

**A Study of Impact of Economic Recession on Women Employees in Export Garment Industry, Bangalore**

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**Introduction**

The Indian textile industry is one of the largest textile industries in the world and India earns around 27% of the foreign exchange from exports of textiles and its related products. Ready-made garment (RMG) industry caters to one of the basic needs of human beings, it came into existence as an industry, (i.e. the manufacture of garments using industrial methods of production) only at the turn of the 20th century with the introduction of sewing machine on a commercial scale. In India it is considered an offshoot of our textile industry which dates back to about the middle of the nineteenth century. Garment is one of the many labour intensive sectors that provide a gateway for developing countries to the global market. Today, developing countries produce half of the world's textile exports. Moreover, the economic performance of the apparel and textiles industry in developing countries has large impacts on employment opportunities, especially for women. Recession is a period of general economic decline; typically defined as a decline in GDP for two or more consecutive quarters. A recession is typically accompanied by a drop in the stock market, an increase in unemployment, and a decline in the housing market.

The Great Recession of 2008-2009 which started in US affected almost all the countries of the world. The Indian economy as well as the garment export industry was also badly hit main reason being Indian companies have major outsourcing deals with the US firms and large volume of exports to US and European markets as well. From the meltdown effect Indian garment exporters had to face challenges like rising inflation, increasing costs, drying cash flow, fall of exchange rate, falling sales, employee layoffs, unemployment etc,. Garment is one of the many labour intensive sectors that provide a gateway for developing countries to the global market. The garment industries in the State are concentrated in Bangalore where some of the largest export houses of the country are existing. Today overseas buyers view Bangalore as an important location for sourcing of garments after Bombay and Delhi. Brand images are being felt in this region and there is a great potential for production of value added goods.

**OBJECTIVE**

1. To analyze the implications of economic recession on labour class in garment export industries.

**SCOPE OF THE STUDY:**

The scope of the study is confined to garment factories in Bangalore district. Bangalore district comprises of Bangalore urban and Bangalore rural areas. Bangalore city is a hub for various small garment establishments as well as big export oriented garment industries. The study is related to export business which has been severely affected by global recession. The scope of this study also tries to have an overview of the effects of recession on the garment exporters as whole and garment exporters of Bangalore particularly. The study is also conducted to know the before and after effects of economic meltdown with regards to garment industry of Bangalore.

**LIMITATIONS:**

The study is limited to Bangalore District.

The results would be limited to sample size.

The duration of the recession period would be limited to 2008-09.

**NEED FOR PRESENT STUDY**

The aim of this research is to analyze the various effects from human resource perspective of export garment industries in India owing to the problems of recession of 2008-09. Garment is one of the major labour intensive sectors that provide a gateway for developing countries to the global market. This labour intensive industry attracts more women employees at different levels of production and helps them to support their families. Bangalore is known as the 'Garment capital' of India. Karnataka and especially Bangalore hosts many big garment companies. The recession of 2008-09 was a big blow for the industry and the growth of sales witnessed a declining trend from 21.6% in December 2008 to 12.8% in 2009. The effect was shutting down of factories, layoffs of employees, dismissal of contract workers, delayed payments, no incentives etc., There were also suicide cases of

employees reported in newspapers. When a review of related literature attempted to make an overview of studies on the impact of recession on Indian Garment industries was made in some studies, the impact was found to be positive, in others it is otherwise. The available empirical evidence on this data was inconclusive. Further, studies undertaken at the national and regional level regarding the effect on human resource did derive contradictory results and in order to fill these gaps the present study has been undertaken.

**RESEARCH METHODOLOGY**

This study is based on primary and secondary data. It is both qualitative and quantitative in nature. The data was collected from questionnaire to employees working in export garment industries and the results depicted in form of bar graphs for analysis. The data is also collected from published annual report of selected textiles units of India, from official websites, net sources, different publications, journals relating to textile industry etc.

**ANALYSIS AND INTERPRETATION**

Questionnaire was prepared from these perspectives:

HR Perspective: This variable will illustrate the impact of recession on Human resource management practices as it directly impacts the well being and performance of an employee. It also controls the fiscal and performance tactics over the human resources management practiced during 2008-09.

