some of the factories. They include allowing workers to listen to music; providing meals and snacks during overtime; acknowledging work efforts through worker-of-the-month programs or sharing information about workers who are role models; and introducing additional bonuses to reward good work at different times (for example, after a production deadline has been met or at the end of a busy month). Other initiatives that workers said would motivate them to come to work and work harder while at work may require more planning and a commitment of resources. These include work trips to pagodas, sports matches between factory teams, better facilities inside factories (especially bathrooms) and an increase in the availability of modes of transport to and from work. Connected to this latter initiative is the level of importance workers place on feeling and being safe—something that is discussed in section 3.1.6 in this report.

The importance workers give to feeling happy while at work, and the significance they give to being happy when choosing where to work and deciding whether to turn up for work, are factors employers need to pay close attention to if they want to reduce the impacts of absenteeism and turnover on their business productivity and profits. These factors offer a compelling argument for why employers need to ensure they are communicating effectively with their workers. Improving workplace communication channels will help ensure workers can raise issues of concern with employers, who will then have the accurate knowledge they need to maintain a happy workplace. This calls for consideration of how to strengthen existing formal workers organizations, including the WCC and BLOs, that could play a pivotal role in managing worker-employer communication and being responsible for implementing initiatives aimed at improving the workplace culture.

3.1.3 Sickness

Of the worker survey respondents, 37.5 per cent said they had taken a day of unplanned leave due to sickness during the previous 12 months. Common forms of sickness identified by FGD participants were seasonal flu, headaches, back aches, menstrual pains, sickness related to pregnancy and, in one cited case, sickness after having an abortion.¹³

According to factory survey data provided by the participating factories, the total of number of days of sick leave during the previous 12 months for 11,187 workers across 14 factories was 16,566.¹⁴ This means the average number of sick days taken annually by a worker is 1.48 days per year. This is well below the legal allowance for medical leave, which is 30 days. If sick leave is truly at this level, it suggests Myanmar garment workers are remarkably healthy, which, as previous research has found, is certainly not the case.¹⁵ The actual total number of days of absenteeism due to sickness is very likely to be much higher.

There are numerous reasons for this apparent under-reporting of the total number of sick days in the factory surveys. It is possible employers are not keeping accurate data on sick leave. It is also possible the recorded number of sick leave days is reduced because, as some FGD participants indicated, employers do not always pay workers when they take a day off due to sickness, especially if the supervisor or HR manager does not believe the reason given for the absenteeism is true. If employers are requiring their workers provide a medical certificate to cover every sick day, this may also reduce the number of days recorded as sick days, as workers prefer not to have to pay to see a doctor or join the long queue at the Social Security Board (SSB) to obtain such a certificate. Overall, the suspected inaccuracy of the data means the estimated cost of absenteeism due to sickness—US\$4305 per factory—is likely significantly lower than the real costs.

¹³ While abortion is illegal in Myanmar, employers may find they have to deal with the medical consequences of employees who access illegal and potentially unsafe abortions. This situation has been identified in previously unpublished research that linked the risk of accessing an illegal abortion for a garment sector worker in Myanmar to the negative attitudes within this sector towards pregnant workers and working mothers. This former research identified the risk that a female worker may choose to have an abortion to ensure she can continue to earn the amount of money she needs to support her families.

¹⁴ 14 out of 16 factories completed the factory survey. The number of sick days taken by workers in two of these 14 factories also had to be estimated due to missing or erroneous data in the factory surveys of those two factories.

¹⁵ Laplonge, 2019.

There is some indication that a person's sex affects the number of sick days they take. Relatively, male workers took an average 38 per cent more sick leave than women. Perhaps the previous comment made by the HR manager about men taking more time off is truer when sickness is the reason. Having "hardworking" and "greedy" female workers come to work when sick, however, is not necessarily a good thing for the health of the overall workforce. There may be a flow-on effect whereby otherwise healthy workers become sick because they are working in proximity to a sick colleague, thereby risking an increase in the rate of absenteeism among workers due to being sick.

Workers from factories with a female general manager took only 0.4 sick days on average compared to two days for factories with a male general manager. The study does not, however, provide any additional information that might help identify a link between the sex of the general manager and rates of absenteeism overall. Further research would be needed, including asking workers directly if they are more likely to take a day off because of the sex of their manager or supervisor. This study did not include such a question.

The data from the worker survey indicates that 43 per cent of workers who do more than ten hours of overtime per week take unplanned leave due to sickness compared to 32 per cent of workers who do fewer than ten hours overtime. This represents a net increase of 11 per cent and a relative increase of 35 per cent between the two groups. It appears that the amount of overtime a worker completes does therefore increase the risk they will take a day off due to sickness. However, this result cannot be said to prove a causal link between the overtime and the sickness.

Workers with dependent children were slightly less likely to take a sick day (35 per cent) compared to workers without children (40 per cent). This may be attributable to the fact that women with dependent children were less likely to work excessive overtime. Only 44 per cent of women with dependent children worked more than 10 hours overtime compared to 60 per cent of women without dependent children.

The incident of unplanned sick leave was highest among the 18-24 and 35-44 age groups at 40 per cent and 47 per cent respectively. There is a low sample size for the youngest (n=5) and oldest (n=4) age groups. It is, therefore, not possible to make any authoritative statement about rates of absenteeism due to sickness based on age.

3.1.4 *Domestic responsibilities*

For working women globally, being able to balance work with family and domestic responsibilities present a significant challenge.¹⁶ In Myanmar, social norms continue to make it difficult for women to manage work alongside motherhood, which they are expected to prioritise over paid work and careers. The pressure to leave work when pregnant and to not return to work after giving birth remains a key barrier to women's continued and effective participation in employment and economic growth in the country.¹⁷ There are some signs the situation is changing, with women having increased access to birth control, marrying at a later age and delaying having children.¹⁸ In the garment sector, however, there is significant continuing pressure from colleagues for women to leave their job after becoming pregnant and little assistance from employers to encourage women to return to work after giving birth.¹⁹ The extent to which household chores and childcare affect a worker's attendance record at work

¹⁶ ILO, 2017b.

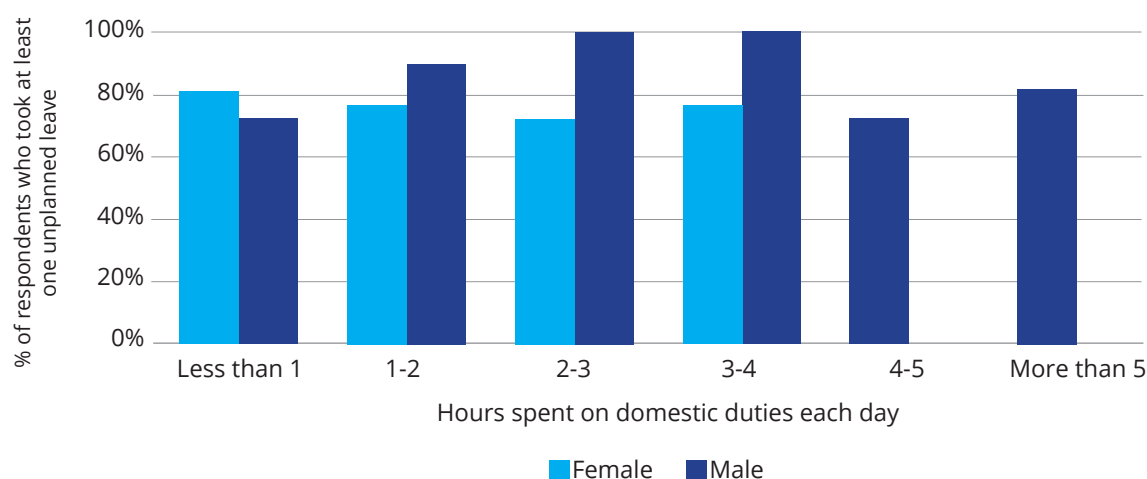
¹⁷ GEN, 2015.

¹⁸ See DOP, 2014; and, MOHS, 2017.

¹⁹ Laplonge, 2019.

differs depending on where the worker lives, with whom they live and whether they have children. Figure 2 shows the percentage of survey respondents who took at least one day of unplanned leave from work based on the number of hours they spend completing domestic duties each day. The data is also disaggregated by sex.

Figure 2. Incidence of unplanned leave disaggregated by sex and domestic duties



These results reveal no significant difference in the incidences of unplanned leave for women who spend more hours per day on domestic duties. For female workers, therefore, there appears to be no correlation between number of hours spent on domestic duties each day and taking unplanned leave. There is a slight increase in unplanned leave for men who perform more domestic duties. However, there is a fairly small number of men in the dataset and so conclusive inferences cannot be drawn.

Some workers said they lived with other family members—mothers and sisters—who helped them complete domestic duties and look after their children. In these cases, the workers did not identify any problems related to attendance because of their domestic duties. The most common complaints about having to manage homelife and work were about how much time it took to cook before and after work and not having access to buy food in the markets if they arrived home late after completing overtime.

Workers who live in employer-provided accommodation, such as hostels, were least likely to say their attendance at work was affected by the amount of time they had to spend on household chores. In general, they were not happy about the quality of the accommodation or the fact that meals were not provided, but getting to and from work was easier. The proximity of the hostels to factories means workers may be less able to take a day off sick unless they are actually sick. Some workers living in hostels said their supervisors would come in to check on them if they called in sick.

While 5.4 per cent of the survey respondents said they took time off to look after a child, FGD participants in all 16 factories did not identify this as a common reason why workers in their factory might take unplanned leave. It is possible many of these participants were not aware of the impacts of childcare on their work colleagues, who may not wish to disclose caring for children as a reason for being absent from work. Most managers and workers in the garment sector in Myanmar hold the view that women with children should not work.²⁰ While this view may align with dominant attitudes about

the expected role of women in Myanmar society, there are nevertheless many mothers who work in the sector. In this latest study, 52 per cent of the female survey participants said they have children under the age of five living in their home. For a female worker, admitting to having taken a day off to care for a sick child might show evidence of adequately meeting social expectations to be a “good mother”. However, it might also vindicate those—including employers—who believe that women who are mothers do not make suitable workers, because their childcare responsibilities always pose a risk to production. If women with children know or feel that others—managers and colleagues—are likely to see them as having a bad work ethic for taking time off to look after their children, they are less likely to disclose childcare responsibilities as a reason for absenteeism.

This does not prevent HR managers, supervisors and representatives of WCCs from recognising that childcare responsibilities affect a worker’s ability to make it to work. They all identified having to care for children as a reason why workers take unplanned time off. A few added that the level of required care increases during school time because mothers have to accompany their kids to school. One noted that female workers are also expected to take responsibility for other members of the household when they are sick; and that, in some cases, the sickness of somebody other than the child may actually increase the need for the worker to remain at home and not come to work.

When the child gets sick, there may be someone in the house who will look after the child. When the husband gets sick, the wife cannot come to work because there is no one to look after him. When the parents who look after her children get sick, she cannot come to work as there is no one to look after both parents and children.

The childcare responsibilities of women who work in Myanmar’s garment sector and the level of support they currently receive from their employers are issues that need to be explored in more detail. It is likely childcare responsibilities are having a much greater impact on business productivity in the sector due to absenteeism of working mothers and the turnover of women who become pregnant. One supervisor cited an example of one of her female workers who had to take extended leave because her child, who was living in her native village with a relative, had some health problems. It is not clear if this worker returned to work in the factory at a later date.

When a female worker fulfills expectations that she—more so than men in her household—will take responsibility for children and sick members of the household, this does not mean she does not want to work. Dominant gender roles dictate that she must prioritise these responsibilities above her work and career. She faces the risk of being seen as an unfit mother or a bad woman if she does not. The social pressure on working women to continue to adhere to expected gender norms and roles is intense. One HR manager said she knew of some female workers who were told by their village chief they would be fined up to MMK 20,000 if they did not return to participate in a village ceremony.

²⁰ Laplonge, 2019.

3.1.5 Relationships with supervisors

HR managers are aware of the need to ensure positive working relationships between supervisors and workers. They recognise how these relationships are good for workers and for their business.

The relationship with the supervisor is very important especially for mental health. [...] The supervisor needs to care for the workers' needs. To increase targets, the supervisor and the workers need to work together.

In this study, HR managers defined a good supervisor as somebody who knows how to communicate well, who is able to control the workers, who is fair and who is knowledgeable about the workers' problems and needs. They understand the negative impacts a bad relationship between supervisors and workers can have. For one HR manager, the impacts on absenteeism are very real.

