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TURNOVER: STUDY IN A CLOTHING COMPANY IN THE STATE OF SÃO PAULO

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ABSTRACT

The present study intends to determine the personnel turnover rates of a small company operating in the textile industry, located in the interior of the state of São Paulo, from 2010 to 2019. Characterized as descriptive, with a case study approach, the data of admission and dismissal, among others, were collected through documentary research and interviews with partner directors. The results show an expressive turnover rate, with an average of 44.05% for the analyzed period. The years 2014 (77.78%), 2017 (63.64%) and 2019 (54.17%) were the ones with the highest values. However, it was not possible to show a perspective of improvement in view of the fact that the annual values for the period are asymmetrical. Therefore, it is highly recommended that initially, the company monitors this index by implementing the exit interview associated with the exit questionnaire, as soon as possible.

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1. INTRODUCTION

The human resources area has reached a strategic level in organizations, being responsible for increasing corporate competitiveness. For Oliveira and Limongi-França (2005), this importance occurs because the employee starts to be recognized as a competitive differential in the structure of an organization. Dutra, Hipólito and Silva (2000) comment that the recognition of employees also occurs as a competitive differential, given that professionals must be seen as talents, in order to develop more and more key competences, both for their success as an individual, to be human and for increasing their success within an organization. Recognition and appreciation of employees have gained space in academic debates, as well as in corporate practices. The need to value the workforce of employees showed its first signs with the advance of the industrialization process, which took place after the Industrial Revolution, in view of the need for specialized workforce in organizations (Oliveira& Limongi-França, 2005). The high turnover rate within companies can directly affect negatively the production and the internal relationship of other sectors that may exist within that company.

The study intends to determine the staff turnover rates of a small company operating in the textile industry, located in the interior of the state of São Paulo from 2010 to 2019. The article is structured as follows: in addition to the Introduction (section 1), section 2 presents the Theoretical Framework, the Methodology is presented in section 3, followed by the Data Presentation and Discussion in section 4 and, finally, the conclusion.

2. THEORETICAL FRAMEWORK

2.1 The Brazilian Textile Sector: A Brief Scenario

The origins of the Brazilian textile sector are intertwined with the country's industrialization period, with records in the literature mentioning the textile sector since the colonial period (Stein, 1979; Fujita& Jorente, 2015). During the country's industrialization period, industrial policy guidelines were dictated by the metropolis, totally subordinated to its interests, without any focus on the economic or social needs of the colony. According to Stein (1979), it was common to adopt policies of stimulus or restriction, according to Portuguese interests or the need to comply with trade agreements with other countries. Teixeira (2007) mentions that from the 1960s onwards, the textile sector was included among the preferential groups of industries encouraged by the Federal Government, within the scope of the Government's Economic Action Plan (PAEG), starting to receive benefited credit from the Federal Government. National Bank for Economic and Social Development (BNDES). Several investments have been made in order to achieve standards of competitiveness compatible with other producing nations. As a result, labor was, in significant proportions, replaced by machines. Given the representativeness of the textile sector, any rearrangement in its work structure brought complex impacts in the economic and social fields (Teixeira, 2007). Fujita and Jorente (2015) emphasize that the culture of making products is present throughout the country's history and is extremely important. The expansion of investments in the sector led to an increase in productivity, in addition to a significant improvement in the quality of products and compliance with environmental requirements. The new competitive profile, responsible for the insertion of Brazilian textile production in globalization, requires monitoring productivity at a global level and not just at a local or regional level. For this main reason, nowadays, the Brazilian textile market also works with exports and imports, in order to promote itself to the globalization of the world textile area (Teixeira, 2007). Data from the Brazilian Textile and Apparel Industry Association show that the production of textile manufactures and garments in Brazil reached, in 2021, around 2 million tons and approximately 6 billion pieces, similar to those registered in 2019 (Abit, 2020), the last year before the sector felt the economic impacts of the Covid-19 pandemic.

2.2 People Management and Personnel Turnover in the Company

According to Decenzo and Robbins (2001), People Management is the administrative area that deals with the organization's human resources, taking into account the skills and competencies of employees, both technical and behavioral; it is the area that deals with the employees of a company, dealing with direct and indirect matters with all the collaborators that are components of the organizational structure, being the employees of the operational, tactical and also the strategic level. The people management model, understood as the way a company organizes itself with the objective of managing and guiding human behavior at work, based on a structure established through principles, strategies, policies and practices or management processes, will be constituted in the company's differential in its market, contributing significantly to the establishment of its image in that market (Fischer, 2002). The area of people management has assumed a strategic role in companies, intensified, above all, by the intensification of global competition. Even in companies that do not have a specific and formally established human resources (HR) department, the function of managing people is still performed, with prominence in achieving corporate objectives (Gorini, 2000). In the view of Fiuza (2010), Personal Management policies must create organizational capabilities that, aligned with the business strategy, generate better results and make the organization more competitive, focusing on the well-being of employees and providing them with conditions for their personal fulfillment. and professional. The author explains that the main people management practices are encompassed in four policies: involvement, training and development, working conditions and rewards.