Strategic Perspective: This variable tends to extract the strategic information about the tactics adopted by an organization to mitigate recession. Various business strategies are analyzed in this variable.

Individual Perspective: This variable extracts the primary information about the extent of pressure an employee suffers in personal life owing to the adopted strategies in an organization during recession.

Gender of the Employees.

SN	Variable	Respondent	
		No.	Percentage
1	Male	70	46.67
2	Female	81	54.00
Total		150	100%

Source:\* Data from self reported statements of executives.

\*Percentage is calculated by researcher

Total Work Experiences of the Employees.

SN	variable	Respondent	
		No.	Percentage
1	1-5 Years	41	27.33
2	5-10 Years	55	36.67
3	10-15 Years	29	19.33
4	More than 15 Years	25	16.67
Total		150	100%

Source:\* Data from self reported statements of executives.

\*Percentage is calculated by researcher

Marital Status of the Employees.

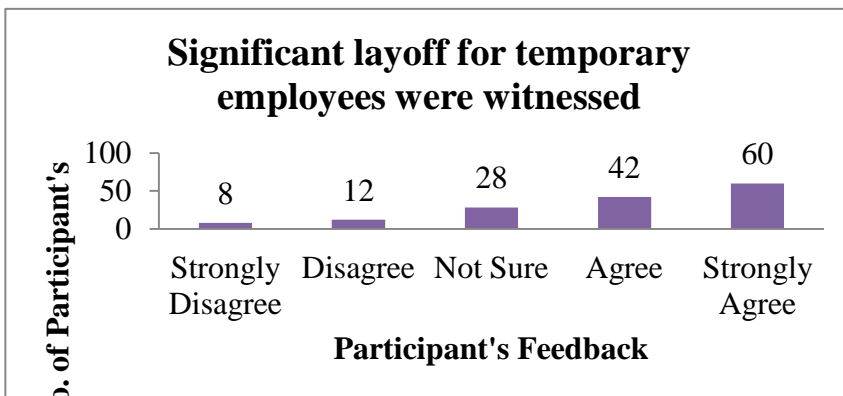
SN	variable	Respondent	
		No.	Percentage
1	Married	73	48.67
2	Un-Married	45	30.00
3	Widow	32	21.33
Total		150	100%

Source:\* Data from self reported statements of executives.

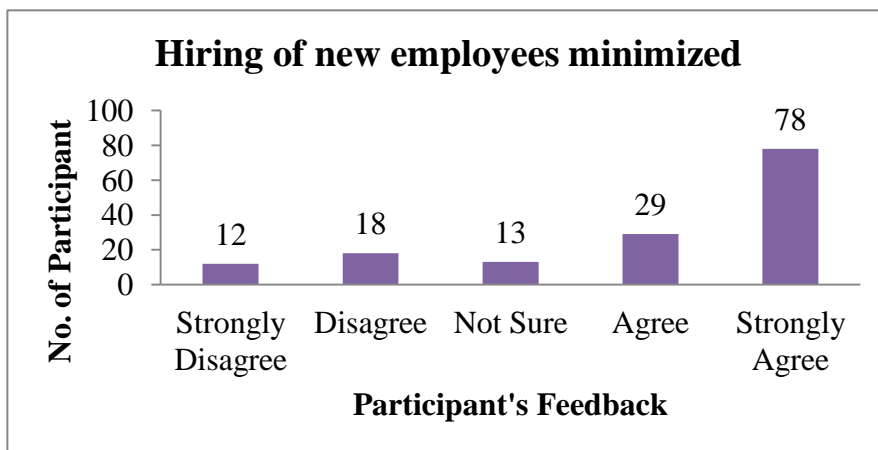
\*Percentage is calculated by researcher

HR Perspective:

