

[04]

Determinants of Intention to Leave among Operational Level Employees: A Study at a Leading Apparel Manufacturing Company in Sri Lanka

Amarathunge, B.B.

Abstract

Human resources are considered to be amongst the most important assets of every organization as they determine organizational success and productivity. High level of employee turnover among operational level employees has been identified as a contemporary management issue which can be seen common in apparel sector in Sri Lanka resulting both intangible and tangible costs to the company. Existent literature supports several studies that have been conducted in different fields to identify the relationship between job satisfaction and the employees' intention to leave which leads to turnover. This study was intended to investigate the factors affecting employees' intention to leave at one of the leading apparel manufacturing companies in Sri Lanka in fact data had been gathered from 120 operational level employees using a questionnaire. Better working conditions, opportunities for training and Higher Salary and other benefits were identified as the major determinants of employees' intention to stay. Gender, age and educational qualifications were identified as moderators that do influence the employee's intention to leave or stay. Later, the study is provided with recommendations on how to retain operational level staff by making them satisfied to the best. At last, it is concluded by indicating insights for further research.

Keywords: Employees' Intention to Leave, Employee Turnover, Apparel Industry, Job Satisfaction

Background of the Study

In the current competitive business world, employee turnover has been a major problem for many organizations as it has directly influenced on the smooth flow of organizational day-to-day operations. Turnover remains one of the most troubling issues for apparel sector (Weerawansa et al. 2012). The costs of labour turnover are quite well known. According to Schlesinger and Heskett (1991) the cost of employee turnover to for-profit organizations' has been estimated to be up to 150 per cent of the employees' remuneration package. In fact Organizations need to bear the responsibility for both direct costs related to exit interviews, new recruitment, training and compensation and similarly indirect expenses which are non-financial in nature related to employee turnover (Kesner & Dalton 1994; O'Connell & Kung 2007; Mello 2011). In the current business scenario around the world, companies no longer promise lifetime employment, neither do their personnel acknowledge complete loyalty to the company (Tyagi and Agarwal 2010). More specifically, contemporary employment trends are characterized by increasing emphasis on short-term employment contracts accompanied by growing job insecurity. These changes led to giving a new definition and understanding to

ISSN: 2420-7608

employee career aspirations and changed the scope and nature of employment relationship (Millward & Brewerton 1999; Kabanoff et al. 2000).

Employees' intention to leave may be defined as an individual's intention to leave his/ her organization within a defined period of time. The intention to leave may have been caused by the individuals' negative opinions and attitudes toward their job and work place (Shwu-Ru & Ching-Yu 2010). Examining the intention of employees to leave could be an indicator for the level of employee turnover ratio (Brown & Peterson 1993; Kassing et al. 2012; Randall 1990; Shore et al. 1990; Thatcher et al. 2003). According to Das (2012), research into the history of labor turnover has been directed toward understanding the relationship between job attitudes, such as job satisfaction and organizational commitment, and employees' intention to leave. However, it is imperative to know and comprehend the role of the psychological contract as a predictor variable influencing the voluntary decision of the employee to leave the organization (Guchait & Seonghee 2010).

By identifying the antecedents of intention to leave the job and better understanding of turnover decision making process, the management may minimize dysfunctional turnover of avoidable leavers. Hence, this study aims to identify the factors that lead to operational level employees' intention to leave at one of the leading apparel manufacturing companies in Sri Lanka.

Research Problem and Objective of the Study

Since it is practically impossible to conduct a study based on the employees who have already left the organization, this study is focused on the existing employees in the organization in order to examine what factors would lead to their intention to leave. This study was based on a leading, large-scale, organization in the apparel industry in Sri Lanka.

The research problem addressed under this study is; what are the key factors that affect the operational level employees' intention to leave the organization. Therefore, the research objective of this study is to investigate the key factors that affect the operational level employees' intention to leave the organization, which will be crucial to minimize the negative impacts such as the additional costs that are related to quality defects and recruitment process.

