

Factors Impact on Employee Turnover with Special Reference to the Apparel Industry in Sri Lanka

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Abstract-Employee turnover is identified as the one of the critical issues faced by the apparel industry in Sri Lanka. Thus, diminishing the turnover is more dynamic since apparel sector is the main employment and the main foreign exchange earner in the country. This study empirically evaluated the impact of four variables on the employee turnover with special reference to the non-executive carder employees in Apparel industry in Sri Lanka. The sample consisted of hundred and fifty non-executive level employees working in the apparel sector and the data were gathered by using self-administering questionnaires. The analysis exposes that working conditions, compensation, employee personal growth and career development implies negative relationship with the employee turnover. Thus there is positive relationship between work life stress and employee turnover. The study results will be beneficial for the apparel business to take suitable approaches to create the present context to formulate strategies to reduce the turnover of the employees in the organization.

Key words: Employee Turnover, Work Life Stress, Working Environment, Compensation, Personal Growth, Career development

I. INTRODUCTION

Human Resource Management (HRM) is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce, using an array of cultural, structural and personal techniques (Storey, 1995). An organization unable to achieve success and the sustainable growth without having a good and talented human resource. The success of the organization comes from the skilled and unique employees who are able to satisfy their customer needs and wants in a different way from their competitors. But retention of this possible best human resource has been identified as a critical challenge in today's competitive employment environment. When consider about the apparel industry it provides faire remuneration packages as well as other benefits than the other industries but still their absenteeism and turnover recorded in a high level. Therefore, employee turnover in the garment manufacturing field has become an important area of research from both theoretical and practical aspects. It is important from a theoretical perspective, in understanding how the underlying causes of turnover can provide insights on how to control the prevailing problem, where the actual problems lie and what are the areas need to be addressed. In this research study, the researcher has focused on finding out from a practical point of view, how to minimize the turnover of non-executive employees in apparel

industry of Sri Lanka. Apparel sector plays significant role in the economic development of the country. Thus, currently the industry faces a high employee turnover continuously and this problem has been seen over past few years. As per the information gathered at the initial observation it is noted that all resigned employees in the past two years were either new recruits or joined the industry as non-executive staff with less than a year of service. If this going to continue, it is critical to the long-term success of the apparel industry. Drawing from this gap the researcher ask the main research question as 'What are the factors for high employee turnover in Apparel Industry of Sri Lanka?'

II. LITERATURE REVIEW

The exact definition of what constitutes employee turnover varies from one research study to another. Price (1977) defines turnover as "the degree of individual movement across the membership boundaries of a social system" (p.4). When a group of employees is considered a social system, this definition would apply and includes accession and the hiring of new employees within an organization. The definition of Ulschak and Snowantle (1992) is most accurately reflects the conceptual position of the research. (Ulschak & Snowantle, 1992) stated that some causes of employee turnover are job-related factors that are somewhat within the direct control of the employer. Examples of such factors would be dissatisfaction with working conditions, supervising conflicts, scheduling conflicts or salary discrepancies. Understanding the causes of job-related turnover is crucial in being able to identify problems within an organization that might be controlled by the employer. Corrective steps taken in this area included training programs for supervisors, clarification of the employee's purpose or role and identifying scheduling solutions (Ulschak & Snowantle, 1992).

The cost of employee turnover to employers can be high, and involves many factors that are often overlooked by the employers. Research reflect that the expenses that are involved include recruitment and hiring costs such as administrative time and screening and interviewing time, lost productivity in the forms of time during replacement, training time of new hires, and time away from their own jobs, lost by other employees in helping a new hire get up to speed, unemployment expenses and sometimes other unseen costs.

There are many causes in any organisation for high turnover of employees. It can include worker looking for greater

paying employment, reduced results or bad corporate culture / working environment, work features or expectations, inconsistent employment, and an employee's individual problems beyond the control of the employer.

By comparison, non-employment-related causes of employee turnover are usually beyond the control of the employer. Non-employment-related causes of employee turnover are those things that affect their workplace efficiency in the private lives of the staff. Relocation, family issues, and chemical abuse would be examples of these. While these causes are not directly within the control of the employer, some organisations have endorsed responsive programs for the non-job-related category such as employee assistance programs and stress management training that better prepared staff to cope with private problems affecting their job efficiency.

As per Leigh (2005) 90% of managers believe that their employees are leaving from the organizations due to better opportunities or else for more money. But in employees' point of view, actually they are leaving due to non-monitory factors. It's all about different perceptions. Many of the managers believe that the turnover cost is unavoidable and it is an accepted cost for their businesses.