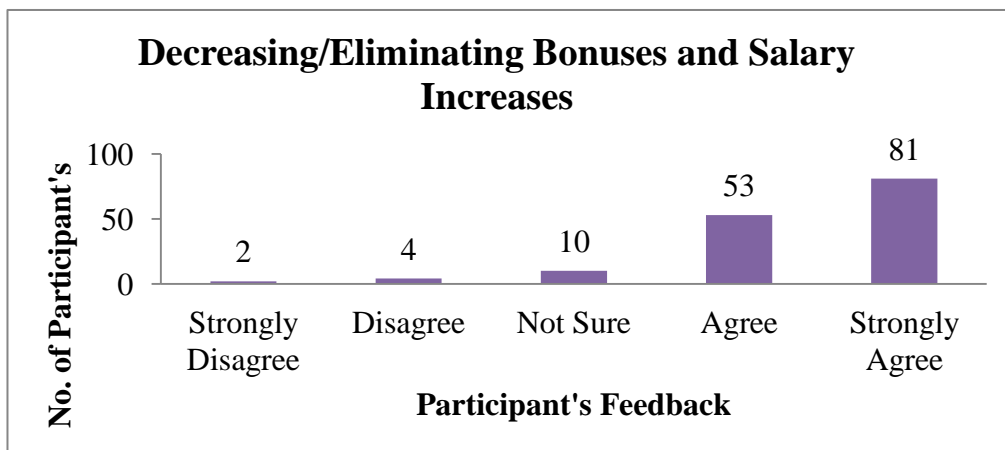
Significant Layoff for Temporary Employees were Witnessed



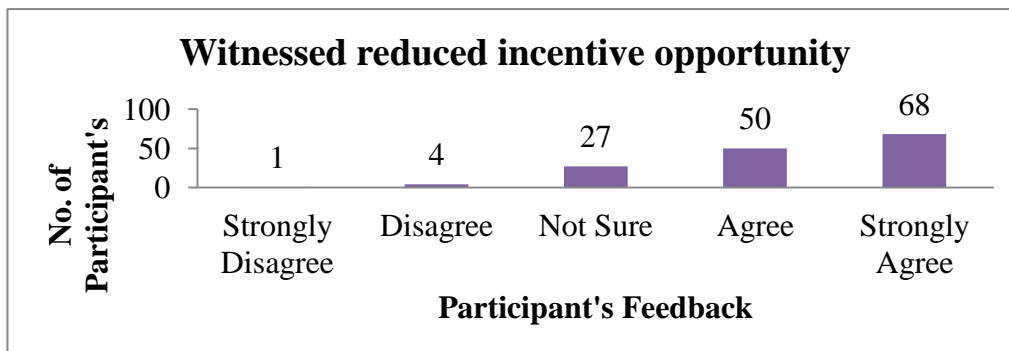
Hiring of New Employees Minimized



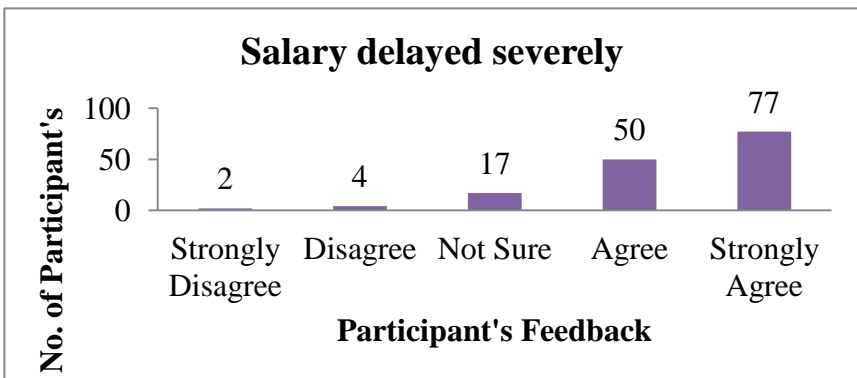
Decreasing/Eliminating Bonuses and Salary Increases