The next day workers do not come to work because of not having good communication with their supervisor.

Overwhelmingly, workers want to have a good relationship with their supervisors in the factories. They defined their ideal supervisor as somebody who is fair, who does not discriminate, who understands and speaks out about their problems and who does not scold them. While being shouted at by a supervisor is only rated in two FGD groups in the top two reasons for not turning up to work the next day, FGD participants across the groups spoke extensively about this issue. They said that being scolded or shouted at upsets them. They said they are inclined to take time off if their supervisor shouts at them. Sometimes, workers even use absenteeism as a means of regaining the power they feel they have lost when they have been humiliated by their supervisor in front of their colleagues.

Sometimes, supervisors shout and scold. The next day, workers will take leave so that the supervisors know their value. The supervisors learn to know their value again.

There is clear understanding among both workers and HR managers that production pressures create stress for supervisors and that this stress is often a reason why supervisors resort to shouting at the workers. They nevertheless also see that this response by supervisors to work errors or slower than anticipated outputs does not help. It does not result in workers working faster or achieving deadlines. For one worker, the link between being treated with respect by their supervisor and their capacity to work well is simple.

When we are okay with supervisor, we feel happy to work. When we are scolded by supervisor, we become unhappy and do not want to work. So, having a good relationship with the supervisor is important.

A positive outcome of this study is seeing the extent to which HR managers acknowledged the problem of verbal abuse in their factories. Among them, they cited examples of hearing workers on the ferry ride home telling their friends about how they were scolded by their supervisor that day. Some said they had received direct complaints from workers about the behaviors of supervisors. Some have witnessed supervisors shouting at workers. Some have had to try to encourage workers

not to leave because they have gone through this experience. In one instance, a HR manager spoke about calling workers who had already quit their jobs because they did not like their supervisor and trying to encourage them to return to work.

The extent to which actions are being taken in the factories to help improve the relationships between supervisors and workers is unknown. However, HR managers clearly recognise and articulate the need for effective communication and leadership training for supervisors. They know, as one HR manager said, that “Communication is the most important thing in the workplace. The relationship with the supervisor is important.”

3.1.6 Safety

Workers care about how safe they feel and are when travelling to and from work. For 21.7 per cent of the survey respondents, the safety of the location of the factory was a reason why they chose to work in their current factory.

FGD participants described different safety concerns linked to different modes of transportation. They said they are concerned about being hit by a car while walking and the number of cars on the road around the factories. They identified the most dangerous form of transportation as riding on a motorcycle. The risk of having an accident while doing so is, in their view, extremely high. Walking to and from work, especially after dark and alone, is seen as especially dangerous for women. In this case, female workers said they worry about gender-based violence, especially sexual violence. One participant said that walking from the ferry to and from the factory gate was also unsafe for men, due to the high number of robberies in the area.

In order to improve safety, a few FGD participants suggested that employers should ensure the ferry drivers are more careful and increase the number of ferries. In general, however, participants said that travelling to and from work by ferry was safe. The fact that workers—women in particular—can take this mode of transport with friends makes them feel safe. However, they again expressed concerns about sexual violence when they have to take the ferry by themselves if they have stayed late in the factory to complete overtime.²¹

Despite these concerns, workers do not appear to be taking a significant amount of unplanned leave because they are too scared to travel to work. Only one FGD group identified safety when travelling to work as one of the top two most common reasons why workers in their factory might take unplanned leave. Only one of the 240 survey respondents said they had taken time off work during the previous 12 months because they did not feel safe travelling to work. For those who live in employer-provided hostels close to the factories, personal safety when travelling to and from work was not raised as an issue. Concerns about personal safety are a consideration for workers when they are looking for work. But by the time they are employed, they have already made an assessment that their commute to and from work will be safe.

²¹ It is not clear in all cases if the ferry is operated privately by the employer or if the workers are referring to public ferries.

4. Impacts of Turnover on Productivity in the Garment Sector

4.1 Findings

For 58.2 per cent of the survey respondents, their current garment factory is the first one in which they have worked. Of those who had worked in a different factory before, 37.1 per cent had joined their factory within the last year. While only 17.2 per cent said they were now looking for another job, 19.3 per cent said they did not wish to answer this question. Of all the questions in the survey, this question had the highest number of no responses. Despite assuring survey respondents that all survey answers were confidential and anonymous, it is possible many workers were concerned this information might be passed on to their employer and affect their employment status.

The results of this study show that turnover is a significant issue for the factories. During the past 12 months, the average turnover rate was 54.17 per cent across the surveyed factories.²² Of the 11,187 workers across the factories, 6,060 workers are leaving the factories each year. To explain this another way, for every two persons employed in the factories, one person is leaving each year; or, employers are losing half their skilled workforce every year. This finding is consistent with previous research from 2014, which identified the rate at which workers make a decision to leave a garment factory to be 49 per cent.²³

The impact of this turnover rate is that employers have to provide training for half of their workforce every year. The financial impact for the 14 surveyed factories is estimated to be US\$759,983 every year to recruit and train 6,060 replacement workers. Assuming the average turnover rate in the study is indicative for the sector, this amounts to a cost of US\$33,967,276 for the garment sector in Myanmar as a whole. These results clearly emphasise the importance to businesses in the sector of finding out why workers are leaving and exploring what employers can do to hold on to skilled labour for longer.

4.1.1 Reasons for turnover

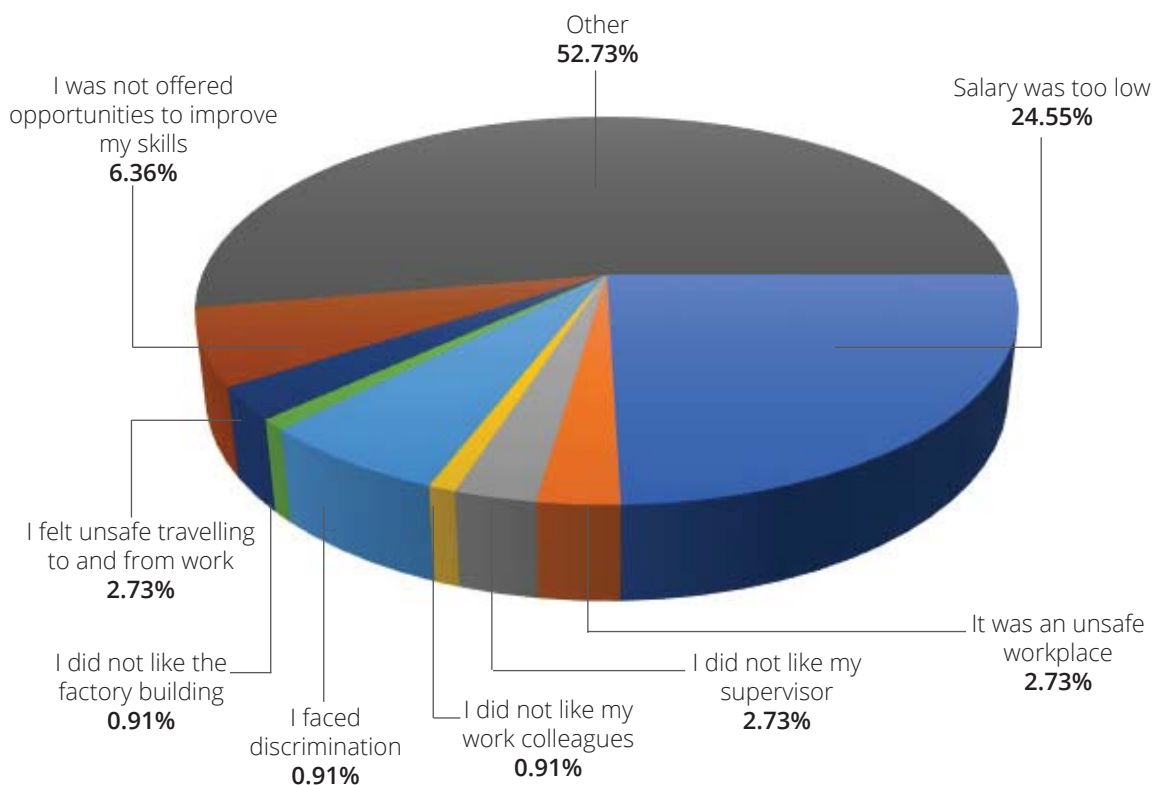
It is not a natural feature of the garment sector in Myanmar that workers leave one factory to go to another. The turnover rate—averaged at 54.17 per cent per year across the 14 factories who completed the factory survey—is not something that just happens. Workers decide to leave a factory for specific reasons. They may have multiple reasons for doing so. And they may have more control over some reasons than others. Yet, workers clearly want to stay in work and they clearly want to stay working in the garment sector. Three quarters of the survey respondents said they intended to remain in the sector for more than two years. Of these, 37 per cent said they intended to stay for more than five years. In the total survey population, there is also already some longevity of employment in the sector, with almost one quarter (24.3 per cent) having worked in garment factories for more than five years.

²² The average turnover rate was calculated excluding data from two factories: one factory that provided no turnover data and another factory that provided what was clearly an erroneously high turnover rate.

²³ Bernhardt et al., 2017, p.10.

For 41.8 per cent of the survey respondents, this was not the first time they had been employed in a garment factory. They had left their previous factory for a number of reasons, as shown in Figure 3.

Figure 3. Breakdown of reasons for leaving previous factory



The high percentage of “other” in this data leaves somewhat of a gap in the results relating to reasons for turnover. Survey respondents were not asked to explain what these other reasons were.

Given the level of importance workers pay to family matters, it is possible many quit their previous factory job to deal with a domestic issue. In hindsight, the choice of reasons for why a worker had left a previous factory should have included childcare and family reasons. As suggested in the previous chapter, there is a compelling argument to support further and more focused research into how domestic and care responsibilities, especially for female workers, affects how committed they are able to be to their job.

The remaining results show, however, that turnover in the sector is, for at least almost 50 per cent of workers, caused by something about their workplace or working conditions they found to be unacceptable. These results show that workers make conscious decisions to leave a factory to take up employment in another factory.

Table 1 offers an extensive and fuller list of the reasons why workers leave factories. These reasons were provided by FGD participants across the 16 participating factories.

Table 1. Reasons why workers leave factories

Reason given for leaving factories	
No overtime	No bonus
Attendance bonus is also low	No ceremonies
Being unhappy and bored	No hostel
Going back to native villages	Workers have to pay 5,000 kyat per month for ferry fees
Unfair promotions based on personal relationships and beauty	I don't like the supervisor
Being scolded	When supervisors shout and behave rudely
Salary discrimination	New and old workers get the same the salary
No goals, no plans	The Rakhine crisis forces workers to get back home
Policy changes	Some make their own business and become a tailor in their home
No training is provided	Family members do not feel safe for us
This factory does not provide the ferry	Will not let me attend intensive education courses
It is unsafe to travel alone from work after overtime	Afraid of car accidents when travelling to and from work
Lower pay during probation period	Because of how the female workers look at each other
Not having a good communication with supervisor	Sexual harassment
No friends when traveling to work and from work	When the target is not meet, workers feel stressed and the working environment becomes unhealthy
The environment near the factory is not safe because of robberies	The supervisors do not know how to manage the workers effectively and efficiently
Other factories provide more salary for the same position	The hostel is not a good
Preference for specific work (for example, ironing and pressing, not sewing; mechanical work, not office work)	Some think the job is too difficult
Supervisors ask workers to do tasks they cannot do	Bad communication with colleagues
Bias and discrimination	

This information can be collated into three main reasons why workers quit their jobs in garment factories in Myanmar.

1. They do not feel safe at work and do not like the workplace culture.
2. They are unhappy with their salary.
3. They want fairer and different work opportunities.