Leigh (2005) stated seven factors as the reasons for employee turnover

- The job or workplace was not as expected.
- The mismatch between job and person.
- Too little coaching and feedback.
- Too few growth and advancement.
- Feeling devalued and unrecognized.
- Stress from over work and work life imbalance.
- Loss of trust and confidence in senior leaders.

Employee turnover is key issue for organizations, individuals and society. From the organizational perspective, employee turnover can represent significant costs in terms of lost recruitment, training, socialization investments, disruption and replacement costs, and a variety of indirect costs. And also employee turnover can be positively benefited, for example displacement of poor performance, creation of promotion opportunities and infusion of new people with new ideas (Mobley et al. 1982). Employee turnover occurs when employees leave their jobs and must be replaced. Replacing exiting employees is costly to organization and destructive to service delivery. It is therefore imperative for management to reduce, to the minimum, the frequency at which employees, leave. Employee Retention is a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007). The main purpose of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity and service delivery. However, retention of high performing employees has been become more challenging for managers as this category of employees frequently move from one job to another as they are being

attracted by more than one organization at a time (Samuel & Chipunza, 2009).

Studies carried out by Rappaport, et al (2003) identified that retaining the top talent employees remain as a primary concern for many organizations in today's competitive business environment. Critical analysis of workforce trends points to an impending shortage of highly skilled employees who possess the requisite knowledge and ability to perform at high levels, meaning that organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive. Furthermore, Earle (2003) in his research identified that providing a prolific, flexible and dynamic work environment can be a critical asset in attracting and retaining valuable employees. And also to develop an effective retention plan for today's employment market, it is vital to realize the varying needs and expectation. Based on the findings he argued if the retention strategies are not properly embedded in the business processes, the all effort since recruitment will ultimately prove futile. Holzer and Wissoker (2001) in their study illustrate that leaving of job appears to reflect significant workplace problems, rather than opportunities for advancement into better jobs. Therefore, turnover of employees disrupt teams, raises costs, reduce profitability, and results in lost knowledge.

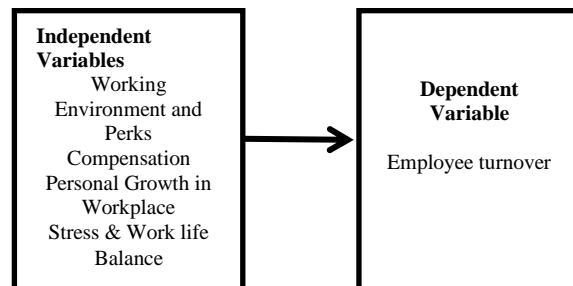


Figure 1 conceptual framework of the study

Research Hypothesis

H1: There is a significant impact of work environment on the employee turnover

H2: There is a significant impact of compensation on the employee turnover

H3: There is a significant impact of individual growth on the employee turnover

H4: There is a significant impact of managing workplace stress on the employee turnover

Methodology

The study adopted quantitative research approach and the data were collected by using self-administrated questionnaire from 150 non-executive carder employees in Apparel industry in Sri Lanka using convenience sampling technique. The study has been used Pearson correlation analysis in order to identify

the relationship between the variables. Moreover multiple regression analysis was conducted to identify the factors impact on the turnover of the non- executive employees who are working in the apparel industry. The data were analyzed by using SPSS statistical software.

III. RESULTS AND THE DISCUSSION

In order to measure the reliability involved in the research constructs, reliability test was performed to ensure the reliability of measures. According to that Cronbach’s alpha value was utilized. As most of the literature widely cited that coefficient alpha exceeds the 0.70 level, Because of that, the reliability of the research constructs in the acceptable level as 0.757

Four variables have been identified to measure the impact on employee turnover of non-executive cadre employees of the apparel sector in Sri Lanka. According to Pearson correlation analysis, correlation between Working environment and dependent variable was -0.284 which implied that there was a Weak negative relationship. Furthermore, p-value of 0.000 emphasizes that there was a significant relationship between independent and dependent variables. Correlation coefficient of compensation and employee turnover was -0.594. It suggested that there is a strong negative relationship between compensation and employee turnover of non-executive employees. Further correlation between Personal growth and career development and dependent variable was -0.055 which implied that there was a Weak negative relationship. This illustrate when personal development and the career development of the employees who are working in the apparel industry decrease, employee turnover would be increase. Finally, it can be identified that there is a weak positive relationship between Work life stress and employee turnover with reference to the apparel industry. Therefore, it can be clearly stated that the turnover of the employees increases when working environment, compensation as well as personal growth and career development variables decreases. Moreover, employee turnover reduced when work life stress of the employees reduce.