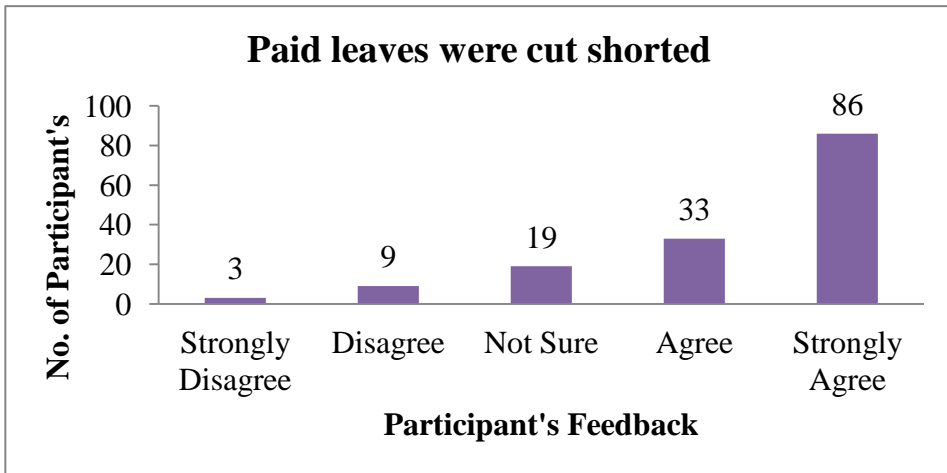
Witnessed Reduced Incentive Opportunity



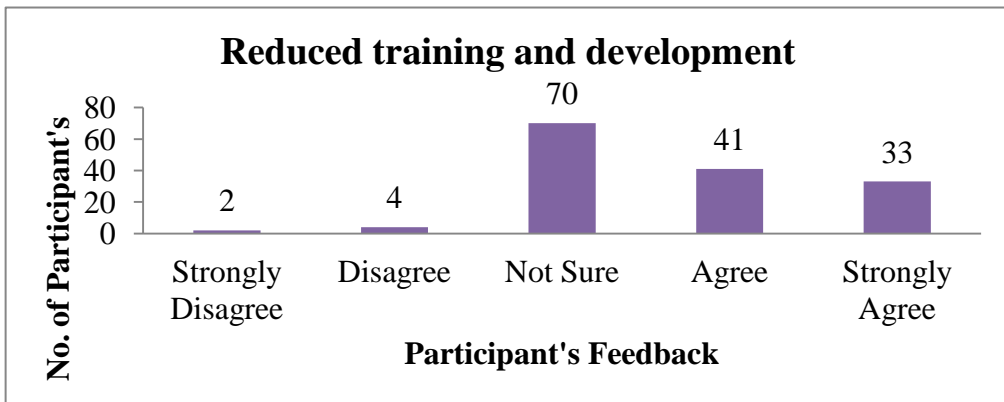
Salary Delayed Severely



Salary Delayed Severely



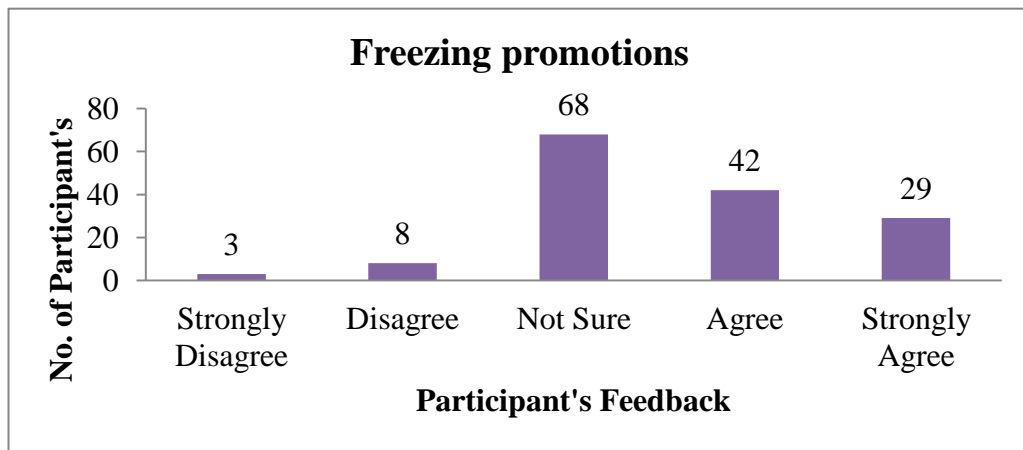
Reduced Training and Development