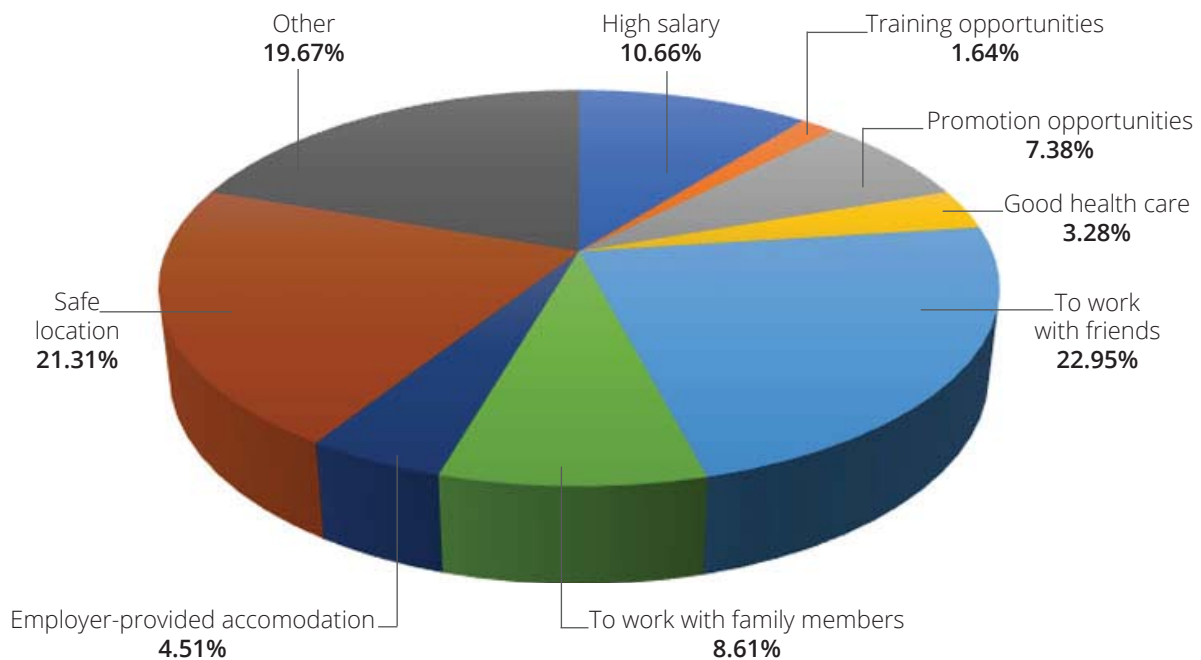
Each of these reasons will be explored in more detail in this chapter.

4.1.2 Reasons for choosing a factory

But firstly, what do garment sector workers look for when they are trying to decide where they want to work? In the current labour market in Myanmar, garment workers have a significant level of autonomy in deciding the factory in which they wish to work. What motivates their decision?

Figure 4 shows the breakdown of reasons given by survey respondents to explain why they had chosen to work in their current factory.

Figure 4. Reasons for choosing a factory



The most important factors that workers take into consideration when looking at where to work are their ability to work with friends and their safety. Among the survey respondents, 63.9 per cent found out about their current job through a friend. Out of the total number of reasons given for why survey respondents chose to work in their current factory, 21.3 per cent referenced safety. Specifically, these respondents are drawn to the safe location of the factory. These results clearly show that employers need to pay closer attention to different aspects of the workplace conditions and culture in their factories, more so than how much they pay their workers.

4.1.3 *The importance of a respectful and fair workplace*

In five of the 16 factories, workers ranked a bad relationship with a supervisor as the number one reason why garment sector workers would choose to leave a factory to find employment elsewhere. In one other factory, this was ranked as the number two reason; and in another factory, this was selected as a reason for leaving but was not ranked in the top two. Of the total FGD participants, 88.4 per cent said they would consider leaving a factory to work in another factory if their supervisor treated them badly—shouted at them, for example. A bad relationship with work colleagues and experiencing harassment or discrimination were also ranked in the top two reasons for leaving in one and three of the factories respectively.

In all factories, the HR manager said there was a policy on discrimination in place. In every factory except one, the HR manager also said there was a policy on sexual harassment in place. Either these claims are incorrect or there are some significant gaps in communication about the existence of these policies among the workforce. The percentages of survey respondents who said no such policies were in place were 68.5 per cent for discrimination and 75.9 per cent for sexual harassment.²⁴ A further 7.2 per cent and 4.2 per cent respectively said they did not know. All the supervisors and representatives of the WCCs and BLOs who participated in KIs said there was no anti-discrimination policy in their workplace. They also all said there was no sexual harassment policy in their workplace. Only one said there was some training on sexual harassment. Another two said there had been some examples of disciplinary actions taken in response to specific incidents. But for one representative of a WCC, sexual harassment was not an issue that needed to be taken seriously.

Most workers know not to touch each other. They say they will complain when another person touches them—"I will talk to management about this behavior"—something like this. But they do not complain. They just tease each other.

This representative—and perhaps others—are blind to the real impacts of the harassment on workers and the business. Workers, on the other hand, recognize the frequency of such behaviors and the potential impacts on a business of allowing these behaviors to continue unchecked.

Not only male workers but also female workers do sexual harassment. It is happening. But we are used to this kind of situation. We think some people will feel upset by this kind of harassment and leave the factory. But they will not tell the real reason why they are leaving the factory. They will give a reason like lower salary.

²⁴ There may be some differences in understanding between HR managers and workers on what "discrimination" means. From the HR perspective, discrimination relates to decisions or opportunities that are made and offered with bias. For example, when a worker is refused employment on the basis of their gender or ethnicity, this would constitute discrimination. It is likely HR managers are referring to policies that cover such forms of discrimination. In this study, many workers expressed a concern they were not being treated fairly because their manager or supervisor did not like them as much as another worker. Some workers may have interpreted "discrimination" to mean this kind of treatment. In this case, the HR managers and the workers may have been talking about different kinds of policies.

The responses they take—like leaving without disclosing the reason—are not constructive responses to dealing with harassment in the workplace. It would be better if workers could be open about these experiences, so they could receive the support they need and so the employer could take appropriate actions to ensure a safer workplace and to prevent their skilled workers leaving.

The impact of harassment—and gender-based violence more broadly—on absenteeism at work is gaining visibility at the international level. A new ILO convention calls for governments and employers to take greater responsibility for protecting workers from harassment and violence in the world of work.²⁵ These communications gaps and attitudes suggest, however, that little is being done right now to address what is already known to be a significant problem in the garment sector globally,²⁶ as well as specifically in Myanmar.²⁷ If employers in Myanmar's garment sector want to show they are willing to accept their responsibility to provide their workers with a safe and happy workplace, if they want to address what this study has iterated as a common reason for the high rates of turnover in garment factories, they cannot continue to deny or ignore that harassment and abuse are happening in their workplaces. The willingness of senior managers to accept this does not indicate they have a bad factory. To the contrary, it shows commitment to ensuring their factory is a good place in which to work. It shows commitment to want to prevent the possibility that 88.4 per cent of their workforce might leave if they are subjected to harassment or abuse while at work.

4.1.4 Salary incentives

The minimum daily wage for a worker in Myanmar's garment sector is 4,800 kyat. An individual in Myanmar is considered to be poor if they live in a household with consumption per adult equivalent to 1,590 kyat or less per day. This is the country average. In Yangon and Mandalay, the average adult consumptions are 3,374 kyat and 2,994 kyat respectively.²⁸ A majority of workers in the garment sector remit a significant percentage of their salary to their families who live in rural areas.²⁹ It is likely, therefore, that for many workers a daily income of 4,800 kyat would be insufficient to meet their living expenses. Poor nutrition is known to be an issue especially for female workers.³⁰ Overtime hours may help boost incomes. This may explain why 84.4 per cent of the survey respondents said they do some hours of overtime each week and why for more than half (51.7 per cent) the total number of overtime hours each week exceeds ten.

Despite this, and perhaps despite wider assumptions about what motivates young women in particular to seek work in the garment sector in Myanmar, salary is not considered by workers to be a major factor to take into consideration when selecting a factory in which to work. More than three quarters (76.6 per cent) of the survey respondents said they were either satisfied or very satisfied with their current salary. Only 10.7% said they chose to work in their current factory because of the "high salary". And while money might play some role in determining if workers move to another factory or not, for more than half the survey respondents (54.2%), there would need to be an increase in their current salary of more than 20 per cent before they would consider leaving their current factory and accepting employment in another factory. Of those who had worked in a factory before their current one, less than one quarter (24.6 per cent) had moved to another factory because of a higher salary. This constitutes only 11.3% of the total survey population.

²⁵ See https://www.ilo.org/ilc/ILCSessions/108/media-centre/news/WCMS_711321/lang-en/index.htm.

²⁶ See, for example, CARE 2017; CARE, 2018; and Fair Wear Foundation, 2018.

²⁷ See Fair Wear Foundation, 2016; Laplonge, 2019; OXFAM, 2015; Progressive Voice, 2016.

²⁸ World Bank Group, 2019, pp.6-7.

²⁹ Laplonge, 2019, p.23.

³⁰ Hlaing et al., 2018.

4.1.5 Equal and accessible opportunities

If there is any doubt that career development more so than salary motivates workers to stay longer with an employer, this story of one worker should help shift this doubt.

For my personal situation, skill development can make a worker to stay in a factory. For me, I have been sent to China for skill improvement. Although my supervisor says to me, if another factory offers you more salary, just leave this factory. But here I get skills development. They teach me about patterns. So, I stay here although I am not satisfied with my salary.

And yet, many of the HR managers do not believe that a lack of opportunities for training or promotion causes workers to leave. In fact, they bemoan the lack of interest on the part of their workers in taking on additional responsibilities or learning new skills, even if these would increase the workers' chances of earning more money. As one HR manager insisted, "Some do not want promotion. They say promotion makes them too busy." Similar views were shared by four of the 16 HR managers, who said that workers do not want to take on the responsibilities of having to deal with other workers' problems including attendance. One HR manager specifically said they did not believe offers of promotion would encourage workers to stay; and a similar sentiment was shared by some of the representatives of the WCCs in the factories.

Although we offer promotion, sometimes I go and talk to a worker that she should be a leader and work as a leader, but they never accept it. They do not want to be leaders. Some cry and laugh when we encourage them to work as a leader. They say that when they are operators, they only have to sew one thing, but when they become a leader, they have to manage the whole line.

One HR manager linked an unwillingness to accept promotion to a lack of education on the part of workers.

The workers are non-educated, so they do not want promotion. They want to take neither accountability nor responsibility. They don't want to talk and discuss with the employer about the rest of the workers. Employers would like to provide them promotion. But because of the education levels, workers cannot write reports.

Others viewed this as the same reason why some workers cannot cope with the everyday simpler work tasks and therefore quit, alongside what a few supervisors identified as "laziness".

In some cases, it appears workers are leaving because they want overtime but it is not offered in their factory. In other cases, workers are unhappy about being forced to do overtime and this is why they quit. This frustrates HR managers, who insisted they always explain what is required to workers before they are employed, including information about whether overtime is available or required. HR managers may nevertheless unwittingly be responsible for some of the confusion—and resulting resignations—because of a misunderstanding of the law on overtime.

When we conduct the recruitment process, firstly we make the workers know about overtime according to the government regulations. Here, our factory has a compliance department. We already inform workers that if they do not want to do overtime, they should not join our factory. Because we only make them do overtime for two hours per a day.

This HR manager seems to suggest that workers are legally required to do overtime. This is not the case. The law stipulates that workers cannot be asked to do more than 16 hours of overtime per week. It also stipulates that all overtime must be voluntary. Almost one in five (19.7 per cent) of the survey respondents, however, said they could not refuse overtime. Furthermore, in one FGD, a participant said the policy on overtime was also not consistent with what they had been told at the time of accepting employment.

The employer sets the policy right now and then later, he changes it. Although we do the work according to what the employer says, then he behaves like he hasn't said it like this.

A lack of availability of promotion and training opportunities accounts for only 9 per cent of the reasons given by survey respondents for why they had left a previous factory. In the FGDs, participants made comments about wanting more opportunities (see Table 1), but only one FGD group identified this as the most common reason why workers leave their factory. While these results do not provide strong evidence of a correlation between availability of opportunities and a willingness to stay longer with an employer, there is certainly stronger evidence that fairness in offering promotions and assigning work tasks are major contributing factors.

In several FGDs, participants said they were unhappy that newer, younger workers were getting paid the same or more than older, more experienced workers. When discussing the availability of new opportunities in their factories, several FGD participants expressed their annoyance at what they perceived to be discriminatory practices in choosing which workers were able to change their job or become a leader. In one case, a participant suggested these decisions were always made based on whether the male manager thought a female worker was beautiful or not. One FGD participant claimed she had only ever been asked to attend two training sessions during her ten years of employment. And one representative of a WCC suggested that workers regularly turn down offers of a promotion because the salary they are offered is actually the same, but their work tasks increase. The study did not seek to validate any claims about discrimination or bias linked to job opportunities. Perceptions of discrimination and bias are, however, evidently affecting the level of commitment that workers have to a particular employer and therefore the extent to which workers are likely to look for employment elsewhere.