The continuous development of human capital must permeate the entire human resources policy, as this organizational strategy directly affects employee motivation and engagement. In this sense, it is also expected that the rate of staff turnover in the company (turnover) will be reduced to the minimum possible, with a concomitant increase in talent retention, an essential condition for the formation of high-performance teams. For Teixeira (2007) good people management tends to strongly contribute to the complementarity and increase in the level of staff engagement. In this sense, meetings to monitor activities are essential to check the results and encourage this integration. The company can provide its employees with conditions for growth, as well as training aimed at the development of its teams. Some conditions for growth and development that organizations can offer their employees are: technical courses, online classes, in-house programs, lectures and seminars. According to Teixeira (2007), understanding the concept of people management, as well as its implementation in the corporation, plays an essential role in maintaining competitiveness and increasing the company's results, making it increasingly stronger in the market. Currently, due to the constant economic, technological and social changes, it is of fundamental importance that organizations are focused on people management, and it becomes visible that the competitive differential of organizations is in the people inserted in them and in their available resources. The area of people management has developed a lot over time in its different stages. Agapito, Polizzi Filho and Siqueira (2015) emphasize that people in organizations are elements of competitive advantage. However, it draws attention to the fact that elements such as excessive hiring or lack of planning; business expansion without the proportional evolution of the structure; strategy of downsizing the organizational structure, in addition to employee dissatisfaction with organizational environment issues (climate, leadership style, working conditions, among others), contribute to the increase in the turnover rate. Fischer (2002) states that costs for employee entry and exit are existent and quit worrying about managers, not only in the area of people management, but also for leaders who manage their own organizations, as it is notorious that, nowadays, there are many companies whose own owner is also the manager, managing their business and their employees, some even without training, but exercising the function. The following subsection will briefly discuss staff turnover in organizations, especially the costs arising from it.

2.3 Turnover

Lachac (1995) defines turnover as the measure of the rate of change of a given population of professionals (exit of former employees and entry of new employees in their replacement) of a company. Personnel turnover (turnover) refers to the proportion of employees who leave an organization within a certain period of time (Medeiros et al., 2010). Turnover is the rotation of workers around the labour market; between firms, jobs and occupations, and between the states of employment and unemployment (Abassi & Hollman, 2000; Stovel & Bontis, 2002).An individual's decision to quit a workplace depends on multiple factors (Krøtel&Villadsen, 2016). The turnover or staff turnover index can be calculated through the quotient resulting from the division of the sum of the number of hired and dismissed employees in a given period by the number of existing employees at the end of that same period (Lacombe, 2005). Figure 1 illustrates the formula for calculating staff turnover.

$$\frac{\text{Total Employees Admitted } + \text{ Total Employees Dismissed}}{\text{Total Employees End of Period}}$$

Figure 1. Formula for calculating the turnover rate

This will be the formula applied in the calculation of the staff turnover index for the company chosen for the development of the study. Linhares (2014) points out that, in the specialized literature, staff turnover is treated from different approaches, in addition to being found under different conceptual names, such as “Intention to Turnover”, “Turnover Rate”, “Net Replacement Rate”, “Human Resources Rotation”, “Float”, among others. In short, turnover is understood as a measure of the number of workers who are hired and fired from their jobs in a given period of time.Directors and/or managers tend to exert influence on turnover within a broader framework of individual motivation (Bertelli, 2007; Cho & Lewis (2011). The effective management of turnover, including the implementation of organizational policies for valuing and retaining professionals, impacts the reduction of cases of dismissal in the organization, avoiding or minimizing the emotional, financial, knowledge and competitive advantage liabilities resulting from this process (Eckert, Maldaner, Mecca& Biasio, 2017; Zopiatis, Constanti & Theocharous, 2014). According to Mobley (1992), the total cost of turnover is made up of three main components: termination costs, replacement costs, and training costs. The termination cost, also known as the cost of dismissal of an employee, is constituted, in large part, of the severance payments that organizations must pay their employees at the time of dismissal. For Cascio and Boudreau (2011), these are costs that include dismissal operations, such as the dismissal interview, the dismissal of the employee from the payroll, accounting for employment contracts and indemnities resulting from the dismissal. The dismissal of an employee can not only impact the company's productivity and its image in the market, but also affect it financially. That's because the cost of firing an employee is not low; a dismissal brings with it the payment of amounts such as vacation, thirteenth, prior notice, FGTS and others (Esteche & Lozeckyi, 2007). For Patias *et al*. (2015), employee replacement costs can be understood as the replacement costs that the organization will have with the dismissal of old employees and the hiring of new ones. In summary, they involve the values assigned to the replacement of the dismissed employee. A similar definition is found in the definition of these same costs in the area of human resources, where replacement costs refer to the processes of replacing employees who work in the company, generated from the processes of recruitment, selection and training of new entrants (Pacheco, 2002).