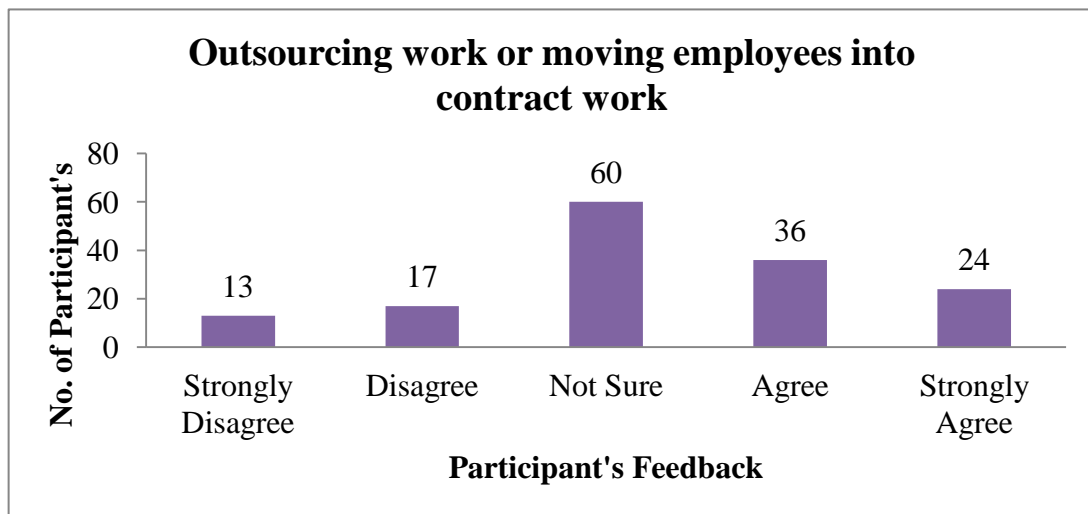
Shortage of Skilled Labour



Freezing Promotions

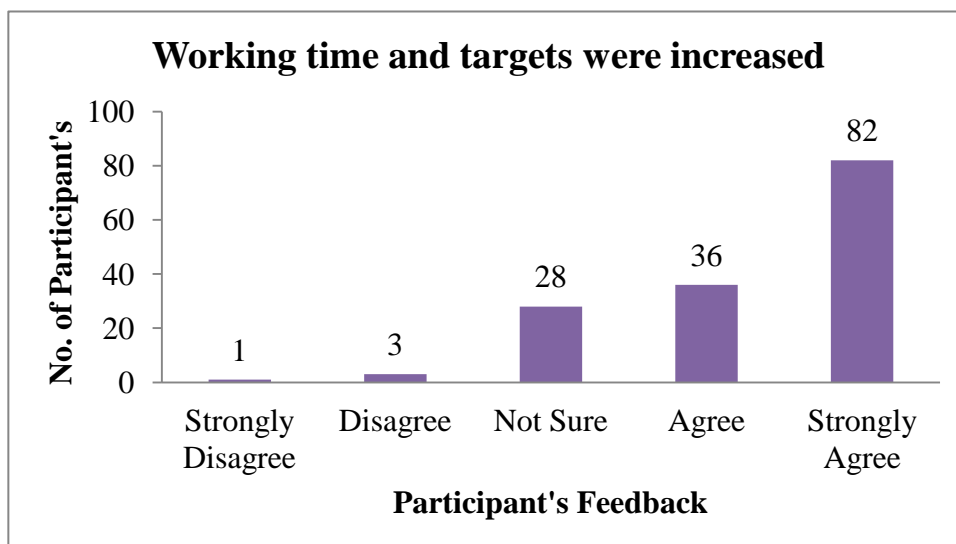


Outsourcing Work or Moving Employees into Contract Work

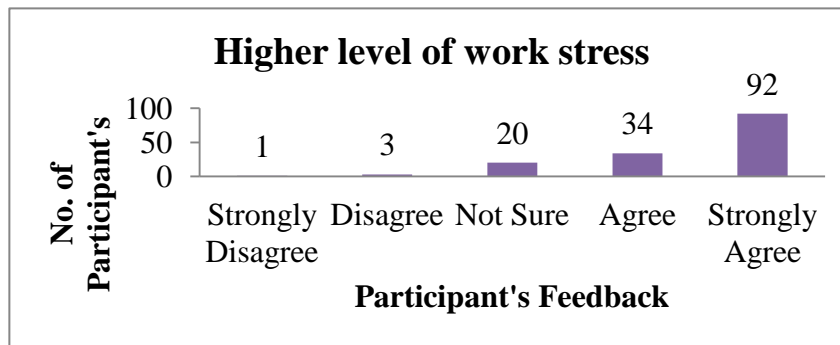


Individual Perspective