Literature Review and Conceptual Framework

Employee turnover is an important area of study in different disciplines such as psychology, sociology, economic into different forms: voluntary and involuntary (Wiley 1993; Abbasi & Hollman 2000) functional and dysfunctional (Trevor & Boudreau 1997) uncontrollable and controllable (Mathis & Jackson 2010) etc. As the organizational costs (both visible and invisible) of voluntary turnover of key employees are very high, therefore more attention should be given by the management to retain high quality employees. Many studies have investigated the relationship between job satisfaction and intention to leave. Hence, the theoretical framework of the study has been mainly focused on identifying the causes of

ISSN: 2420-7608

employee job dissatisfaction and its relationship with the employees' intentions to quit leading to employee turnover.

From a study undertaken by Khatri et al. (2001) employee turnover presents similar issues in Asia, and in Singapore apparel industry overall turnover rates of well over 40 percent were seemingly common in the 1990s. According to him the costs associated with turnover can include disruption to work flow, costs of advertising, recruitment and training costs.

However some may underlie the assumption that the apparel industry may be less affected than appears at first sight. For example, highly defined and routinized tasks and the existence of a potentially willing work force have reduced these costs significantly. Luxenberg (1985) reported that an employee has little opportunity to ruin the product and "A bored, half-sleep teenager can perform most tasks" (cited by Krueger 1991, p. 83).

As previously mentioned, many studies have investigated the relationship between job satisfaction and intention to leave. Abdel-Halim (1981) and Rasch and Harrell (1990) found that individuals who experience relatively low job satisfaction tend to change work positions. Further Abdel-Halim (1981) and Rasch and Harrell (1990) found that individuals who are less satisfied with their job positions tend to leave their organizations which means there's a direct link with their level of satisfaction and their intentions. A similar study by Hom and Griffeth (1995) found that the proportion of variance shared by levels of satisfaction and turnover is 3.6 percent. Another study by Chan (1997) concluded the relationship between job satisfaction and intent to leave, where every unit of reduction in job satisfaction reflected approximately a one-half standard deviation increase in the intent to leave.

Lee and Liu (2006) reported that job satisfaction and organizational commitment are negatively related with intention to leave the organization. Recruiting and retaining quality practitioners continue to be an issue unless necessary efforts are taken by the employers in increasing employees' job satisfaction. This is supported by Taylor's (1999) finding, which stated that the level of satisfaction is correlated to promotional prospects and has a significant effect on the intention to leave. In addition, Istvan (1991) asserted that the employees in public accounting firms operating under an 'up-or-out' environment often resorted to leaving the firms when they fail to progress up to partnership level. This will cause a ripple effect, causing a vast majority of other employees to leave voluntarily or involuntarily somewhere along the way.

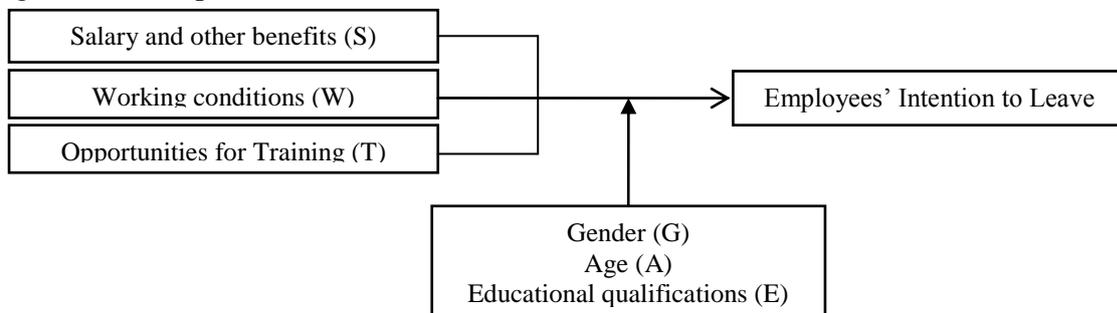
Firth et al. (2003) suggested that to ameliorate intention to quit and in turn reduce turnover, managers need to actively monitor workloads, and the relationships between supervisors and subordinates in order to reduce and manage stress. Managers also need to monitor both the extrinsic and intrinsic sources of job satisfaction available to employees. These activities could assist in maintaining and increasing job satisfaction and commitment to the organization. As per the existent literature several studies have been conducted in different fields to identify the relationship between job satisfaction and the employees' intention