5. Employer Responses and Opportunities

5.1 Findings

Employers appear somewhat resigned to accepting the impacts of absenteeism and turnover on their businesses. They recognise the existence of the problems and the impacts they have on production. Most have informal methods in place to ensure they can quickly respond to a situation when a worker fails to turn up for work, to minimise the impact. The employers nevertheless lack full awareness of the true costs of absenteeism and turnover.

We have only 50 or 100 out of 2600 workers leave monthly. So, this is only a small percentage for us.

This statement by one HR manager shows how what is, in fact, a significant problem is viewed as having minimal impact. If we assume this number of workers to be accurate for this factory and if we continue to assume it takes an average of 15.8 training days for each new worker to become fully productive,³¹ the total cost to this particular business due to turnover each year would be in the vicinity of US\$160,000.³² This calculation would not factor in the actual costs of the recruitment process. It is somewhat contentious for a HR manager to claim that an annual loss of this amount of money to their business is small. Perhaps if they were more aware of how much turnover is costing their business, they might not be so inclined to make such a claim.

This study aimed to provide more visibility about the real reasons for and the real impacts of absenteeism and turnover on businesses in the garment sector in Myanmar. The purpose is to encourage employers to pay closer attention both to the reasons why workers do not turn up for work or leave employment and to effective actions they can take to reduce the rates at which absenteeism and turnover happen in their factories. While all businesses have to deal with these issues to a certain extent, the high rates of absenteeism and turnover in garment factories in Myanmar pose significant risks to business success and to the competitiveness and growth of the sector. Employers can and should do more to help mitigate these risks.

A better understanding of why turnover happens and what employers can do to reduce the number of workers who leave their factory to work in another nearby factory will hopefully motivate other HR managers in garment factories to share a similar attitude to one HR manager, who insisted, “We really care about turnover. We do not want to spend recruiting cost. We just want to make them stay as long as they can.”

5.1.1 Existing efforts to reduce absenteeism and turnover

As discussed earlier in this report, employers already offer some incentives to help reduce absenteeism and turnover, most noticeably the cash bonuses and special treats such as snacks during overtime. Table 2 shows a full list of incentives identified as currently in place across the 16 factories, as described by either workers, HR managers or representatives of the WCCs or BLOs.

³¹ See Appendix B, section 10.2 for turnover methodology.

³² This estimate is not included in the business cost calculations in Appendix B, where all calculations are based on the results of the factory survey. Here, the estimate is calculated based on the qualitative information the HR manager provides in their comment.

Table 2. Incentives to reduce absenteeism and turnover

Incentive description	
Annual bonus	Ferry to and from work
Grade bonus	Training for sewing from using normal sewing machines to advanced machines
Skills bonus (patterning, computer literacy)	Improving workplace communication
Difficulty bonus	Cooling on the roof during the hot seasons
Attendance bonus	Birthday cakes
Bonus at festival times (Thingyan and Thadingyut)	Dances during festivals
Allowance for snacks during overtime	Rewards for meeting production targets (for example, shampoo shower gel)
Lunch	Building authority and trust

These efforts are not always successful in helping to reduce absenteeism and turnover, and this frustrates HR managers.

No, they are not effective. Recently we introduced initiatives, but the mentality of people does not change and they are not effective. We offered an attendance bonus but they were still absent. Better productivity incentives are offered but they do not become motivated. They just follow their family and move to another factory.

HR managers may be limited in what they can do. Despite the fact they are responsible for dealing with absenteeism and turnover in their factories, some say they have little power to implement initiatives that might help them deal with these issues effectively. One manager cited her company's policy as a barrier to letting her provide more training for the workers' career development.

5.1.2 Employer responses to sickness

According to HR managers and representatives of the WCCs, the most common formal method for dealing with workers who are consistently absent without giving prior warning is to issue three warnings. After the third warning, the worker is sacked if they fail to turn up for work again. Some said workers are required to fill in a form to explain why they were absent on their return. One HR manager admitted that despite having such a form in their business, it was rarely used. In general, absenteeism appears to be managed more by supervisors, who ask workers why they were absent from work and then make a judgement about whether the reason given is valid or not.

There are some indications that, in some factories, supervisors may be abusing this level of power by scolding workers when they do not believe the reason given for the absenteeism is true. In such cases, they may also cut the worker's bonus payments. Workers cited several examples of times when they had called in sick, but their salaries had been cut because their supervisors had denied them sick leave and logged their absence as unpaid leave.

As described earlier in this report, the rates of pay for most workers in the garment sector in Myanmar are not sufficient to ensure they are able to live above the poverty line. For the workers, every kyat they earn matters. Deciding who is telling the truth, which reasons are valid, which bonuses to cut and by how much—these appear to be decisions made by the supervisor without reference to any formal procedure or rules. This gives supervisors a significant level of power over workers, who need to avoid being disliked by their supervisor if they want to ensure they are not financially punished when they do need to take time off. In this highly vulnerable position, workers may be less inclined to challenge or speak out about supervisors who shout at or scold them or their colleagues.

As discussed earlier in this report, workers are known to take unplanned leave to punish supervisors who have scolded them or to teach the supervisors a lesson about how to appreciate them. The refusal to believe a worker who says they have been absent from work due to sickness and refusing to pay this worker for the days they have taken off are counter-tactics that supervisors are using to reassert their authority and to ensure workers “know their place”.

Workers would like to give lessons to supervisors and so they take time off without caring whether the supervisors provide leave or not. Sometimes supervisors do not pay the leave and then the worker has their salary cut by 80,000 kyat including bonuses. We can now only take one day off in a month. The supervisor should provide leave legally.

In one cited case, A worker was punished for being absent after she had been denied her request for leave.

I heard that another worker in sewing asked for leave, but management or her supervisor did not allow her the time off. She took the time off by herself and then she was cut 20,000 kyat from her salary. Actually, last year she had never ever taken even one day leave, and this year she asked for only one day leave but she was not given it.

In the absence of any formal and consistent procedures for determining eligibility for sick leave in the factories, the approval of sick leave—and therefore sick pay—is being used as a tool in the power relationship between workers and supervisors.

It is understandable that workers might not expect to receive an attendance bonus if they do not turn up for work, even if they have a valid reason for being absent. However, additional financial consequences for absenteeism are more evidently unfair and detrimental to ensuring a worker feels respected and cared for by their employer. This is also illegal practice. Under Myanmar law—as outlined in the Leave and Holidays Act (1951)—workers are entitled to ten days holiday leave, 30 days medical leave and six days of casual leave per year, all paid. These entitlements come with certain conditions, including length of employment and when different types of permissible leave days can be combined and used. However, they are legal entitlements for workers who meet those conditions. The denial of payment for sick leave is therefore illegal under Myanmar law.

For workers in some of the factories, they are aware of and upset by the fact that they are being denied their right to access sick leave entitlements.

Everyone gets sick. So, the supervisor needs to provide the leave. But workers make a call to supervisor and when he does not pay, it becomes unpaid leave. It is not fair.

Particularly worrying is that some HR managers too openly admit to issuing financial penalties against workers who take unplanned leave even when this leave would—or, in the case of casual leave, could—fall under a worker’s legal entitlements. In one factory, the HR manager said they always cut a worker’s salary by 100 or 220 kyat for unplanned leave. In another, the HR manager was adamant that workers could not count days off to look after sick relatives as casual leave—it was always unpaid leave. In addition to any financial penalties that may be imposed, HR managers also scold workers for taking unplanned leave. One HR manager justified this by claiming that “Someone who is really sick can know the day before they take time off.” Another said they had told a worker who had tuberculosis that they could not expect any “special treatment” regarding leave because the worker’s requests for leave were affecting other workers in the factory.

It is possible HR managers are being placed under pressure to reduce absenteeism due to sickness to help reduce the cost to their business. Based on business data relating to costs of sick pay provided by these managers, workers’ sick leave is costing a factory an average of US\$2,246 each year.³³ As discussed earlier in this report, it is suspected there is extensive under-reporting happening here. This under-reporting might actually be an attempt by HR managers to show how successful they have been in achieving a reduction in the number of sick days. But HR managers may also be implementing the punitive financial rules on sick leave as part of their efforts to cut costs.

Employers in the garment sector may also be getting around the legal requirement to pay workers for sick days by insisting that workers have to produce a medical certificate every time they take time off and say they did so because they were sick. This places a burden on workers to acquire such a certificate by either paying to see a doctor or waiting in long lines to obtain free one from the SSB. Workers may not be able to afford the visit to the doctor. Even if they are insured under the SSB scheme, they may recognise that their recovery time will be faster if they rest instead of making the effort to obtain a certificate.

If employers and HR managers are genuinely concerned about the rates of absenteeism due to sickness in their factories, there are more constructive ways of addressing this problem. HR managers could consider providing training on nutrition and personal hygiene, as well as ensuring facilities in the workplace are cleaned to a higher standard. In only one factory was there evidence of some effort to help workers stay healthy, although this was having limited success.

We make ginger soup and encourage them to drink. But most sick workers do not drink it.

³³ As with all estimated costs to business in this report, there is some potential for error here due to inconsistency in data provided by businesses for the study and because no efforts were made to verify this data by looking at business records. Only 10 factories provided the annual cost of sick leave pay for workers. The extent of the differences in worker numbers in the factories, ranging from 33 to 2,502, also means this average cost to business does not reflect the true financial impact on most businesses. The financial impact on factories with larger numbers of workers is most likely significantly higher.

Employers could also consider relaxing the rules on when a medical certificate is required or providing better medical support inside factories so workers can obtain medical certificates more easily. Certainly, the current approaches are not working to encourage workers to come to work more regularly. They are, in actual fact, effectively punishing workers for doing exactly what they should do—from both legal and health perspectives—when they are actually sick, which is to take time off.

5.1.3 *Creating workplaces that work for workers*

While the factories function primarily to produce garments, they are also locations where workers spend a considerable amount of time each day. Almost seven out of every ten of the survey respondents (68.6 per cent) said their normal working day comprises ten or more hours of work. In addition, 51.7 per cent said they work more than ten hours of overtime each week. In some cases (19.7 per cent), the respondents said this overtime was mandatory. When a person is working in the same location for 40 hours or more a week, it is to be expected they would want this location to be economically, socially, physically and mentally comfortable. The creation of a comfortable and supportive workplace is therefore an important part of addressing rates of absenteeism and turnover.

Payment systems

As discussed previously in this report, the majority of survey respondents said they are happy with their salary and, despite assumptions, more money is not the most important factor that workers take into consideration when they are thinking about whether to go to work or stay with an employer. How the workers get paid, however, does seem to matter. Workers are paid in cash in 13 of the 16 factories. While it is not clear if the option of electronic payment of salaries has been considered in all these 13 factories, there is clear evidence that many HR managers support the continuation of their existing cash payment systems because this is the system their workers have said they want and need.

Cash payment system makes workers happy because workers are happy to get money in their hands.

There are costs associated with opening and maintaining a bank account in Myanmar. For some workers, it may be difficult to open a bank account if they do not have the required identification.

Some HR managers have therefore pushed back against management decisions to transition to an electronic payment system. They are aware of the specific economic and social positions of workers, many of whom need immediate access to their salaries in order to meet loan repayments. One HR manager said some workers had left their factory after an electronic payment system for salaries had been introduced. Having this understanding and being able to explain it to senior managers, who might otherwise think they are making sound decisions to improve their business systems, reveal how well HR managers are attuned to the needs of the workers and the efforts they will make to ensure workers remain happy. In one factory, this has resulted in the situation where managers are paid electronically but workers continue to receive cash—exactly what they want.

In a few cases, the decision to remain with a cash payment system has been made based on availability of resources to implement and sustain an electronic system. Either the number of workers in a factory is considered too small to justify the transition or the employer is unable to ensure workers have

access to functioning ATM machines. Any delay in being able to access salaries as soon as they are paid is recognised to be a disincentive for workers to seek employment at a factory.

Workers want the salary on pay day. The ATM internet line is not very good. So, I use the cash system. I think this can either make the worker stay or not.

In the three cases where salaries are paid electronically, the employers have made efforts to ensure workers know how to and can access their money.