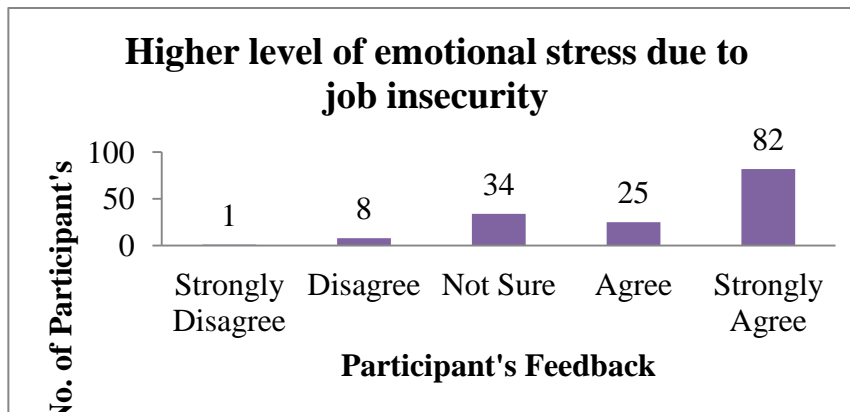
Working Time and Targets were Increased



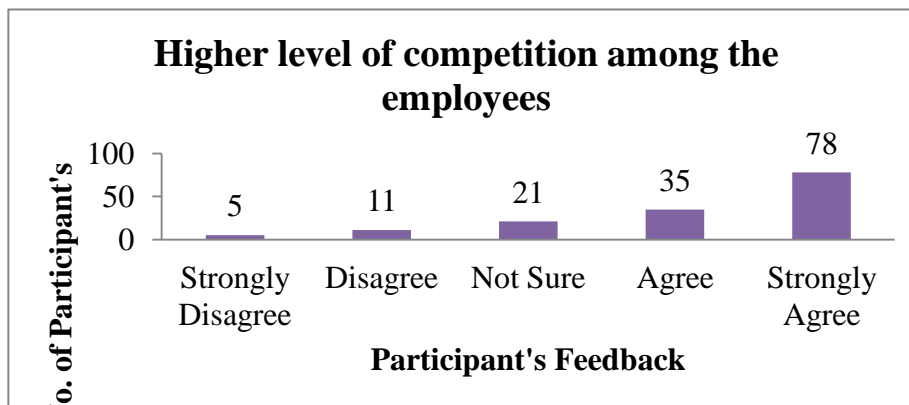
Higher Level of Work Stress



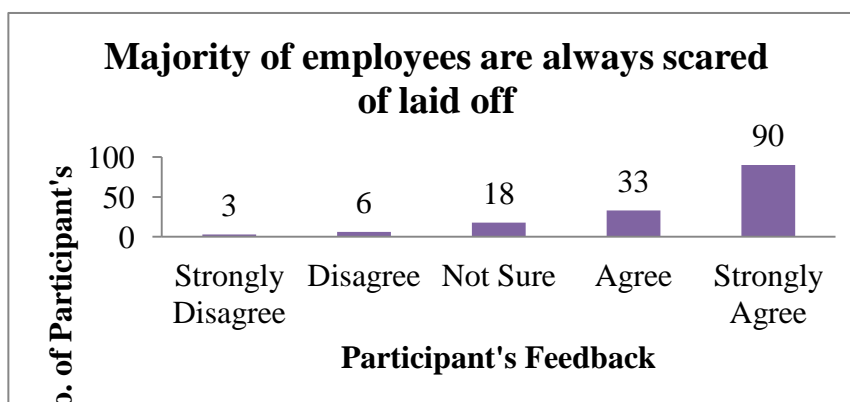
Higher Level of Emotional Stress due to Job Insecurity



