Impact of selected human resource management practices on employee retention in apparel industry in Kurunegala District, Sri Lanka

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Introduction

Human Resource Management (HRM) practices are a set of planned strategies and policies implemented by an organization to ensure that the organization's human capital efficiently and effectively contribute to the achievement of organizational objectives (Mondy & Noe, 2005). A good understanding of the relationship between HRM practices and employee retention will help organizations to retain strategic employees in achieving business results in a competitive environment. The apparel industry is one of the expanding and labor intensive leading industries in Sri Lanka which makes most significant and dynamic contribution to the national economy as a main foreign exchange earner of the country (Perera, 2010). The industry has created more than 330,000 direct employment opportunities in the economy that has contributed to saving nearly 1.2 million lives in the nation (Kelegama, 2005). Like other South Asian countries, in Sri Lanka, the sector is more dominated by females and they represent more than 80 percent of total workforce in a garment factory (Joshi, 2002). Though the industry itself booming with the global economy, the problem of higher labor turnover has made a small hole in the big ship that might fall down the ship and push it under water quickly (Weerawansa & Aponsu, 2012). How much the problem has deepened that the average labor turnover per factory in Sri Lanka, is about 60 percent per annum and the net number of persons leaving the industry is nearly 25 percent per annum (Dheerasingha, 2009). This issue becomes more critical when worker replacement cost, the difficulty of finding skilled employees are high and the low-security associates with investments on training (Lochhead & Stephens, 2004). Further, Organizations need to bear the responsibility for both direct costs related to exiting interviews, new recruitment, training and compensation and similarly indirect expenses which are nonfinancial in nature related to employee turnover (Mello, 2011). The problem of labor turnover can be addressed through effectual HRM practices (Mathis & Jackson, 2004). The objective of the study is to explain the impact of HRM practices on

retention of non-managerial employees in the apparel industry with special reference to Kurunegala District, Sri Lanka.

Methodology

The research is an exploratory type and quantitative study that administered a questionnaire survey in data collection. Five HRM practices were derived from extensive literature survey. Those are work-life balance, compensation, training and development, work engagement, and health and safety. Employee retention was considered as the dependent variable of the study. The undefined population for the study comprised of non-managerial employees who are working in garment factories in Kurunegala District. Out of which 200 employees in two garment factories were selected as the sample on the basis of simple random sampling technique. The data were collected from individuals through a structured questionnaire in their location at the lunch break. The questionnaire included two sections. The section one gathers demographic information of the respondents and the section two was filled with five-point Likert type questions to measure both independent and dependent variables. In data analysis, both descriptive and inferential statistical techniques were used in SPSS. The correlation analysis was used to examine the relationship between HRM practices and employee retention and regression analysis was performed to find out the impact of HRM practices on employee retention.

Results and discussion

The demographic characteristics of the respondents show that 73 percent of respondents were female while rest of 27 percent was male. Majority of the respondents were below 30 years which constitute 53 percent of the sample. About 55 percent respondents were married and other respondents were single. Nearly 49 percent of the respondents had completed education up to G.C.E Ordinary Level, 38 percent had completed G.C.E. Advance Level and only 13 percent had followed related professional courses. The majority of the respondents had work experience in the present factory less than 2 years which denotes that underline problem is similar in the selected area as well. Of the sample, 54 percent of the respondents was machine operators and others respondents are from categories of cutters, packing, supervisory and middle-level employees.

According to the correlation test (Table 1), the correlation coefficients of work-life balance, compensation, training and development, work engagement and health and safety were 0.729, 0.546, 0.665, 0.744 and 0.694 respectively. The respective sig values were less than 0.05 level. Thus, there are statistically

significant relationship between life balance, compensation training and development, work engagement and health and safety with employee retention in the apparel sector in Kurunegala District.

Table 1 Results of correlation analysis

Variable	ER	WLB	COM	TD	WE
Employee Retention [ER]	-				
Work-Life Balance [WLB]	.729**	-			
Compensation [COM]	.546**	.675**	-		
Training and Development [TD]	.665**	.685**	.629**	-	
Work engagement [WE]	.744**	.647**	.553**	.707**	-
Health and Safety [HS]	.694**	.565**	.515**	.602**	.632**

**Significant at 0.01 level (2-tail)

Regression analysis reports R Square value 0.591 which reveals 59 percent variation in employee retention is explained by independent variables such as work-life balance, work engagement, and health and safety. As per the analysis (Table 2), regression coefficients of work-life balance, work engagement and health and safety are statistically significant at 0.05 level. Accordingly, the work-life balance, work engagement and health and safety have significant impact on employee retention in the apparel sector. However, the impact of compensation, training and development on employee retention is not statistically significant at 0.05 level.

Table 2 Results of Regression Analysis

Variable	Coefficient	T values	Sig values
Constant	-0.103	-.778	.000*
Work-Life Balance	0.428	4.008	.000*
Compensation	-0.053	0.621	.536
Training and Development	0.079	0.808	.421
Work Engagement	0.334	3.610	.000*
Health and Safety	0.331	3.594	.001*

*Dependent Variable: Employee Retention *Significant at 0.05 level*

Conclusion

The result reveals that work-life balance, work engagement and health and safety practices have significant effect on retention of non-managerial employees in apparel sector in Kurunegala district. However, HRM practices relating to compensation, training and development do not have any impact on employee retention in the sector. The study recommends respective authorities to take

necessary actions to balance employees work and personal life responsibilities, and to enhance work engagement and health and safety practices to retain non managerial employees in the organizations. The study further recommends organizations to allow employees to take their day-out leave properly and increase payable full day leaves and short leaves for managing works and family life responsibilities. Further, employees' work engagement can be improved assigning them more challenging but achievable targets with fair remuneration. Moreover, establishment of conducive working environment characterized with easy access to drinking water, quality foods, sanitary facilities, natural ventilation and illumination and safety practices would help to keep employees more motivated and engaged in their work productively.

Keywords: *Compensation, health and safety, retention, work engagement, work-life balance.*

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