Mobile ATM cars provide services. And there are machines inside the factory. Workers get their salary four days in advance because of the ATM system.

When a new worker first joins the factory, we provide the salary in cash. After six months, we provide the salary with an ATM card. Now, 800 workers are paid electronically and 600 with cash. We already provided the training to use the ATM. We connect workers with CB bank. We also pay the ATM card cost (MMK 1,000).

Some HR managers in factories, where the cash payment system continues, identified specifically that access to efficient ATM machines and knowledge about how to use these machines were barriers to implementing an electronic payment system in their factories. It is possible that more workers would be happy to receive their salary electronically if employers could support their ability to access cash from their bank accounts quickly and regularly. For now, however, having a cash salary system in a factory appears to be something that can encourage a worker to choose that factory as a place of employment.

Workplace Coordinating Committees (WCCs)

According to 83 per cent of the survey respondents, there is a WCC in their factory.³⁴ The main function of a WCC is to “promote the good relationship between the employer and workers and/ or their labour organization, negotiation and coordination on the conditions of employment, terms and conditions and occupational safety, health, welfare and productivity.”³⁵ They should also be the first point of call for a worker who has a grievance.

Information on what these committees actually do in the participating factories is somewhat vague. It appears there are some connections between the WCCs and HR, with representatives of the WCCs discussing workers’ problems, negotiating for individual workers to be able to take leave and putting forward arguments to deter HR from disciplinary action against absent workers. While there is a

³⁴ According to Myanmar law, employers with more than 30 workers are required to form a WCC. Two of the factories did not provide the requested data on employee numbers. It is therefore unknown if a WCC should be in place in these factories. In two factories, all the survey respondents said there was no WCC. For one of these factories, the total number of employees was only 33. This number possibly included managers, in which case a WCC may not be legally required. In the other factory, however, the total number of employees was 64. In this case, there should be a WCC in place but there is evidently not.

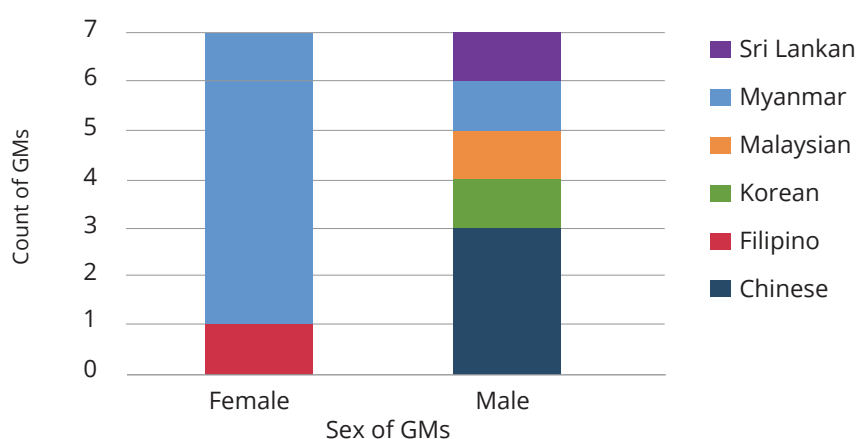
³⁵ ILO, 2017a, p.38.

concern in one factory that the WCC may be more supportive of the employer's position on certain matters, more generally it appears these committees do have a relationship of dialogue with HR and managers that functions to help raise and discuss issues that affect workers. The study dataset does not provide any details or examples of what these issues might be. Yet, workers appear to be happy about the efforts of their WCC to help create a safe and happy workplace. Only 1.4 per cent of survey participants were dissatisfied with the performance of their WCC, while 41.9 per cent viewed their WCC as effective and 18.5 per cent as very effective.

Diversity and inclusion

In seven of the 14 factories that provided factory data, the general manager is male. In the study sample, there is, therefore, an equal representation of men and women at the general manager level. Figure 5 shows the breakdown of the factory general managers based on sex and nationality.

Figure 5. Breakdown of GMs based on sex and nationality



The sex of the general manager is strongly linked to the nationality of this manager. If the general manager is not a Myanmar national, they are more likely to be male. In contrast, if the general manager is female, they are more likely to be a Myanmar national.

Proportionally, a comparison between the number of days of absenteeism in factories based on the sex of the general manager shows that workers take almost three times as many days of unplanned leave in factories with a female general manager (3.9 days compared to 1.4 days). This result does not prove a causal link between the sex of the general manager and rates of absenteeism. It is possible that in factories which have a female general manager, workers are more likely to be allowed to take unplanned leave. It may be that the reporting systems are better in these factories. Further research would be needed to explore and confirm these hypotheses.

Figure 6 shows a comparison between the number of survey respondents who said they had taken a day of unplanned leave during the previous 12 months, based on the sex of their general manager. This shows that workers with a female general manager took 16.2 per cent more unplanned leave days than workers with a male general manager. When this is considered based on the survey sample size of women and men, proportionally it means that workers are 23.8 per cent more likely to take unplanned leave when their general manager is female.

Figure 6. Percent of unplanned leaves by sex of general manager

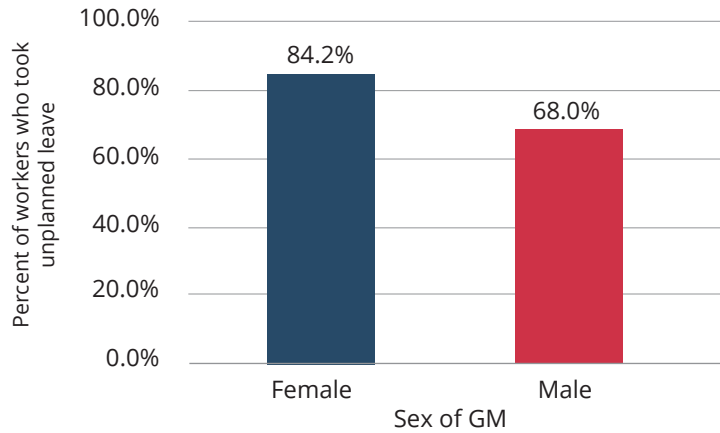
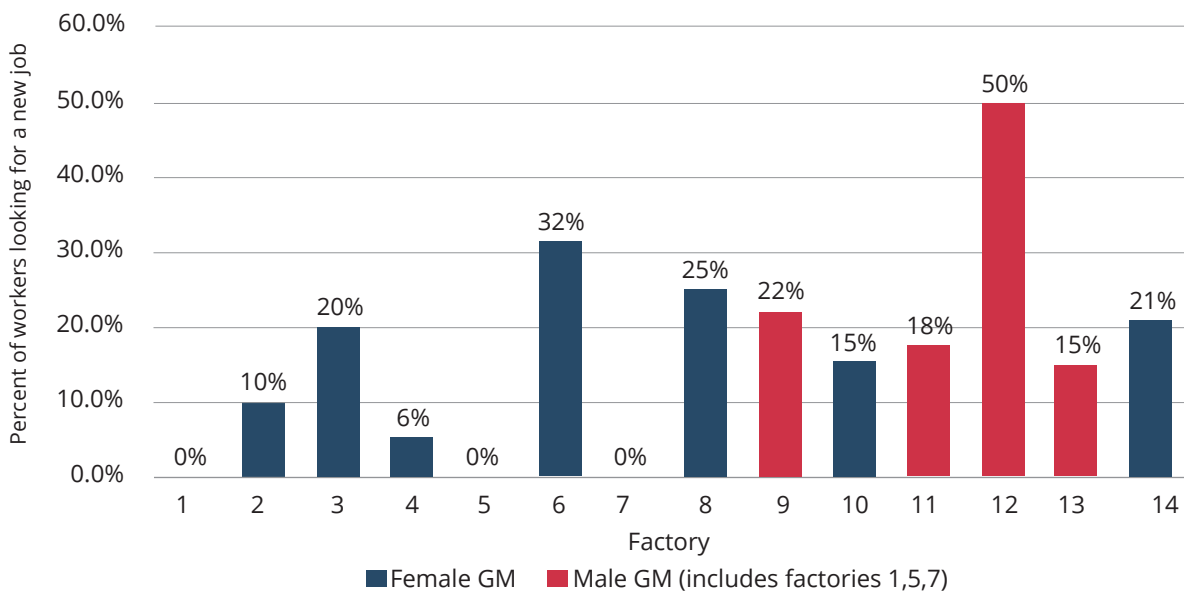


Figure 7 shows a comparison between the number of survey respondents who said they were currently looking for another job, based on the sex of the general manager in each factory.³⁶

Figure 7. Per cent of workers looking for another job by sex of general manager



³⁶ The factory numbers in this figure represent the 14 factories (in random order) that participated in both the worker survey and the factory survey. Two factories which did not participate in the factory survey are not shown. In three of the factories with a male general manager, no workers reported they were looking for another job.

Overall, the rates of turnover in factories based on the sex of the general manager have only a minor difference. Workers are 3.3 per cent more likely to leave a factory which has a female general manager. There is, however, much more significant variation from factory to factory. And the preliminary conclusion, therefore, is that the sex of the general manager does not affect the likelihood that workers want to leave a factory.

Overall, the study dataset does not provide enough information to make any conclusive statements about sex of a general manager and absenteeism or turnover. A much larger sample size of factories would be required to explore possible links. However, care should be taken in such research not to equate sex with gender, and to make assumptions about how the leaderships styles of men and women are fundamentally and distinctively different, by drawing on biological myths about gender and behaviours.

In all 16 factories, there are more female supervisors than males. Across all the factories, 84.3 per cent of the supervisors are female. This is slightly less than expected given the workforce gender demographics (87 per cent female to 13 per cent male). Again, due to the small sample size, the study is unable to make any authoritative statements about any possible links between the sex of supervisors and rates of absenteeism or turnover. As discussed previously in this report, HR managers are aware that some supervisors lack appropriate communication skills and are engaging in verbally abusive behavior towards workers. It is not clear, however, if they are referring to female or male supervisors, or both, when they make these statements.

Within the field of diversity of inclusion, what is evident is that factories need to do more to protect workers from harassment. Among the survey participants, 60.7 per cent said they would know how to raise a complaint if they had one. Of those who had raised a complaint (19.3 per cent), less than 1 per cent thought the complaint had been handled badly. For just over a fifth of the complainants, they felt their complaint had been handled very well. It is not known what these complaints were about, but these are positive results showing how well employers are managing internal complaints.

However, there is concern among some workers about unfair and discriminatory treatment in assignment of work.

Those who are okay with the supervisors do not have to do as much work as those who do not have a good relationship with supervisors. So, because of this discrimination, workers leave the factory.

Some workers say they do not receive the same level of training as other workers. They also claim there is inconsistency in salary rates and suggest that older workers with more skills may not be receiving as much as newer, less-skilled workers. The apparent lack of policies on harassment and discrimination—or at least awareness of the existence of these policies among workers—in factories suggests that the basics of seeking to promote a respectful and fair work place have not been implemented. Ensuring these policies are in place, as well as making sure the policies are well communicated and workers are trained to understand them, would be an easy first step in seeking to address risks of absenteeism and turnover caused by bad personal experiences for workers when at work. The introduction of policies, as a first step, could certainly be a start in helping reduce the percentage of workers (88.4 per cent of FGD participants) who said they would consider leaving a factory if they were shouted at by their supervisor.

With respect to employer-provided support to help workers meet the diverse needs of their families, there are significant gaps. Employers do not appear to be cognisant of the impacts that family and domestic life have on a worker's ability to turn up to work, to work productively and to stay in employment. For women in Myanmar, the responsibilities of domestic duties and caring for the wellbeing of families rest heavily with them. These responsibilities take up a significant amount of time and energy, thereby limiting the time and energy they can commit to earning an income, developing professional skills and accepting opportunities for career development. This situation is not exclusive to Myanmar, of course. It is ubiquitous in societies throughout the world and constitutes one of the major systemic elements of global gender inequality. But, as the study shows, it is clearly an issue for employers in Myanmar's garment sector.

Issues related to homelife account for almost one in four of all the days of unplanned absenteeism during the past 12 months for survey respondents. In seven of the 16 FGDs, the participants identified a home issue or care responsibilities as one of the top two common reasons why workers do not turn up for work. A significant majority (95 per cent) of these participants also agreed that women were more likely to turn up for work if everything was happy at home. One participant elaborated:

There is a need for everything to be okay with family members. No upset. If our family members are well (healthy), we feel happy to work and we come to work happily. When the factory and our home are close enough, that is the good home situation too.