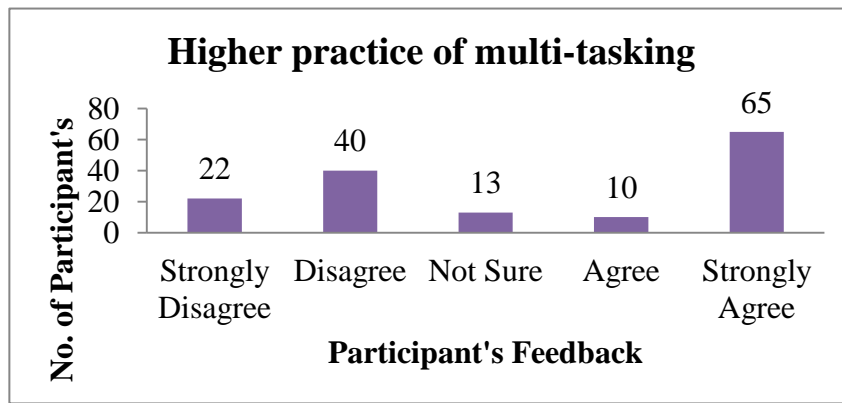
Higher Level of Competition among the Employees



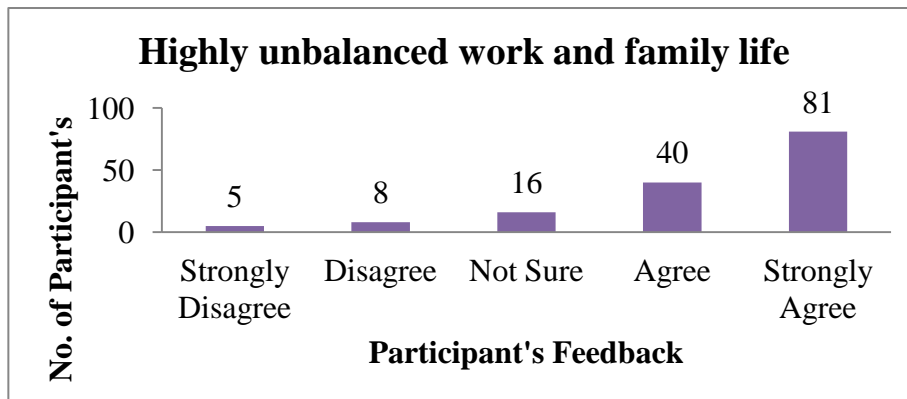
Majority of Employees are always Scared of Laid off