ISSN: 2420-7608

to leave which leads to turnover. There are several factors which can cause job satisfaction (Knight & Westbrook 1999). Several studies had found a moderating relationship between demographic factors and job satisfaction (Dole 2001; Crossman & Abou-Zak 2003; Suliman 2006; Abu Elanain 2009). There had been number of studies that found a positive relationship between age and job satisfaction (Luthans & Thomas, 1989). Additionally, with significant changes have occurred in the workplaces in the 1980s and 1990s. Gains by women have paralleled change in workplace culture where the individual's esteem and needs are attended to more closely (Gibbs et al. 1995). Women approach in workplace differently than do men emphasizing existence of a relationship with job satisfaction. Certain other studies have shown that major areas such as compensation, fringe benefits, career counselling, promotional opportunities and partnership potential as major contributors to the improvement of job satisfaction (Ang, Goh & Koh 1993; Dole 2001).

Hence, this study was focused on determining the factors affecting employees' intention to leave the organization. Based on the previous literature, the researcher selected a few factors under independent, moderating and dependent variables and constructed the conceptual framework as shown in Figure 1.

Figure 1: Conceptual framework



Method

This study follows a positivist approach within an organization it is based on a large-scale manufacturing firm in the Apparel industry in Sri Lanka. The research data was collected using both primary sources such as questionnaires and secondary sources such as previous reports, company records etc. in order to arrive at conclusions. Using the simple random sampling technique, primary data was gathered from 120 employees out of a population of 1905 operational level employees (as at 31 March 2016) who were working by the time in positions of machine operators, checkers, ironers, and helpers in sewing and finishing divisions of the organization. Of the 120 questionnaires distributed, 115 were returned and used for this study. Based on the conceptual framework, alternative hypotheses were developed as follows:

H₁: Employees' intention to leave is associated with the gender of employees;

H₂: Employees' intention to leave is associated with the age of employees;

H₃: Employees' intention to leave is associated with the educational qualifications of employees;

ISSN: 2420-7608

H₄: Employees' intention to leave is associated with salary and other benefits of employees;
 H₅: Employees' intention to leave is associated with working conditions of employees; and
 H₆: Employees' intention to leave is associated with training opportunities of employees.

The questionnaire consisted of five sections. The first section was used to explore the demographic factors of the employees such as gender, age and educational qualifications. And the next four sections were to measure salary and other benefits, working conditions, training opportunities provided for the employees and their perceptions of the organization respectively.

The data collected was statistically analyzed using both descriptive statistics (frequency analysis and measures of central tendency) and inferential statistics (correlation analysis, ANOVA test and t test) with the use of the SPSS (16.0 Version) software package.

Findings and Discussion

Descriptive statistics were used to present a summary of the respondents' background and is as indicated in the following table.

According to the research findings, the majority of the respondents were female employees (56.7% female while 43.3% is male). Of them, the highest percentage (41.7%) of employees was in the age category of (26-35) years. As for educational qualifications, the majority (46.7%) had passed the GCE (Ordinary Level) examination and nearly only 11% had gone to Diploma level. With regard to their service period, majority (41.7%) of the employees had worked for 6-12 months. And also, the majority (45%) of employees earns a basic salary of Rs. 11,000-15,000 per month (See Table 1).