While this participant is making reference here to a literal proximity between the home and factory, this statement can also be interpreted metaphorically to indicate the extent to which workers require a closeness between their work life and their family life.

The domestic space, while perhaps seemingly a private and external space in the minds of employers, is very much in the minds of the women while they are working in the factories. The separation between the two spaces that the senior managers may be able to make is not a luxury these women can enjoy. Senior managers who are men may not need to be thinking about what is happening at home when they are at work, because their home is being cared for by women who live in their house. Senior managers who are women have more financial capacity to employ people to help manage any domestic and childcare responsibilities. But when the female workers are at work in the factories, they are still responsible for their children. They still have a responsibility to look after the household and prepare meals. They therefore carry any concern about the wellbeing of their children into the workplace and throughout the working day. They cook and clean both before they arrive at work and after they return home, reducing the amount of time they have to rest to ensure they are fit for work.

If employers can provide support to allow their workers to fulfill these responsibilities, this will help reduce the number of days the workers need to take off work. It will provide more incentives for workers to remain with an employer they know wants to maximise their opportunities and capacities to do good work.

One final issue that has emerged in this study that relates to diversity and inclusion is the ability of employers to understand and address the impacts on their businesses caused by social changes in intimate relationships. The workforce in Myanmar's garment sector is relatively young, mostly female and with a large percentage of these young women moving out of fairly conservative rural areas into rapidly changing urban spaces. Here, they are exposed to the possibility of forming new types of

intimate relationships. The freedom they have to form intimate relationships is greater than what their parents experienced and what would normally be available to them if they were still living in their native villages. Managing these relationships is something the women learn by experience and not through any formal guidance.

Employers could consider supporting discussion groups where this particular cohort of workers could share experiences about their private lives. They could also explore ways to provide support for workers who face physical and emotional difficulties as a result of their intimate relationships, including and especially domestic and intimate partner violence. While this kind of work is relatively unknown in Myanmar, it is something that employers have successfully done elsewhere.³⁷ There are therefore lessons that could be taken and applied in the Myanmar context, while ensuring at the same time that the focus of any educational sessions that discuss the private lives and wellbeing of workers are supportive and inclusive, and not moralistic or dominated by hetero-normative ideals about how intimate relationships should work.

³⁷ See, for example, the work of International Finance Corporation in the Solomon Islands.

6. Recommendations

For employers

- A. The role of supervisors in helping to create workplaces where workers want to work is pivotal. It is vital that employers pay significant attention to improving the knowledge and skills of their supervisors in being able to create happy workplaces. Employers should therefore invest more heavily in training for supervisors and quality control of their skills and capacities to manage people. The specific skills that supervisors need to improve are:
 - a. Communication
 - b. Negotiation
 - c. Mediation
 - d. Coping with stress
 - e. Problem-solving
 - f. Fairness
 - g. Anti-discrimination

Supervisors also require more extensive knowledge of the law relating to workers' rights and what it means to apply the law in their interactions with and supervision of workers in the workplace.

This training needs to be more systematic. It needs to be aligned with promotions to supervisory level, meaning that completion of the training needs to be either a precursor to receiving a promotion or a condition of a having been offered promotion.

- B. Increase the frequency and types of non-cash incentives (for example, social events, factory facilities) offered to workers linked to factory productivity.
- C. Dedicate resources and time to promoting a happy workplace. This may mean employing a person (for example, a welfare officer) whose primary responsibility is to organise social events and introduce initiatives designed to improve the experience of being at work in the factory. Alternatively, it could involve allocating resources and time to the factory's WCC to manage such events and initiatives.
- D. Run regular worker satisfaction surveys or workplace mood gauges to help monitor levels of workplace happiness and motivation, and to inform business responses to identified issues. HR managers and WCCs could collaborate to run these surveys, analyse the results and make corresponding decisions about appropriate initiatives to help improve worker satisfaction and the workplace culture. The results of any such surveys should always be made visible to workers.
- E. Implement a more formal process for conducting exit interviews with workers who quit to find out why they are leaving. Consideration should be given as to how best to run these interviews to maximise opportunities for workers to identify the real reasons for their decision to leave. Representatives of WCCs may prove more successful than HR personnel in achieving this outcome.

- F. Provide optional education sessions for workers to improve knowledge of sexual health, building positive personal relationships and maintaining personal wellbeing in intimate personal relationships. Attention should be paid to the content and delivery methods of these training sessions, to ensure they promote freedom of choice and diversity with respect to sexuality and relationships, and to avoid a paternalistic response to these issues. These sessions should be offered free of charge to all workers either during working hours and/or in hostels or communities where workers reside. Employers should also explore options for referring workers who have experienced gender-based violence, especially domestic violence or intimate partner violence, to support services (medical, legal, counselling etc.).
- G. Introduce distinct policies on discrimination, harassment and abuse. Ensure these policies are communicated to workers during onboarding and also at regular intervals afterwards. Complement the policies with training for workers and key messages displayed in factories to promote a fair and respectful workplace.
- H. Introduce or strengthen an internal grievance mechanism that is suitable for receiving allegations of harassment and abuse. This grievance mechanism should protect confidentiality of workers who make allegations and workers who are affected by the harassment and abuse. The process of responding to an allegation should also emphasise the needs and wishes of affected persons.
- I. Introduce a process or strengthen an existing process for employees to record absences from work, and ensure this process is applied consistently for all employees at all levels. The process should provide employees with visibility of how to report, how their report is lodged and when they are entitled to paid leave. Supervisors should be trained to understand and apply this process, to help remove their current practice of making arbitrary decisions about a worker's excuse for being absent and whether the worker is entitled to receive pay for their time off work or not.
- J. Review and update policies and procedures relating to sick leave to provide some flexibility in the need for workers to acquire and provide a medical certificate. This may include, for example, allowing workers to take up to two days off without needing a medical certificate. The current process for acquiring a medical certificate is burdensome for workers. Simplifying the process within factories would encourage workers to record days off as sick and thereby help employers better identify accurate rates of sick leave.
- K. Ensure leave entitlements are clearly identified in employee contracts and are communicated during onboarding training.
- L. Ensure opportunities for promotion and training are systematically linked to criteria such as skills and longevity in the workforce. Ensure the selection of workers who can benefit from these opportunities is transparent and independent.
- M. Undertake safety assessment of transportation for workers to and from work. These assessments should include identifying and responding to any specific risks to women. They should be carried out at different times during the day to cover the commuting routes of workers who arrive at or leave the factory early to complete overtime.

For sectoral associations

- A. Sectoral associations should support the capacity of employers to be able to implement the recommendations outlined above.
 - i. Develop a comprehensive training course for supervisors that ensures consistency of skills and capacities for supervisors throughout the sector. Training modules could be offered repeatedly at set intervals throughout the year to allow employers to maintain a skilled supervisory level of employees alongside turnover and promotions. Centralised delivery of these training courses would significantly reduce duplication and potentially decrease the costs of access to this training for employers.
 - ii. Develop a sector-wide workers satisfaction survey that employers can use. If employers can be convinced to use the same survey, this will allow for easier and consistent analysis of results. If the data from these surveys can be centralised (for example, by issuing the survey through multiple employers on a single platform), this will produce a sector-wide database that can be used to identify good practices and help individual employers measure their factory's performance against a sector average.
 - iii. Develop a model exit interview survey, with guidelines on how to run this kind of survey in a way that provides workers with confidence they are able to share the real reasons for their decision to leave.
 - iv. Develop training guides and materials that employers can use to help improve their workers' knowledge about sexual health. In addition to the content of the training, sectoral associations should also consider an accreditation course for trainers. This will promote consistency in delivery of this kind of training throughout the sector. It will also ensure trainers have the appropriate skills and capacities to be able to deliver sexual health training that promotes freedom of choice about sexual behaviors through improved knowledge.
 - v. Write a suite of model policies on discrimination, harassment and abuse that employers can adapt and adopt. This is a fairly simple exercise that will significantly reduce duplication of work across the factories.
 - vi. Write and issue guidelines for how to set up a grievance mechanism that is suitable for receiving allegations of discrimination, harassment or abuse in factories. This too is a fairly simple exercise that would ensure employers have the knowledge they need to develop such a grievance mechanism and increase the likelihood that the resulting grievance mechanisms would prioritise confidentiality and the wishes of affected persons. Consideration should also be given to setting up a centralised grievance mechanism to strengthen the independence of responses and to ensure affected persons are better linked to support services they may need (for example, medical and counselling services). This would significantly reduce the burden on employers to manage their own internal grievance mechanism and to ensure there are always adequately trained personnel in their factories who can receive and respond to allegations. Interested employers could be encouraged to pay a subscription fee to allow their workers to have access to this centralised grievance mechanism.

- vii. Write a good practice guidance note on how to record absences from work. This guidance note should include suggestions of how to categorise different kinds of absenteeism, as well as a suite of templates (for example, an employee report sheet) that employers can use to implement a more transparent and consistent method for reporting absenteeism in their factories.
 - viii. Liaise with ferry operators to help establish some guidelines and minimum standards for passenger safety and driver behaviors.
- B. The high rate of turnover in the sector offers a disincentive for individual employers to invest in training. An acceptance of the existing rates of turnover further strengthens this position for employers. It therefore makes sense for skills training to be driven at the sectoral level by associations like the MGMA and trade unions. These associations should develop a formal set of skills that apply to different levels of workers across the sector. They should provide consistent accredited training in these skills that individual employers can access for their workers. Importantly, this training should include supervisory skills to give assistance and certainty to employers in being able to employ supervisors who have the communication and people management skills required to create and sustain a happy workplace.
- C. The level of responsibility that women in Myanmar have in the domestic space presents a significant barrier to gender equality in workplaces. It also means that, especially for businesses like garment factories that rely on the skills of a predominantly female workforce, there are associated productivity costs when women—as they are socially required to do—have to take time off to look after children or elderly relatives. Addressing these issues at a sectoral level could include working with townships and business owners to develop collective support structures such as childcare and daycare centres and accessible medical centres.
- D. Sectoral associations should also provide additional high-level training to their members to improve knowledge on topics and issues that are not directly related to the operational aspects of garment production. These topics are:
- i. Worker sexual health
 - ii. Worker happiness and satisfaction
 - iii. Gender norms, relationships and power
 - iv. Discrimination
 - v. Sexual harassment and abuse

In all cases, this training should include looking at the business case for paying attention to these topics and issues. Consideration should be given to providing this training as part of an accredited training package for senior managers and factory owners, so that factories can display this accreditation to attract employees.

For brands

- A. Strengthen the requirement that suppliers practice equal opportunities in employment, including offering distinct career pathways and training, to female employees.
- B. Strengthen the requirement that suppliers show evidence of implementing measures to mitigate the risks of harassment and abuse in their workplaces, including the adoption of policies, training, communications and the development of a suitable grievance mechanism.
- C. Strengthen the requirement that suppliers introduce distinct sets of required skills for supervisors and managers, and link these skills to credible training courses that employees are required to complete to function in these senior roles.
- D. Assist employers to identify suitable support services to which they can refer employees who have suffered domestic violence or intimate partner violence.
- E. Work with sectoral organizations to develop support mechanisms to help workers manage their domestic and childcare responsibilities.
- F. Work with sectoral organizations to develop consistent policies, reporting mechanisms and training for factories.

For government

- A. Review and enforce existing laws governing employers' responsibilities to provide childcare support. Within this review, expand the different options that employers might offer, including flexible work hours, job-sharing and incentives for women to return to work after giving birth.
- B. Introduce a requirement for all garment factories to have policies on discrimination, harassment and abuse.³⁸
- C. Strengthen enforcement of factory compliance with labour laws relating to workplace conditions, occupational health and safety, and worker leave entitlements.
- D. Conduct research into health impacts on business productivity and the national economy, to inform public health education campaigns to help improve worker health.

For other stakeholders⁴⁰

- A. Undertake a mapping and quality review of communication and leadership training courses offered to supervisors in garment factories. Work with training service providers to improve their offerings to ensure training courses are engaging and meaningful for participants, and are linked to tangible communication and leadership skills improvement targets. Offer formal accreditation to service providers that achieve a set of improvement criteria.

³⁸ This recommendation applies to all employers and is therefore more likely to be something government could look at across all sectors, not exclusively for the garment sector.