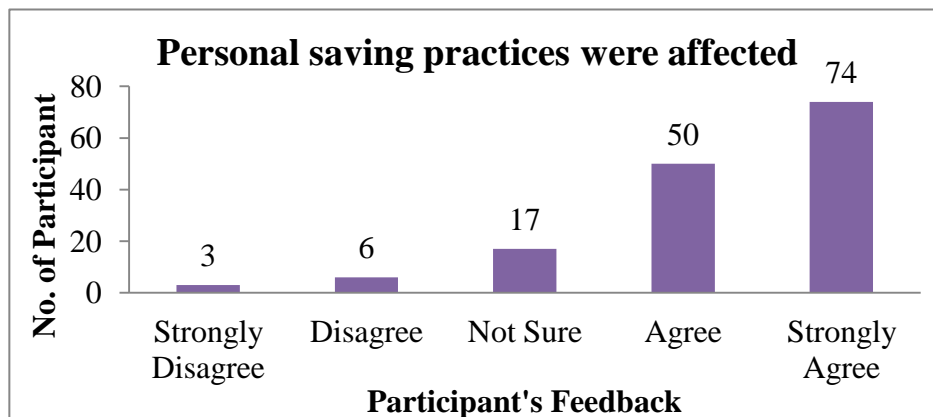
Higher Practice of Multi-Tasking



Highly Unbalanced Work and Family Life

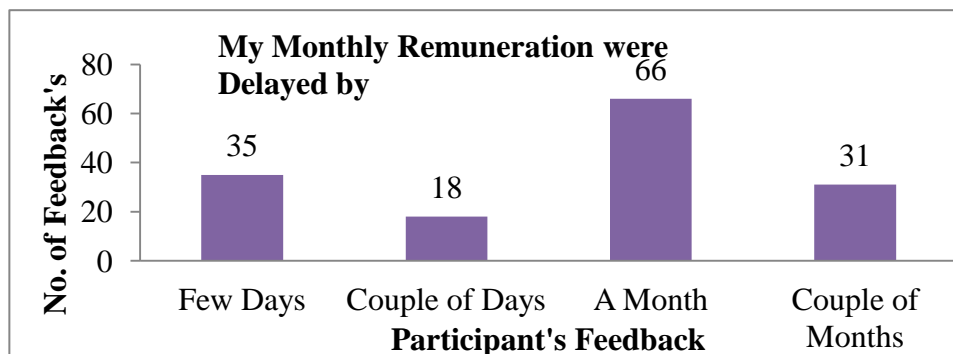


Personal Saving Practices were Affected

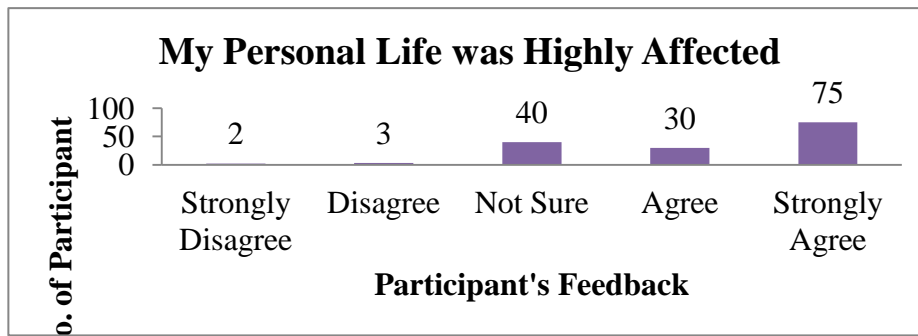


Personal Saving Practices were affected

My Monthly Remuneration was Delayed by:-



My Personal Life was Highly Affected



Findings

Significant Layoff for Temporary Employees were Witnessed

Hiring of New Employees Minimized

Witnessed Reduced Incentive Opportunity

Decreasing/Eliminating Bonuses and Salary Increases

Witnessed Reduced Incentive Opportunity

Salary Delayed Severely

Salary Delayed Severely

From the above statistical information it is clear that Recession has greatly affected the labour class working in readymade garment industries.

### SUGGESTION

While the recession is surely a major setback in the progress of human development, it also provides for a prospect for introspection and an opportunity for reform. Thus, the policy to boost up the textile industry from recession must have two guiding principles. It should be compensatory – to help the dislodged regain the former standing. These are largely short-term measures. Simultaneously, however, preventive or precautionary measures must also be put into place so that the industry is in a better spot to handle any downturns in the future. The aim, therefore, should not be only to restore the situation to the pre-recession scenario but, in fact, to bolster growth as well as well being to previously unattained levels

Compensatory measures: The employment has dipped on account of the fall in export led demand. Thus, it is imperative that alternatives to this must be found. Arguably, domestic demand should be promoted to a level where it not only augments exports but also offsets a fall in them. To stabilize the economy from the well-being standpoint, the Government must actively put social safety nets into place. The labour markets must be made a part of the macroeconomic financial stabilization schemes. Also, the authorities must look at other industries that continue to enjoy a healthy demand for the prospect of absorbing the displaced labour force. From the supply side, the government must bring down the cost of inputs, especially imported inputs by reducing the tariffs (for instance, these are really high on MMTF intermediates), so the output levels may be reinforced.

Preventive measures: The readymade garment industry must try and diversify – at the level of its export composition as well as its export markets. It is important for the industry to try and find newer markets and avoid concentration in a few so as to reduce the concentration of risk. Moreover, newer measures of financing should also be put into place. Measures must be taken to setup a backup in case one branch of investment (in this case, FDIs) fails. More importantly, a greater emphasis must be laid on long-term investment of human capital. It is important to lay stress on the training and health of workers so that they may be better prepared to face such exigencies. Schemes of cooperation between Government, Employer and employees must be devised and put into practice so as to reduce the shock value of such economic downturns on both the employer and the employee. These measures will not only provide a financial backing to the workers in times of distress, they will also make them more self-reliant and flexible in adverse economic phases. Thus it is critical that not only short-term assistance is provided to textiles in the face of this recession, but also that the industry is made more resilient in the future.



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