Table 1: Summary of the Respondents' background

	Variables	Frequency	Percentage
Gender	Male	50	43.3
	Female	65	56.7
Age	18-25	32	28.3
	26-35	48	41.7
	36-45	25	21.7
	46-60	10	8.3
Educational Qualifications	Ordinary level	55	46.7
	Advanced level	46	40.0
	Diploma	10	8.3
	Higher diploma	04	3.3
Service period	Less than 6 months	44	38.3
	6 – 12 months	48	41.7
	1-3 years	17	15.0
	More than 3 years	06	5.0
Basic salary	Below 10000	38	33.3
	11000-15000	52	45.0
	16000-20000	25	21.7

Correlation analysis was used to determine the strength of the relationship between the independent and moderating variables. The Pearson Correlation Matrix gives a summary of all the relationships tested in this study. The results are as follows.

According to the Pearson Correlation Matrix,

1. There is a weak negative correlation of -0.146 between the gender and their intention to leave the organization.
2. There is a weak negative correlation of -0.316 between the employees' age and their intention to leave the organization.
3. There's a weak negative correlation of -0.131 between the employees' educational qualification and their intention to leave the organization.
4. There's a strong negative correlation of -0.732 between the salary and other benefits and the employees' intention to leave the organization.
5. There's a strong negative correlation of -0.808 between the training opportunities and the employees' intention to leave the organization.
6. There's a strong negative correlation of -0.915 between working conditions and the employees' intention to leave the organization.

Table 2: Pearson's Correlation Matrix

Measures	1	2	3	4	5	6	7
Employees Intention to Leave	1						
Gender	-.146	1					
Age	-.316*	.096	1				
Educational qualifications	-.131	.115	.278*	1			
Salary and other benefits	-.732	.140	.362**	.309*	1		
Opportunities for Training	-.808	-.025	.283*	.200	.79**	1	
Working Conditions	-.915**	0.52	.316*	.141	.763**	.860**	1

Correlation Significance, *p<0.05, **p<0.01

One-way ANOVA test has been used to determine whether there is any significant difference between the means of independent or unrelated groups.

Table 3: One way ANOVA Results between Independent Variables and Dependent Variable

	F- value	p-value
Salary and Other benefits	5.006	0.000
Working conditions	23.220	0.000
Opportunities for training	10.968	0.000

According to the above table, as the p-values are lesser than 0.05 it can be concluded that there are significant relationships between each of the independent variables and the dependent variable. Therefore, salary and other benefits, working conditions and training opportunities have significant relationships with employees' intention to leave.

Table 4: One way ANOVA Results between Moderating Variables and Dependent Variable

	F- value	p-value
Gender	1.256	0.267
Age	2.896	0.043
Educational Qualifications	1.240	0.305

As illustrated in the above table, it is revealed that out of all the moderating variables, only the age category of the employees do have a significant relationship with the dependent variable as its p value is lesser than 0.05. Therefore neither gender nor educational qualifications have a significant relationship between employees' intention to leave but age.

The t test in a statistical analysis had been used to test whether the means of two groups are statistically different from each other.

Table 5: Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Employees' intention to Leave	Male	50	3.1410	.41283	.08096
	Female	65	2.9510	.41949	.07194

According to the 'Group Statistics' table, males' intention to leave is 3.1410 while females intention to leave is 2.9510 concluding that men are more intended to leave the organization due to reasons than women.

Table 6: Independent Samples test

		t-test for Equality of Means Levene's Test for Equality of Variances								
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the difference	
									Lower	Upper
Employees' Intention to Leave	Equal variances assumed	.189	.666	1.751	58	.085	.19005	.10854	-.02723	.40732
	Equal variances not			1.755	54.381	.085	.19005	.10831	-0.2706	.40716

The null hypothesis in a t test is that the groups are not statistically significantly different. As the p value is greater than 0.05 i.e. 0.085, the null hypothesis cannot be rejected. This means that the males and females are not statistically significantly different in terms of their intention to leave.

Conclusions and Recommendations

Based on the research findings, it can be concluded that there is no relationship between gender and highest educational qualifications of employees and their intention to leave the organization, which indicates that H₁ and H₃ need to be rejected. But there had been a

ISSN: 2420-7608

significant relationship between age and employees' intention to leave. Further, there had been strong negative relationships between salary and other benefits, working conditions, and training and the employees' intention to leave which means H₂, H₄, H₅, H₆ need to be accepted. Among those variables working conditions had the most significance.