Training costs are the costs related to the investments that organizations make with training at the stage of hiring new employees, as it is essential that these employees adapt to the company and obtain qualifications to perform the designated functions. In general, they involve disbursements in the elaboration and implementation of a training program or module for new employees, usually related to materials, facilities, equipment and instructors (Marras, 2000). Zylbersztajn (2010) highlights the importance of training for new employees, stating that when professionals are trained and qualified, they feel safer in performing their functions, in addition to gaining new skills, knowledge and techniques. This translates into a better-quality service, done in less time and with reduced errors that cause additional costs. Many authors defend the idea that training costs for new employees is an investment issue that will be reflected in future and positive actions for companies. A considerable number of analysts agree that a company's human capital is its most valuable resource. Consequently, attracting and retaining talent has long been considered the key to organizational performance and sustained success. Retention is especially important, as any brain drain invariably means that considerable investment is needed to recruit and train replacements. In addition to these financial costs, there is the distinct possibility that the lost knowledge may later benefit a market rival (Kashyap& Verma, 2018). However, there are studies that understand turnover as not always dysfunctional. At a low to moderate level, the benefits outweigh the costs because low performers are fired and newcomers bring in new skills and knowledge (Wang & Sun, 2020). However, when turnover reaches a certain point, disruption can outweigh the benefits mentioned above (Abelson & Baysinger 1984).

3. MATERIALS AND METHODS

The research is characterized as descriptive (Demo, 1995; Gil, 1999), anchored in a necessary and sufficient literature review to support the data discussion. For Gil (1999), descriptive research has as its main purpose the description and exploration of the particularities of a given population or phenomenon, or the establishment of similarities between variables. The study is anchored in the Case Study approach (Gil, 2009; Yin, 2015). The choice of company followed the criterion of convenience, since one of the researchers is directly linked to the family company, facilitating access to data for analysis. Considering the availability of the data archived in the company, it was decided to analyze a period of 10 (ten) years, from 2010 to 2019.

4. RESULTS AND DISCUSSION

4.1 Company Description

The company under analysis is located in the municipality of Cerquilho, present in the market for 32 years, since 1990. With a small structure, it has family origin and administration, with approximately 15 employees. The company's structure comprises three distinct business units, namely: cutting coils for transformer insulation, wire for conventional and non-woven telephone cabling with direct action in the process of improving the product in the form of handkerchiefs or free hygienic towels of chemicals. Figure 2 presents the organizational structure in functional units of the studied company.

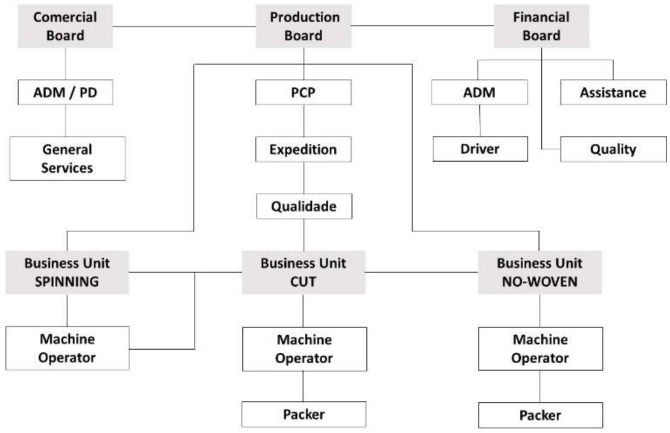

Figure 2. Organizational structure in functional units

Table 1 presents the total admission and dismissal values, as well as the total composition per year, corresponding to the analyzed period.

