



RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT PRACTICES AND TURNOVER INTENTION (WITH SPECIAL REFERENCE TO THE APPAREL FACTORIES IN RATHNAPURA DISTRICT)

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KeyWords

Human Resource Management practices, Job satisfaction, Turnover intention, Apparel industry, Sewing Machine Operators, Sri Lanka.

ABSTRACT

This study empirically evaluated four Human Resource Management (HRM) practices (recruitment and selection, training and development, compensation and career development) and their relationship with the Sewing Machine Operators (SMOs) turnover intention in apparel industry in Sri Lanka. Retention of employees is a huge challenge for any organization in current competitive globalized market. High employee turnover is one of the major issues faced by the managers in the apparel industry in Sri Lanka. Hence, the purpose of this study is to examine the level of relationship between HRM practices and turnover intention of SMOs in Apparel industry. In Sri Lanka, HRM practices and turnover intention of employees in the Apparel industry has not been fully addressed. Therefore, this study addresses the gap in the literature. The data were collected from randomly selected 300 SMOs who are working in apparel firms located in Rathnapura District; Sri Lanka through a self-administrated structured questionnaire. The data were analyzed using SPSS. Descriptive statistics, Cronbach's alpha, multiple regression analysis, and Pearson correlation coefficient were used for various analyzes of this study. Results of Correlation analysis showed that HRM practices were negatively and significantly correlated with SMOs turnover intention. Further, results indicated HRM practices are positively and significantly correlated with job satisfaction and job satisfaction is significantly and negatively correlated with turnover Intention. Results of the regression analysis showed that there is a significant negative impact of HR practices on turnover intention. As per the results of the regression analysis, compensation practice is the strong predictor of turnover Intention and job satisfaction of SMOs. The results suggested that increasing salary, providing more indirect rewards, providing training and development opportunities, and treating employees in a friendly manner are the most effective retention strategies for SMOs in the apparel industry in Sri Lanka.

INTRODUCTION

Modern business world is dynamic in nature and the business organizations which are operated within the scope of this business world are struggling to secure the competitiveness over its rivals. Barney & Wright (1997) stated that the firm's people are its most important asset. Thus, employee retention is a must to obtain the organizational expected success. However, retention of employees is a huge challenge for any organization in current competitive globalized market. Sri Lankan Apparel industry contributes to large part of export earnings while providing job opportunities in Sri Lanka. Kelegama (2005) highlighted that the garment industry in Sri Lanka has been contributing to the maintenance of nearly 1.2 million people. Dheerasinghe (2009) stated that this industry provides more than 330,000 direct employment and 5% of country's total employment. Further he stated that lack of skilled labor and high labor turnover are some of the main challenges facing the Sri Lankan apparel industry. Chad (2011) as cited in Wu (2012) also had stated that employee turnover is a cause of economic loss of any organization. Hence, as stated above, employee turnover is a burning issue for any organization.

This study empirically evaluates four HRM practices (recruitment and selection, training and development, compensation and career development) and their relationship with the SMOs turnover intention in apparel industry in Sri Lanka. Existing studies on HRM practices and employee turnover have only focused on western countries context (Mihail & Kloutsiniotis, 2016; Karetape et al., 2015). Most of the prior studies ignored the South Asian context, which required further empirical evidences in other cultural context (Mihail & Kloutsiniotis, 2016). This study addresses this gap in the literature in relation to the apparel industry in Sri Lanka.

OBJECTIVE OF THE STUDY

Main Objective of this study is to examine the relationship between HRM practices (Recruitment & selection, Training & Development, Compensation, Career development opportunities) and Turnover intention of SMOs in the apparel industry in Sri Lanka.

PROBLEM STATEMENT

Philips (1990) stated that most of the times employee turnover is costly as it needs costs to recruit new blood to the organization, training cost for new employees, covering cost during the period in which there is a vacancy etc.

According to Export Development Board (2015) earning from exports of textile and apparel is accounted for 43% of total exports earnings of the country. It has become Sri Lanka's largest export industry. Dheerasinghe, (2009) stated that the key issue the garment industry facing is how to develop and maintain the necessary manpower. The normal labor turnover per factory is nearly 60% per annum. Considering labour migration, the net number of persons leaving the industry is estimated as 25% for a year (Export Development Board, 2015, p.109).

The Labour Turnover Reports (2013, 2014, 2015, and 2016) showed that the turnover amount of SMOs in the apparel industry is higher than other non-executive employees in the industry. This high employee turnover is a huge problem of the company since it affects survival of the company. Since the turnover of SMOs is one of the key problems in the apparel sector, this study aims to come up with solution to the major research problem which is "The relationship between HRM practices and Turnover Intention of SMOs in the apparel industry in Sri Lanka.

LITERATURE REVIEW

Employee Turnover intention

Mediana, (2011, p.6) defined turnover intention as "an employee's intent to find a new job with another employer within the next year".