Hence, this research study emphasizes the need of increasing the financial rewards such as salaries and other benefits provided to the operational level employees in order to improve their current standards of living as salary and other benefits will become their most prominent hygiene factor according to Herzberg theory. Also the organization should increase their level of job satisfaction by providing them training programmes focusing on the employees' career development at the same time customized according to their age, gender and educational qualifications. And it should emphasize the importance of strengthening the relationships between the employer and the employees in order to make them feel comfortable to discuss their work-related issues and concerns. From the organizational perspective, it would also be highly beneficial if the employees are empowered and given opportunities to voice their opinions and ideas on the current established practices and to suggest new initiatives without sticking to the routine process of the operations.

Since turnover decision only materializes over time, it may be affected by the appropriate response of the management. It is hoped that this study will serve as stimulus for much needed research in the area of retention of high quality employees. There were several limitations in carrying out the study that may limit the reliability of the results. The results of the study were limited to responses obtained from operational level employees of the selected apparel manufacturing company only. These responses may not be a true representative of all staff in same. It is, therefore, proposed that the number of selected sample be increased to other levels such as non-managerial staff at other sections and managerial staff in order to allow for comparisons to be made and to ensure more reliable results obtained. Future studies should also be done among several companies in the apparel industry in Sri Lanka to identify the similarities or differences in determinates of employees' intention to leave in Sri Lankan Apparel Industry.

References

- i. Abbasi, SM & Hollman, KW 2000, 'Turnover: the real bottom line', *Public Personnel Management*, Vol. 29, No. 3, pp. 333-342.
- ii. Abdel Halim, A 1981, 'Effects of role stress-job design-technology interaction on employee Work Satisfaction', *Academy of Management Journal*, Vol. 24, pp. 260-273.
- iii. Abu EMH 2009, 'Job characteristics, work attitudes and behaviors in a non-Western context', *Journal of Management Development*, Vol. 28, No. 5, pp. 457-77.
- iv. Ang, KB, Goh, CT & Koh, HC 1993, 'Research notes: the impact of Age on job satisfaction of accountants', *Personal Review*, Vol. 22, pp. 31-39.
- v. Brown, SP & Peterson, RA 1993, 'Antecedents and consequences of salesperson job satisfaction: meta-analysis and assessment of causal effects', *Journal of Marketing Research*, Vol. 30, No. 1, pp. 63-77.