Table 1. Total number of employees hired, dismissed and total in the period

Years	Total employees hired in the period	Total employees laid off in the period	Total employees in the period
2010	2	9	22
2011	7	3	23
2012	2	2	24
2013	2	6	22
2014	4	10	18
2015	1	4	12
2016	1	2	11
2017	6	1	11
2018	5	0	17
2019	11	2	24

In the period defined for the study, that is, ten years (2010 – 2019), the average total number of employees was 18.4 (18 employees). There is a small discrepancy in the information provided by the company itself, which, in its initial description, states that it has “approximately 15 employees”. However, it may be the case that, in the interval between the collection of data (exact numbers) and the testimony, there was a change in the staff. The year 2014 had the highest volume of dismissals in the period (10), followed by 2010 and 2013 with 9 and 6 dismissals, respectively. As for admissions, the year 2019 stands out in the period, with 11 hires, followed by 2011 and 2017, with 7 and 6 admissions, respectively. The admissions numbers show optimism and possible growth in production in the last year of the period studied. It is worth remembering that this was the year that preceded the "officialization" of the Covid-19 pandemic, bringing significant changes to the world economy from the year 2020, whose effects should be felt for some time, until everything normalizes.

The dynamics observed in this period most likely overloaded the company with the operational costs of dismissal, as pointed out in the literature (Mobley, 1992; Cascio & Boudreau, 2011; Esteche & Lozeckyi, 2007; Patias et al., 2015). In addition to dismissal costs, training and qualification costs are always high (Marras, 2000; Zylbersztajn, 2010), notably when involving the handling of machines and equipment, whose products resulting from each process must strictly meet certain quality standards and technical specifics. Next, the staff turnover index (turnover) is presented for each year of the period studied. The turnover will be calculated from the following formula (Lacombe, 2005):

$$IRP = \frac{tfa + tfd}{tfp}$$

Where,

IRP = Personnel Turnover Index; Tfa = Total Employees Hired in the Period; Tfd = Total Employees Dismissed in the Period; Tfp = Total Employees in the Period.

The values, extracted from Table 1, will be calculated and the results shown in Table 2.

Table 2. Calculation of the Personnel Turnover Index by Year in the Researched Period

Years	Turnover Index	
2010	0,5000	50,00%
2011	0,4348	43,48%
2012	0,1667	16,67%
2013	0,3637	36,37%
2014	0,7778	77,78%
2015	0,4167	41,67%
2016	0,2728	27,28%
2017	0,6364	63,64%
2018	0,2942	29,42%
2019	0,5417	54,17%
Average	0,4405	44,05%

The average turnover rate of 44.05% can be considered quite high by industry standards, even in a small company with a reduced number of employees. Excessively high and unbalanced rates can harm the company both internally, in its relationships between employees and superiors, and externally, making the company less competitive. The company does not have the practice of applying termination questionnaires with employees, making an effective diagnosis of this high turnover rate impossible. It is urgently recommended the implementation of this procedure by the human resources management or, in the case in question, that it is under the responsibility of the commercial board, considering that it comprises the administrative and personnel department aspects, according to the company's current organizational chart (Figure 2), furthermore, as advocated by Bertelli (2007) and Cho and Lewis (2011), directors and/or managers tend to influence turnover within a broader framework of individual motivation. The information obtained in the exit interview can provide important parameters for the company to correct the course of its people management policy (Agapito; Polizzi Filho; Siqueira, 2015), also considering the constant growth of attention to the employee (Dutra, Hipólito& Silva, 2000; Oliveira& Limongi-França, 2005). An isolated analysis by year of the researched period evidences the nonexistence of a pattern of improvement in the reduction of the indices. The three years with the highest rates are the years 2014, with 77.78%, 2017, with 63.64%, followed by 2019 (54.17%). As for the lowest rates, these are comprised in the years 2012, 2018 and 2016, with 16.67%, 29.42% and 27.28%, respectively.

5. CONCLUSION

The study found the rates of staff turnover (turnover) of a small company operating in the textile industry, located in the interior of the state of São Paulo from 2010 to 2019. Among the limitations of this research, we highlight the lack of direct investigation of the factors causing the high turnover rate verified in the period, except for the evidence of the lack of exit interview and consequent elaboration of a questionnaire as part of the dismissal procedures. The execution of this second part of the research was compromised due to the restriction of access due to the Covid-19 pandemic. On the other hand, it is suggested as a future enterprise, as soon as it returns to normality, that these questions be clarified from an empirical investigation, including an investigation of the direct and indirect impacts on the organization.

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