- B. Provide training to factory HR managers in how to develop and run workplace satisfaction surveys, and how to analyse the results to inform business actions aimed at reducing worker absenteeism and turnover.
- C. Support research into employer-provided childcare support in the garment sector. Options for childcare that employers might provide include more than on-site childcare centers. Alternative options are family friendly policies, job-sharing, community-based childcare and transport support for breastfeeding mothers. The research should include exploring the specific needs of breast-feeding mothers working in the sector.
- D. Support additional targeted research into the effectiveness of WCCs in factories, including the extent to which workers make decisions about whether to remain working in a factory or not based on their experiences with these committees. Use the outcomes of this research to offer recommendations to employers and sectoral organisations on how to strengthen the capacities and roles of WCCs as a means of reducing absenteeism and turnover. This research should also look into how trade unions can and should be involved in efforts to reduce worker absenteeism and turnover.
- E. Provide expertise assistance to sectoral organisations to develop a suite of model policies and communication materials relating to discrimination, harassment and abuse that employers can adapt and adopt to promote a fair and respectful workplace in their factories.
- F. Provide legal training to HR managers and supervisors to explain leave entitlements of employees.
- G. Support innovative ways to help young female workers, especially those who migrate into urban areas for work, to understand and manage both new risks (for example, sexual health, safety) and new opportunities (for example, intimate relationships, work responsibilities).

³⁹ Other stakeholders include organizations that are not exclusively working in the garment sector and that are not involved in the production processes, but that have some direct involvement or interest in supporting employers and employees in the sector. One example would be an organization that offers training courses in workplaces.

7. Conclusion

Turnover can be the result of retirement, death, retrenchment or being fired. The garment sector in Myanmar attracts a large number of young females from rural areas whose intent may not be to stay working in the sector for long. Securing work in a factory is a relatively easy and financially safe option for these women when they first arrive in unfamiliar urban areas. There are well-established pathways for these young women to secure a job in a factory before they arrive. Many will have friends and family members already working in the sector. But their employment in a factory may be only a first entry point into working life. Once more settled and established, they may have more confidence, knowledge and security to make new choices about where to work—whether in another garment factory or in a different sector.

For this same cohort of workers, turnover may be the result of personal decisions to return to their native villages. They may not enjoy life in the city. They may return to look after elderly relatives or to get married. Families sometimes demand their daughters return home. Several FGD participants and HR managers said there was a higher number of people leaving during the Rakhine crisis as workers are called back to their villages in the state to help deal with the impacts of the conflict.

There is a certain level of inevitability in worker turnover in any workplace, not least in factories in Myanmar's garment sector. However, inevitability cannot explain all turnover. And not all turnover is inevitable.

The findings of this study strengthen previous indications that high turnover rates in garment factories in Myanmar are due to worker dissatisfaction. Sometimes workers are dissatisfied with the workplace conditions and culture. Sometimes they do not like the behaviours of managers and supervisors. If they are unable to find suitable channels through which to raise grievances and if their grievances are not addressed, workers are inclined to leave. Given the current high demand for garment workers in Myanmar, they are also in a fairly powerful position to make this choice.

This study clearly demonstrates there is a need and a strong business case for employers to take absenteeism and turnover in their factories seriously. The existing situation is posing a significant risk to the competitiveness of Myanmar's garment industry on the global market and placing workers under stress. High rates of unforeseen absenteeism mean line managers are constantly having to rearrange workers in the production line and require workers to work extended overtime hours to meet production targets. Keeping workers happier and more committed to their jobs will mean they will turn up for work more regularly, take less unplanned leave and stay in employment for longer. This means increased productivity in those factories and greater competitiveness—and therefore chances of success—for those businesses.

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9. Appendix A: Calculating the Costs to Factories

The total cost of turnover and absenteeism for the garment sector in Myanmar is estimated to be in the vicinity of US\$40 million dollars per annum. Turnover costs represent the larger portion of this sum at almost US\$34 million dollars.

Table 3. Total cost of turnover and absenteeism

	Total cost ⁴⁰
Per worker	MMK 210,383 US\$138.81
For 11,187 workers in factory survey	MMK 1,379,065,997 US\$909,920
For 500,000 workers in sector	MMK 61,636,989,256 US\$40,668,643

Across 14 of the 16 factories,⁴¹ the average monthly wage for a worker was reported to be MMK 240,595 (US\$159). If we consider a typical working month to include 20 working days, this translates to a daily rate of MMK 12,029 (US\$7.94).⁴²

9.1 Costs due to absenteeism

The gross cost of absenteeism, including sick leave, for Myanmar's garment sector is estimated to be almost US\$7 million per year. This cost doubles if we consider that all recorded absences are for workers who are entitled to receive sick pay and that all these workers are actually paid sick pay.⁴³

Table 4. Unplanned absenteeism and sick leave costs (combined)

	Gross cost of unplanned absenteeism and sick leave	Adjusted cost of unplanned absenteeism and sick leave (45.8 per cent eligibility rate)
Per worker	MMK 44,322 US\$29.24	MMK 20,313 US\$13.40
For 11,187 workers in factory survey	MMK 495,836,673 US\$327,157	MMK 227,242,085 US\$149,936
For 500,000 workers in sector	MMK 22,161,288,714 US\$14,622,218	MMK 10,156,524,771 US\$6,701,366

⁴⁰ Adjusted costs were used for absenteeism and sick leave estimates.

⁴¹ The calculations for costs due to absenteeism exclude two factories that did not provide data on salaries or numbers of employees.

⁴² This is the daily rate used for calculating the costs to business. It is 2.5 times the minimum wage and may not be representative of the sector as a whole. It is possible this is an accurate figure for the average daily wage, when bonuses and overtime pay are included. It is, however, possible that wage data provided by HR managers was not fully accurate, in which case costs to business would need to be adjusted. The study was unable to check the accuracy of any of the business data provided by HR managers.

⁴³ Among the survey respondents, the average turnover rate was 54.2. This suggests that at least 45.8 per cent of workers are eligible to receive payment for sick leave and casual leave.

Based on the data provided by HR managers, each worker takes on average 1.5 days of sick leave each year and 2.2 days of unplanned leave. Taken together this only amounts to 3.7 days per year.

Table 5. Sick leave costs

	Gross cost of sick leave	Adjusted cost of sick leave (45.83 per cent eligibility rate)
Per worker	MMK 17,814 US\$11.75	MMK 8,164 US\$5.39
For 11,187 workers in factory survey	MMK 199,289,038 US\$131,492	MMK 91,334,221 US\$60,263
For 500,000 workers in sector	MMK 8,907,170,740 US\$5,877,031	MMK 4,082,158,823 US\$2,693,445

The data provided on sick leave is not considered to be accurate. It is likely that many days of sick leave are not being recorded.

These estimated costs to businesses do not take into account additional losses incurred, such as contractual losses due to delayed or failed production targets, payment of overtime to replace the absent workers and the salary costs associated with managing absenteeism (for example, supervisors figuring out how to reassign tasks). The real costs of absenteeism are, therefore, likely to be significantly higher.

9.2 Costs due to turnover

Across 12 of the 16 participating factories,⁴⁴ the average turnover rate is 54.17 per cent. With more than half the workforce leaving every year, the effort and money required to recruit, train and retain workers are significant. The cost to train a newly recruited worker is approximately US\$125.⁴⁵ With more than a 54 per cent turnover rate across the participating factories, this results in a cost to the sector of at least US\$34 million each year due to worker turnover.

Table 6. Turnover costs

	Estimated cost
Per newly recruited worker	MMK 190,070 US\$125
For 11,187 workers in factory survey @ 54.17 per cent turnover rate	MMK 1,151,823,912 US\$759,984
For 500,000 workers in sector @ 54.17 per cent turnover rate	MMK 51,480,464,485 US\$33,967,276

⁴⁴ The calculations for costs due to turnover exclude the two factories that did not provide any business data; one factory that did not provide turnover data in their factory survey; and one factory that submitted an erroneous turnover rate of 2800%.

⁴⁵ This calculation is significantly different to that produced using business data provided by participating factories. Based on factory-supplied data, the costs average cost of recruitment and training for each new employee is only US\$5.94. This disparity may be attributable to participating factories failing to account for the time it takes to train an unskilled worker to a point where they are fully productive, especially when the training is on-the-job and these training costs are hidden within the general wage costs of co-workers and supervisors. In general, data provided by factories relating to turnover was not considered to be sufficiently accurate or consistent. Only six of the 16 participating factories were able to provide any relevant data at all. Stated costs of recruitment and turnover ranged from US\$29 to US\$3,600.

For each newly employed worker, there is a cost of almost 16 days of salary resulting in no benefit to production. This is due to the amount of time it takes this worker to learn how to carry out the required work tasks independently and accurately. The method used to estimate the amount of time it takes for new workers to become fully productive is summarised in Table 7.

Table 7. Calculation of training effort for new workers

Amount of previous sewing experience	Per centage of newly recruited workers	Training effort required (for formal and on-the-job training)
None	58 per cent	20 days
Low	14 per cent	15 days
Moderate	14 per cent	10 days
Extensive	14 per cent	5 days
Average number of training days required 15.8 days⁴⁶		

Around 58 per cent of survey participants said they had never worked in another garment factory prior to their current job. These workers require the most effort for training before they can perform skilled work. The training investment could be less for new recruits with prior experience, although some supervisors in the study said they prefer to retrain new workers even if they have worked in a garment factory before so they can accurately understand factory-specific processes.

The resulting estimated costs to the sector due to turnover of \$US34 million does not factor in any additional costs, including those required for recruitment, training facilities, instructors' time, training materials and equipment, loss of production capacity and rework and/or losses of materials caused by mistakes due to lack of skills. The real costs of turnover are, therefore, also likely to be higher.

⁴⁶ For every 100 new workers recruited: (58 x 20 days) + (14 x 15 days) + (14 x 10 days) + (14 x 5 days) = 1,580 training days in total / 100 workers = 15.8 training days per worker on average.

10. Appendix B: The Impacts of Worker Absenteeism and Turnover on Business

10.1 Absenteeism

There are many reasons why employees are absent from work. Globally, the research has considered many causes: sickness, leadership styles of and relationships with supervisors and managers, wage policies, wage inequality, rates of pay, the need to work an additional job as another source of income, commitment to the job, the feeling of being adequately rewarded for inputs and outputs, job satisfaction, the workplace culture and environment, travel time, job security, family responsibilities and situation, childcare, and personal health, wellbeing and happiness.⁴⁷

In the garment sector in India, the relationship employees have with their immediate supervisor and sickness are seen to have the greatest impact.⁴⁸ Sustained heat has also been seen to increase the rate of employee absenteeism in this country.⁴⁹ In Bangladesh, an excessive workload and a shortage of workers have been identified as causing stress for workers which, in turn, has a significant correlation with their rates of absenteeism.⁵⁰ In an earlier piece of research, mental health was found to be the highest negative contributor to absenteeism of workers in this country.⁵¹ In Myanmar, HR Managers identified being ill and a family argument as the top two reasons why employees are absent from work.⁵²

Overall, this global research to explore why employees are absent from work has produced inclusive and often conflicting results.

One major criticism of research into causes of employee absenteeism is that it regularly fails to consider multiple and intersecting contributing factors, especially when it comes to making comparisons between female and male employees. Research that concludes that women take more days off work than men has been especially criticised for failing to consider differences in the contexts in which male and female employees live and work.⁵³ Comparing absenteeism for a female who is a cleaner to a male who is the company's CEO is unlikely to give an accurate picture of gender differences in rates of and reasons for absenteeism. It may be that women are discovered to take more days off work because they are more likely to be working in "high-absence jobs".⁵⁴ These could be jobs that are repetitive, undervalued and quickly seen by the worker as boring. Rates of absenteeism in a specific workplace are also highly dependent on the management's attitudes towards gender.⁵⁵

⁴⁷ Hoque & Islam, 2003.

⁴⁸ Nanjundeswaraswamy, 2016.

⁴⁹ Somanathan et al., 2018.

⁵⁰ Rahman & Islam, 1998.

⁵¹ Hoque & Islam, 2003.

⁵² This research has not been published.

⁵³ Scott & McClellan, 1990.

⁵⁴ Mastekaasa & Olsen, 1998.

⁵⁵ Zhang, 2007.