Job Satisfaction

Job satisfaction can be viewed as “persons’ own feelings or state-of- mind about the nature of their work” (Mudor & Taksoon, 2011, p.41) Job satisfaction can be affected by various aspects such as pay practices, value of connection with supervisor, quality of the physical environment employees’ work (Mudor & Taksoon, 2011). Boran (2011) stated that job satisfaction can be defined as how people sense their jobs in different circumstances. It is the degree to which people like or dislike their jobs.

Human Resource Management Practices

Prizada et al., (2013) stated that, Human Resource Management should be supported by some HRM practices. HRM practices refer to those practices which carry employees towards the achievement of organizational objectives by managing weak human resources (Prizada et al., 2013, p.163).

Recruitment and Selection

Jovanoviv (2004) stated that recruitment and selection procedure is vital for Human Resource Management and also important for organizational success. Because of that highly reputed entities spend much resources and energy to generate excellence selection systems recruitment as attracting a group of highly qualified applicants to select the best among them (Jovanoviv, 2004, p. 11). Cho et al. (2006) also mentioned that, internal recruitment and poor training leads to high turnover. Employees selected with better person– organization fit will have the intention to remain and perform better for the organization (Dawson and Abbott, 2011). Burack (1985) mentioned that recruitment methods are importantly related to variances in employee performance, turnover, satisfaction and organizational commitment.

Training and Development

Shaheen, Naqvi and Khan (2013) have said that training can be considered as the process of improving existing skills, knowledge, exposure and abilities that owns by an individual. Mincer (1988) found a positive and significant relationship between training and staying in the firm. Verhees (2012) found a negative relationship between on-the-job training and turnover intentions. Moreover he elaborated training has a important and positive effect on organizational commitment, and that effect has significant and negative effect on turnover intentions (P.5).

Compensation and Benefits

Bernadin (2012) defined compensation as, all forms of financial returns and tangible benefits that employee receives as part of employment relationship.

Career Development Opportunities

Career development refers to opportunities for advancement to other work areas or organization, feedback on performance, access to career mentoring or coaching, as well as fair appraisal for career development practice (Yee, Rahman & Syakira, 2013).

Job Satisfaction and Turnover Intention

Wright and Bonett as cited in Wu (2012) indicated that when employee cannot get happiness from their work then the dissatisfaction of job is high, they will look for other opportunities which can give them happiness or satisfaction. Hence job satisfaction is viewed as significant predictors of turnover intention. Ncede (2013) stated that when employees are not happy with their work, their dissatisfaction about the job is high and then they search for better chances outside the organization which can give them satisfaction. Hence job satisfaction can be seen as a important factor of employee turnover intention (Wright & Bonett 2013).

HRM Practices Job Satisfaction and Turnover Intention

Good HRM practices set conducive work conditions and environment that make the employees feel satisfied and motivated toward the accomplishment of their job performance (Lee, 2012). Human Resource is a very essential component for an organization in terms of labor turnover, productivity as well as financial growth of an organization. Similarly good HRM practices play a pivotal role in employees’ satisfaction, retention and their productivity (Pirzada, 2013). Mudor & Tooksoon (2011) found that negative relationship between HRM activities and turnover; as well as clarify the significance of providing good supervision, training and pay practice to reduce turnover rates. Further he said that job satisfaction has a direct inverse relationship with turnover.

METHODOLOGY

Population: The population of this study is all the SMOs in apparel industry in Sri Lanka.

Sample: The sample consists of randomly selected 300 SMOs who are working in apparel firms located in Rathnapura District.

Data Collection: The researcher has used both primary and secondary data for the study. Self administrated structured questionnaire was used for collecting data from the respondents. The questionnaire was translated into Sinhala Language in order to facilitate the respondents.

DATA PRESENTATION AND ANALYSIS

Assessing reliability

As per the table 1, Cronbach's Alpha for all the items are more than 0.7 which means these items are reliable to measure the concept

Table 1: Reliability Statistics for the variables

Variable	Cronbach's Alpha	No. of Items	Reliability
Recruitment and salection	0.779	3	Good
Training and development	0.813	4	Good
Compensation and benefits	0.903	5	Very Good
Career development opportunities	0.874	4	Very Good
Job Satisfaction	0.809	4	Good
Turnover Intention	0.872	6	Very Good

Source: Survey data, 2017.

Assessing Validity

Table 2 represents KMO value for the variable of this study. These values are more than accepted level of 0.5.

Table 2: Validity Statistics for the Variable.

Variables	(KMO)	Bartlett's Test of Sphericity (Significance)	Validity
Recruitment and salection	0.589	0.000	Mediocre
Training and development	0.681	0.000	Mediocre
Compensation and benefits	0.824	0.000	Great
Careerdevelopment opportunities	0.774	0.000	Good
Job Satisfaction	0.685	0.000	Mediocre
Turnover Intention	0.828	0.000	Great

Source: Survey data, 2017.

