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# Final Year Project

## Title

### **“Impact of Labor Issues on Clothing Productivity”**

Textile is one of biggest sector in Pakistan. We cannot survive without textile as we earn more than 65% revenue from textile goods. Pakistan has also earned a good name in producing good cotton. The textile clothing sectors have played and continue to play a very vital role in the economy of Pakistan. Other than contributing to economic condition of the country, textile clothing sector generates significant amount of employment in the country and are critical sectors in Pakistan's which drive to increase manufactured exports.

The World Trade Organization (WTO) deals with the rules of trade between nations at a global or near-global level. With the introduction of WTO Pakistan is facing a lot of problems, this system has totally changed our textile sector. Our textile industry is in crisis because of WTO, Pakistan is showing poor performance with high cost and poor quality.

I was wondering why we are facing that crisis in our textile sector which used to be one of the leaders in textile sector. There are so many reasons why we are not competing in international market, but I have noticed and heard that labor is the most crucial factor. There is an old saying that

**“Labor gives birth to ideas” –Rohn, Jim**

If we want to be successful we need to be elastic and we have to re-plan our jobs our duties and our position. In order to do so we have to start it from the grass root level and that is labor because labor has huge impact on production. We can over come these crises by doing our work efficiently and on time. This can be done with the trained and responsible labor.

Our main focus will be on impact of labor issue on clothing production because it is one most important unit in our industry. The whole garment has to be handled by the labor so labor has big share in profit and loss margin. We can increase our profits almost by 40-50% if we can train our labor. That will helpful for our industry.

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# Chapter 1

## Introduction

University of Management and Technology has earned a good reputation in the Textile Program over the recent years. Because of its terms with the industrial people and it provides awareness among the students about Textile industry. Most of its graduates are working in different fields of life.

Textile is considered as a backbone of Pakistan's economy as more than 65% of our exports come from the textile industry. Presently, the mill owners have realized that they have to equip themselves with the most modern technology available in the field, and it's a great sign of improvement that our mills are equipping themselves with new modern equipment.

After implementation of removal of quota by World Trade Organization we are not functioning properly as we expect to. This is because we are unable to maintain progress in the textile industry. Most of the mill owners do not understand this fact of their downfall. Because of these problems we are facing decline day by day.

Most of the experts in the field believe that "Labor" and proper "Planning" can help us get out of this downfall of the textile industry. Labor should be more responsive and more loyal to their work, managers should plan their work in the real world and make proper checks. What we practice is we make a plan and check the progress at the end of the day and then come to know that work is not done as planned. As a result they have to plan for overtime shifts. We believe in the real world overtime is nothing it's just a false planning.

In this project we have tried to discuss the impact of labor on clothing production and also given suggestions how the conditions of the industry can be change. Because labor is the heart of industry and they can change the world of textile. In return mill owners and managers should provide them with the facilities of life.

## **Problem Statements**

The reason why we have chosen this topic for our final year project is that every time we visited the garment factories we heard from labor that we are not provided with the best facilities. We have tried to explain the needs of labor; and impact of labor on production if you provide those facilities and if you don't. Our industry has always been talking about the labor issue but no one take initiative to correct this.

## **Objective**

The objective of the project is to estimate the impact of labor factors on clothing production. The overall system of our clothing industry is running on three sub-systems.

- ✓ The contract system where the garment is prepared outside the mill from labors other than the mil's labor.
- ✓ The piece rate system. Where labor is paid for each garment they prepared.
- ✓ Fixed salary system. Every worker is paid a fixed salary regardless of how much work he does in a day.

For the purpose of more productivity piece rate system is better. We will see how this system is better and what the drawbacks of this system.

## **Description and Methodology**

Our project is based on analyzing and studying the impact of labor. So we will deliver the pin points factors that effect the clothing production from labor perspective in the first paper. In the second paper we will try to get the feed back from the industry and try to implement the new idea if got chance.

## **Problems in industry about the labor**

Following are the issues we heard or saw when visited different mills

### **Absenteeism**

The main factor from which shipment will be late is absenteeism of the skilled labor in the industry.

### **Attitude**

Attitude is also the main factor, which can also affect the productivity level of the labor. Because they won't care what's happening with the factory and international situation. They adopt the behavior of carelessness and not serious with their job

### **Availability**

Whenever a factory has to complete the shipment in time it always happened that labors are not available because they knew (labor) they demand money of their own choice to complete a special task.