Women experience biological processes that men do not (menstruation, pregnancy etc.). The suggestion that these could be causes of absenteeism for women—and therefore result in higher rates of women when compared to men—has been controversial. The motivators for the research and the conclusions often draw on the belief that the female body is fragile (in comparison to the demanded strength of the male body) and prone to episodes of incapacitation. It has been argued that menstruation is a major cause of absenteeism for women, but this has been disputed.⁵⁶ In Myanmar's garment sector, menstruation has been found to have no impact on the ability to go to work for the majority of female workers.⁵⁷ While pregnancy is known to affect the kinds of tasks a woman is asked or allowed to do in factories, there is currently no data to suggest it contributes to rates of absenteeism for female workers in the sector.

There is a stronger argument for considering gender socialization and gender roles as reasons why women would be more likely than men to take a day off work. Men are socialised to take more risks than women. This may mean they are less likely to be willing to identify as ill, seek help or take rest, and will continue to work as normal even when they are sick. Women in Myanmar have significantly more responsibilities in the home than men and are expected to prioritise these responsibilities. There is, therefore, potentially a higher incentive for women to take time off if they sick in order to recover quickly so they can resume their household duties.⁵⁸

Gender socialization may also play a role in how men and women are affected by and deal with the workplace environment and burnout. Women's rates of absenteeism may be reduced because they feel a need to have to prove themselves capable in the workplace.⁵⁹ In order to justify their entry into the workforce alongside men, they may seek to mimic established practices of the already masculinised workplace. Even when they have to work in toxic environments and even when they are expected to undertake a significant workload, they may feel under pressure to not take time off and to continue to work in order to meet the expectations of being a woman in a "gender equal" world. Alternatively, they may reject the competitive world of work in which production is viewed as paramount. They may leave a job because they do not wish to tolerate the toxicity of a workplace or the heavy burden of work. This option may not be so readily available to men because of the socialization of men as needing to take on the role of the breadwinner, and because competition and being seen to be able to survive without signs of stress in difficult situations are seen as behaviours that are normal for men.

The conclusion here is that reasons and explanations for employee absenteeism cannot rely on singularities. Differences in age, marital status and number of children are likely to introduce variables that change the results. When the length of the absenteeism is taken into consideration, this may show different rates of absenteeism based on gender.⁶⁰ Where data is available to identify reasons for employee absenteeism, this data may not take into account the differences between acceptable and real reasons for taking a day off. In the absence of flexible worktime and employer support for employees to undertake care duties (for children, elderly parents etc.), for example, employees may identify as being sick when, in fact, it is somebody else in their family who is sick and who is in need of their care.

⁵⁶ Rockoff & Herrmann, 2011.

⁵⁷ ILO, 2018, p.55.

⁵⁸ Avdic & Johansson, 2016.

⁵⁹ Bekker, Croon & Bressers, 2005.

⁶⁰ Bekker, Croon & Bressers, 2005.

Prior research also suggests there is no singular response to absenteeism that can help reduce the rates. For some employees, absenteeism is decreased when they are offered a monetary incentive to turn up on time and every day.⁶¹ In a garment factory in Bangladesh, making low cost changes to furniture, equipment and line balancing has resulted in reductions of 75% and 65% in turnover and absenteeism respectively.⁶² Similarly, in India, it has been suggested that small changes by management to improve the general working conditions and safety for employees in factories could tackle the 11% rate of absenteeism in the sector.⁶³ Also in Bangladesh, factory managers have identified that improved worker health linked to increased knowledge about sexual and reproductive results in lower rates of employee absenteeism.⁶⁴ In this same research, managers suggested that employees leave because they have found a higher salary in another factory or because they are following their husband who has found a job in a different factory.

10.2 Turnover

The causes of employee turnover can be divided into three categories: personal factors, organizational factors and social factors. The first category includes gender, age, level of education, domestic situation, health and skills. The second includes stability and strength of the business, recruitment practices, salary and incentives, opportunities for training and development, clarity of and agreement on job role, diversity within job tasks, workplace relationships, safety and security, the extent to which employees are treated as people and not numbers, the presence of a union, work flexibility, business communications, managerial styles, distribution of power and decision-making authority, workplace culture, workplace facilities and the extent to which personal values align with those of the organization. The third includes the state of the job market, transportation to and from work, and the extent to which the job provides the employee with a satisfactory standard of living (including housing, health and education).

There has been an interest in exploring the impacts of organizational turnover since the early twentieth century. Early research focused mainly on economic factors, such as the labour market and wages. An interest in exploring what motivated individuals to leave a job was taken up by industrial psychologists in the 1970s.⁶⁵ Within the available body of literature on causes of labour turnover, researchers tend to agree there is a direct link between organizational factors and turnover. This is confirmed in small studies in the garment sector, where workplace conditions, wages, opportunities for promotion and training, workloads and relationships with supervisors have been identified as influencing turnover rates.⁶⁶ There is however considerable disagreement about the link between the extent to which personal factors directly affect turnover.

Meta-analyses of motivators of turnover help identify common themes and results in the available research. In one early meta-analysis,⁶⁷ task repetitiveness was identified as the only organizational factor that did not affect turnover. All other organizational factors—including pay, satisfaction with supervisors and co-workers and role clarity—had an impact. The presence of a union in a workplace was seen to have no impact. Age too had no impact, whereas level of intelligence did. Gender had

⁶¹ Orpen, 1978.

⁶² Sarder, Imrhan, & Mandahawi, 2006.

⁶³ Kumar & Naidu, 2012.

⁶⁴ Hossain, 2017.

⁶⁵ Zhang, 2016, p.86.

⁶⁶ Hosain & Mahmood, 2018; Rathnasooriya & Jayatilake, 2016.

⁶⁷ Cotton & Tuttle, 1986.

an impact too, but only for women. In a more recent meta-analysis,⁶⁸ it was concluded (in relation to a previous meta-analysis) there is no correlation between commitment and turnover or between cognitive ability and turnover. This meta-analysis also concluded there are no differences in rates based on gender, although older women have lower rates of turnover than younger women. Work satisfaction and merit-based reward systems displayed the highest relationship to turnover.

Similar to when exploring causes of absenteeism, consideration of the causes of turnover requires an appreciation of the importance of intersectionality of multiple factors. It is unlikely there is a single cause in any particular case or within any particular business. In the case of gender, for example, age also appears to be an important factor when looking at turnover for women. The fact that older women have lower rates of turnover than younger women is considered to be linked to reduced domestic and childcare responsibilities for women as they get older. Educated women have been identified as more likely to leave a job to take up employment elsewhere, whereas women with lower levels of education are more likely to leave a job to quit the workforce entirely.⁶⁹ Again, socially mandated domestic responsibilities, as well as the expectation of marriage, may be contributing factors. An employee's level in an organization—including whether they are a blue collar or a white-collar worker—may affect the extent to which salary is a factor in their decision to leave. The strength and/or level of acceptance of unions in a particular country may affect the extent to which the presence of a union in a business is a factor in employee turnover in that business.⁷⁰ Contributing factors for turnover may also change across time, as lifestyle expectations linked to gender and age change; and as the economic context changes.⁷¹

Job satisfaction can also be the result of a number of factors. A person may feel satisfied at work if they have the ability to complete their assigned tasks or if they are provided opportunities to develop. Not having the required ability and being unable to develop are in contrast seen to be motivators for leaving a job.⁷² In the garment sector in Sri Lanka, it has been identified that “Higher perceived occupational stress ultimately leads to high turnover intention because higher occupational stress reduces the satisfaction and the commitment” of employees. For sewing machine operators, this stress—both real and perceived—is caused by poor working conditions, heavy workloads and poor relationships with supervisors.⁷³

For employers of low-skilled Myanmar workers in Thailand, the “MYANMAR concept” has been suggested as a way to ensure employees remain satisfied in their jobs. Here, MYANMAR works as an acronym to signify the order of importance of certain organizational factors to employees. These factors are “money, yearly evaluation, additional benefits, nurturing individual performance, maintaining need satisfaction, accumulating skills, and recognition, reward and reinforcement”.⁷⁴ A separate study by the same researcher and involving the same demographic of worker produced a conflicting result, revealing that low-skilled employees are less likely to judge job satisfaction (and therefore make a decision to stay) based on needs (such as money). Instead, they are more affected by emotional factors such as their relationship with their supervisor.⁷⁵ They are also less likely to leave a job if they have trust in the leaders of their company and if they perceive these leaders to display transformational leadership. For Myanmar employees with higher levels of education, job satisfaction

⁶⁸ Griffeth, 2000.

⁶⁹ Ibid.

⁷⁰ Cotton & Tuttle, 1986, p.68.

⁷¹ Carsten & Spector, 1987.

⁷² Zhang, 2016, p.86.

⁷³ Liyanage, Madhumini & Galhena, 2014.

⁷⁴ Puangyoykeaw, 2015.

⁷⁵ Puanyoykeaw, 2014.

and willingness to remain in a job appear to be less connected to salary, but more linked to ability to learn and the extent to which these employees find the work interesting.⁷⁷

Job satisfaction is also not always simply about what happens at work. It can be linked to need satisfaction and/or life satisfaction. Does the job meet the immediate needs of the employee, such as food and ability to cover costs of living? Does the job provide the employee with a sense of purpose, including a rewarding career? Even when job satisfaction is low, this does not automatically mean an employee will leave. They may remain with an employee because they have an emotional connection of the workplace based on prior experiences and workplace relationships, known as “affective commitment”. They may decide to stay because they have considered the alternatives and decided these are not viable or satisfactory. Here, the employee displays “continuance commitment”. Or, they may experience “normative commitment” which is when an employee stays out a sense of obligation—because staying is “the right thing to do”.⁷⁸

Equally, there are multiple impacts of turnover on a business. Some are more visible than others. Turnover can affect levels of absenteeism, productivity, customer and supplier satisfaction, sales and market competitiveness.⁷⁹ It can result in organizational inefficiency.⁸⁰ In describing labour conditions and productivity in the garments export sector in Lao, the World Bank has linked high rates of turnover to a lack of investment in upgrading workers’ skills and training, the result of which is overall low productivity.⁸¹ When relevant data is available, it is possible to calculate how much a business has to spend to hire and train a new employee, and the cost of overtime carried out by employees who temporarily take on additional duties until a new employee is onboard. Less visible are costs associated with the impacts the exit of an employee and the entry of a new employee have on other employees whose work is connected to the work of the employee who has left, including decreased morale among other employees⁸² and turnover contagion.⁸³

The range and extent of the impacts may, however, be underestimated, ignored or unknown, especially if the business does not have the systems in place to measure turnover and the relevant personnel do not have the knowledge or skills to address the issue. The latter can result in mismatched responses to turnover, resulting in failed initiatives to address the impacts,⁸⁴ potentially leading to a conclusion among managers that turnover is an inevitable part of business. Responsibility for retention often falls on to human resources who are not usually involved in the day-to-day operations of the business. Many of the organizational factors that have been identified as main causes of turnover relate to how employees are treated as people and as professionals by their supervisors and managers. These factors affect how employees experience the workplace. The responsibility for managing and the ability to control these factors are more relevant to the supervisors and managers themselves. This suggests the need for these personnel to take some responsibility for retention and turnover. Paying attention to what increases the risk of employees thinking about leaving (“employee turnover intention”) has also been identified as especially important part of the management of employee turnover.⁸⁵

⁷⁶ Phungsoonthorn & Charoensukmongkol, 2018.

⁷⁷ Berger, 2018.

⁷⁸ See Punagyoykeaw & Nishide, 2015.

⁷⁹ Ongori, 2007.

⁸⁰ Tariq, Ramzan & Riaz, 2013.

⁸¹ World Bank Group, 2012.

⁸² Cho., Johnson. & Guchait, 2009.

⁸³ Felps et al., 2009.

⁸⁴ Lewis & Sequeira, 2012.

⁸⁵ See Swe & Lu, 2019.

There may nevertheless be limits to what employers can do to prevent employees from leaving. Where salary is a primary motivator for employees who work in low-skilled occupations and who have low levels of education, this presents a significant problem for an employer. Turnover is also not all bad for business. While there are costs associated with turnover, it can provide opportunities for a business to introduce new ideas and skills into the workplace and to remove employees whose skills, contributions or personalities are not required. New employees may be more motivated to work hard and to ensure they have a positive impact in their new workplace. When turnover rates are low to medium, the benefits may sometimes outweigh the costs.⁸⁶

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⁸⁶ Park & Shaw, 2013.

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