Correlation Analysis

HRM practices and Job Satisfaction

Pearson correlation coefficients (Table 3) illustrate that there is significant positive relationship between all the independent variables (HRM practices) and Job satisfaction at 1% significant level.

Table 3: Pearson Correlation Analysis for HRM practices and Job Satisfaction

No	Independent Variabel	Dependent Variable (Job Satisfaction)	Strenght of Association
1	Recruitment and selection	0.344**	Weak Positive
2	Training and development	0.537**	Moderate Positive
3	Compensation and benefits	0.555**	Moderate Positive
4	career development opportunities	0.601**	Moderate Positive

**Significant at the 0.01 level (2- tailed)

HRM practices and Turnover Intention

Table 4 shows that there is significant negative relationship between all the independent variables (HRM practices) and Turnover Intention at 1% significant level.

Table 4: Pearson Correlation Analysis for HRM practices and Turnover Intention

No	Independent Variabels	Depandent Variable (Turnover Intention)	Strength of Association
1	Recruitment and selection	_-0.393**	Weak negative
2	Training and development	_-0.321**	Weak negative
3	Compensation and benefits	_-0.496**	Weak negative
4	Career development opportunities	_-0.292**	Weak negative

**Significant at the 0.01 level (2- tailed)

Job Satisfaction and Turnover Intention

Pearson correlation coefficients of -0.653 in Table 5 illustrates that there is significant negative relationship between independent variable (Job Satisfaction) and Turnover Intention at 1% significant level.

Table 5: Pearson Correlation Analysis for Job Satisfaction and Turnover Intention

Independent variable	Dependent variable (Turn over intention)	Strength of Association
Job Satisfaction	-0.653**	Strong negative

**Significant at the 0.01 level (2- tailed)

Regression Analysis

Hypothesis 1: There is a significant impact of HRM practices on Employee Job Satisfaction. To test the hypothesis 01, regression analysis was conducted with Job Satisfaction as dependent variable and four HRM practices as independent variables.

Table 6: Aggregate Impact of HRM practices on Job Satisfaction

R	R Square	Adjusted R Square	Std. Error Of The Estimate	F	Sig. F
0.696	0.485	0.465	0.7038	24.721	0

The R^2 is 0.485 indicating that the 48.5% of variance in job satisfaction of SMOs is explained by the four independent variables jointly. The F value is 24.721 that is significant at $P = 0.0000$ suggesting that four independent variables have significantly explained the 48.5% of the variance in job satisfaction. The strengths of influence that each of the independent variable had on the dependent variable was determined by the use of multiple regression coefficients of the independent variables. The influence of each independent variable is shown in Table 7. As shown in the table Career Development opportunities had the strongest significant effect on job satisfaction of SMOs with a standardized beta of 0.420.

Table 7: Influence of the HRM practices on Job Satisfaction

Variabel	Std. Error	Std. Beta	T	Sig.
Recruitment and selection	0.107	0.023	0.261	0.794
Trainig and development	0.120	0.187	1.783	0.077
Compensation and benefits	0.131	0.224	2.017	0.046
Career development opportunities	0.104	0.420	5.329	0

Hypothesis 2: There's a significant impact of HRM practices on Employee Turnover Intention.

Table 8: Aggregate Impact of HRM practices on Turnover Intention

R	R Square	Adjusted R Square	Std.Error Of The Estimate	F	Sig. F
0.532	0.283	0.255	0.60728	10.346	0.000

The F value is 10.346 that is significant at $P = 0.0000$ suggesting that four independent variables have significantly explained the 28% of the variance in Turnover Intention. The influence of each independent variable is shown in Table 9. As shown in the table, compensation had the strongest significant effect on Turnover Intention of SMOs with a standardized beta of - 0.444.

Table 9: Influence of the HRM practices on Employee Turnover Intention

Variables	Std. Error	Standardized Beta	T	Sig
Recruitment and selection	0.092	-.0185	-.1816	0.072
Training and development	0.104	0.146	1.178	0.242
Compensation and benefits	0.113	-.0444	-3.394	0.001
Career development opportunities	0.09	-.0123	-1.318	0.19

Table 10: Summary of Results of Tested Hypotheses

Hypotheses	Rejected/ Accepted
H1: There's a significant impact of HRM practices on Employee Job Satisfaction	Accepted ($F = 24.721$, $p = 0.0000$)
H2: There's a significant impact of HRM practices on Employee Turnover Intention.	Accepted ($F = 10.346$, $p = 0.0000$)

DISCUSSION AND CONCLUSION

It was found that recruitment & selection, training & development, career development, and compensation have significant negative relationships with turnover intention. Moreover there is significant positive relationship between HR practices and employee job satisfaction. The findings empirically confirm the theoretical arguments explained in the literature review. Career Development Opportunities had the strongest significant positive effect on job satisfaction while compensation had the strongest significant effect on turnover intention of SMOs.

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