The multiple linear regression models below show the predictive potential of working environment, Compensation, Personal growth and career development and work life stress on employee turnover of non-executive cadre employees in ABC Company.

Table 1 Model summary of multiple regressions

Figure	Value
R	0.765
R Square	0.585
Adjusted R Square	0.573
Standard error of the Estimate	0.596
Significance F Change	0.000

Source: Based on analyzed data

It is evident from the results that, working environment, compensation, personal growth and career development and work life stress have explained 58.5% of the variance of the dependent variable. Hence 58.5% variation of employee turnover is explained by the model.

Table 2 Analysis of Variance for Multiple Linear Regressions

Model	Sum of Squares	Degree of Freedom	F- Value	Significant
Regression	53.011	4	26.43	0.000
Residual	37.619	75		
Total	90.630	79		

Source: Based on analyzed data

The model indicated that P value 0.000, which is less than 0.05, suggests that overall model applied can statistically significant predict of the dependent variable of employee turnover.

Table 3 Multiple Regression Analysis

Predictor	β Coefficients	Standard Error	t-Value	P – Value Significance
Constant	3.40	1.060	3.208	0.002
Working environment	-0.451	0.219	-2.052	0.046
compensation	-0.126	0.252	-0.501	0.000
Personal growth and career development	-0.086	0.305	-0.282	0.000
Work Life Stress	+0.197	0.206	0.954	0.002

Source: Based on analyzed data

In according to the results of above table, constant (β_0) was implied that while all four independent variables remain zero, employee turnover is 3.40. P value of the constant is 0.002 and it denotes that statistically significant at 0.05 level of significant. Since the three beta coefficient values representing negative values, it is obvious to reveal that there is a negative relationship among those variables.

When consider working environment, the β coefficient of -0.451 indicates that when working environment was increased by one unit while other variables remain constant, employee turnover decreases by -0.451 units. It can be seen that working environment variable contributed significantly to the model since P-value of 0.046 is less than 0.05 level of significant. Hence, there is a significant relationship between working environment and employee turnover.

When consider Compensation, the β coefficient of -0.126 indicates that when compensation was increased by one unit while other variables remain constant, employee turnover decrease by -0.126 units. It can be seen that compensation has contributed significantly to the model since P-value of 0.000 is lower than 0.05 level of significant. Hence, there is a significant relationship can be identified between compensation and employee turnover.

When consider Personal Growth and career development, the β coefficient of -0.086 indicates that when Personal Growth and career development was increased by one unit while other variables remain constant, turnover decrease by -0.086 units. It can be seen that Personal Growth and career development has contributed significantly to the model since P-value of 0.000 is lower than 0.05 level of significant. Hence, there is a significant relationship can be identified between Personal Growth and career development and turnover of the employees.

In accordance to the β coefficient of employee work life stress it indicates +0.197 value. Hence when employee work life stress was increased by one unit while other variables remain constant, employee turnover increases by +0.197 units. Therefore, there is a significant positive relationship between those two variables since the p value of 0.002 is lower than the 0.05 significant level.

According to the above information, multiple linear regressions model can be expressed as follows.

$$ET = 3.40 - 0.451WE - 0.126CO - 0.086GC + 0.197WLS + \varepsilon$$

Where,

ET = Turnover

WE = Working Environment and peaks

CO = Compensation

GC = Growth and Career development

WLS = Work Life Stress

ε = Error term

IV. CONCLUSION

Identify the causes of employee turnover; it is a business undertaking to preserve a working atmosphere that promotes present employees to stay with the business. In today's contemporary company setting, employee retention is one of the most significant elements. Because of the high turnover of employees, organizations face a lot of issues. Therefore, using distinct approaches to maintain their staff and to assist staff remain with the organization for a longer period of time is of paramount importance. The four factors that has been identified by conducting this study in order to minimize the turnover rate of the apparel industry are working environment related to the workplace safety and the culture, compensation through pay and benefits, support provided by the organization towards employee personal growth and career developments through trainings and advancement for gain new skills as well as minimizing work life stress by maintaining good relationship between employer and employee, usually by having direct manager or co-worker relationship. Based on the results of the research, the application of well-planned employee retention policy with risk mitigation programs for talent loss will help organizations

to resolve employee turnover problems. In combination with the executive leadership team, the Human Resource Department should operate to guarantee that turnover ratios and retention policies are carefully examined to optimize them.

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