## **Skill utilization**

Skilled labors are available in the market but they didn't find full wages of their skills so it is hard to find skilled labors

## **Responsibility**

They don't take the responsibility to finish their task mainly they loiter here and there which also affect their reputation and efficiency.

## **Transportation**

Transportation is also a main reason because mostly worker arrive in the factory late.

## **Wages system**

Very few workers favor this system because when a factory is running a less production their salaries does not affect due to less production of factory.

# Chapter 2

## Literature Review

### Little Textile Clothing History

Textile and clothing industry thought to be the first sector to be industrialized and it started from United Kingdom in 1765 with the new invention of Spinning. From that time to till now spinning has been an entry level industry for industrializing different countries. Textile and Clothing is a labor intensive industry. That is the only reason the sector of Textile and Clothing has always been an important source of employment for unskilled workers especially for women. Cost is always a big factor in Textile and Clothing. As a result, this industry tends to migrate to those countries which have low labor cost. In result of migration this industry of Textile and clothing came into Pakistan in the 1970s and 1980s.

### Workers and Today's conditions

Just few years back the price of polo-shirt that we produced here was around US\$4-5.5 per piece, but now price offer for the same polo shirt is US\$3-4 from client. To lower down the price with that much margin is a big challenge for our garment industry where advantage of low wage costs with higher quality does not exist. If you pay reasonable the worker or labor will be loyal and do their work more honestly with good quality, but the price of the garment will go up. Therefore wages are relatively low so does the worker's productivity and this is due to the lack of proper skills training and development in our industry. Garment industry in our country has become progressively highly concentrated on low value added products. Lower prices and better quality garments from various supply sources are expected to increase when the agreement on textile

and clothing comes to an end. Some locally garment factories in Pakistan are working on cut make and trim basis or use sub contractors.

## **New Concept**

In today's world the preferred suppliers are those who will be able to take advantage of lower wages, higher labor productivity and quicker response to demand. In present scenario the labor productivity is generally low in our country, even lower than in neighboring countries like Sri Lanka, India and China. As a result, low productivity affects the added value of production and the capacity to diversify outputs. Given comparable clothing quality and marginal price difference, importers tend to prefer the supply sources that offer more convenience. This may be due to a cheap and large pool of labor. Easy access to sea transportation is also another crucial factor because it will affect the lead time of supply; most of the time exporters from Pakistan take longer to transport goods because of poor planning and late work. From the point of view of the garment industry, the government should make more efficient import and export procedures to allow for fast importation of raw materials as well as quick clearance of finished garment exports. This will help to offset the disadvantage of location

Today is the day of competition, innovation and going with the planning. The successful and dominating business man is the one who utilizes his all resources to maximum. The best example in today's world is the Toyota. Toyota is working on the basis of Lean Management which gave the concept of no inventory. This concept is not only for the Toyota and other automobile companies but it can be extend to textile industry as well and this is the only way of survival in today's competition. Style Textile has adopted this concept recently and they have increased the productivity, labor efficiency, labor motivation, labor part in the innovation. By using this

concept worker do their work according to plan and work load does not mountain at the end of the shipment. In this way the workers are considered to be more productive with excellent quality parameters. We have to move towards innovation if we want to survive in today's world because the major issue in our industry is the labor related to productivity specially in clothing industry where labor involves more than in any other textile sector. We are of the view that by adopting this concept we can we can take our industry from dark to glory of success with the utilization of existing resources properly and efficiently.

## **Employees Right (Literature Survey)**

It is considered that the factors affecting productivity of labor or the performance of individual worker roles are of the same type as that the effect of the performance of manufacturing firms as a whole. The factors include

- Physical conditions
- Location and technological factors
- Cultural belief and values
- Individual attitude and behavioral level
- Motivation level
- International influences for example, levels of innovativeness and efficiency on the part of the owners and managers
- Levels of flexibility in internal labor markets and the organization of work activities
- Individual rewards and payment systems, and the effectiveness of personnel managers and others in recruiting, training, communicating with, and performance-motivating employees on the basis of pay and other incentives. (Ranjith Tennekoon, 2000)