- vi. Chan, MH 1997, 'Job Satisfaction and Intent to Leave', *The Journal of Social Psychology*, Vol. 137, pp. 677-689.
- vii. Crossman, A & Abou-Zaki, B 2003, 'Job satisfaction and employee performance of Lebanese banking staff', *Journal of Managerial Psychology*, Vol. 18, pp. 368-76.
- viii. Das, D 2012, 'Effects of identity variables and job performance on employee intentions to leave: an empirical study in Indian call centers', *International Journal of Management*, Vol. 29, No. 1, pp. 368-378.
- ix. Dole, C 2001, 'The impact of various factors on the personality, job satisfaction and turnover of professional accountants', *Managerial Auditing Journal*, Vol. 16, No.4, pp. 234-245.
- x. Firth, L, David JM, Kathleen AM & Claude, L 2003, 'How Can Managers Reduce Employee Intention to Quit?', *Journal of Managerial Psychology*, Vol. 19, No. 2, pp. 170-187.
- xi. Gibbs, B, Glendenning, R & McCarthy, J 1995, 'Learning in the workplace through employee development: three perspectives', *Training and Management Development Methods*, Vol. 9, No. 1, pp. 11-25.
- xii. Guchait, P & Songhai, C 2010, 'The impact of human resource management practices on intention to leave of employees in the service industry in India: the mediating role of organizational commitment', *International Journal of Human Resource Management*, Vol. 21, No. 8, pp. 1228-1247.
- xiii. Hom, PW & Griffeth, RW 1995, *Employee Turnover*, Cincinnati South/ Western.
- xiv. Istvan, DF 1991, 'Coming Full Circle in Practice Management', *Journal of Accountancy*, May, pp. 42-48.
- xv. Kabanoff, B, Jimmieson, NL & Lewis, MJ 2000, 'Psychological contracts in Australia: A 'fair go' or not-so-Happy Transition in Psychological Contracts: Cross-national Perspectives', Rousseau, DM & Schalk, R, Edn, Sage, London, pp. 29-45.
- xvi. Khatri, N, Fern, CT & Budhwar, P 2001, "Explaining employee turnover in an Asian context", *Human Resource Management Journal*, Vol. 11, No. 1, pp. 54-74.
- xvii. Kesner, IF & Dalton, DR 1994, 'Top management turnover and CEO succession: an investigation of the effects of turnover on performanc', *Journal of Management Studies*, Vol. 31, No. 5, pp. 701-713.
- xviii. Knight, PJ & Westbrook, J 1999, 'Comparing employees in traditional job structures vs. telecommuting jobs using Herzberg's Hygiene & Motivators', *Engineering Management Journal*, Vol. 11, pp. 15-20.
- xix. Lee, HW & Liu, CH 2006, 'An Examination of Factors Affecting Repatriates' Turnover Intentions'. *International Journal of Manpower*, Vol. 28, No. 2, pp. 122-134.
- xx. Luxenberg, S 1985, *Roadside Empires*, Penguin Books, New York, NY.
- xxi. Luthans, LTT 1989, 'The Relationship between age and Job satisfaction: Curvilinear Results from an Empirical Study – A Research note', *Personnel Review*, Vol. 18, No. 1, pp. 23-26.
- xxii. Krueger, AB 1991, 'Ownership, agency and wages: an examination of franchising in the fast food industry', *The Quarterly Journal of Economics*, Vol. 106, pp. 75-101.
- xxiii. Mathis, RL & Jackson, J 2010, *Human resource management*, CengageLearning, New York, NY. Mello, JA 2011, *Strategic management of human resources*, South-Western Cengage Learning.
- xxiv. Millward, LJ & Brewerton, PM 1999, Validation of the Psychological Contract Scale in Organisational Setting, Unpublished paper, University of Surrey, Guildford.
- xxv. Mobley, WH 1982, 'Some unanswered questions in turnover and withdrawal research', *Academy of Management Review*, Vol. 7, No. 1, pp. 111-116.

ISSN: 2420-7608

- xxvi. O'Connell, M & Kung, MC 2007, 'The cost of employee turnover', *Industrial Management*, Vol. 49, pp. 14-19.
- xxvii. Rasch, RH & Harrell, A 1990, 'The impact of personal characteristics on turnover behavior of accounting professionals', *Auditing: A Journal of Practice and Theory*, Vol. 9, pp. 90-102.
- xxviii. Schlesinger, LA & Heskett, JL 1991, 'Breaking the cycle of failure in services', *MIT Sloan Management Review*, Vol. 33, No. 3, pp. 17-28.
- xxix. Shwu-Ru, L & Ching-Yu, C 2010, 'Organizational climate, organizational commitment and intention to leave amongst hospital nurses in Taiwan', *Journal of Clinical Nursing*, Vol. 19, No. 11/12, pp. 1635-1644.
- xxx. Sulaiman, A 2006, 'Human resource management in the United Arab Emirates', in Budhwar, P & Mellahi, K, (edn), *Managing Human Resources in the Middle East*, Routledge, NJ, pp. 59-78.
- xxxi. Tyagi, A & Agarwal, RK 2010, 'Emerging employment relationships: issues and concerns in psychological contract', *The Indian Journal of Industrial Relations*, Vol. 45, No. 3, p. 381.
- xxxii. Taylor, D 1999. 'Managing Job Satisfaction', *Australian CPA*, Vol. 69, pp. 46- 47.
- xxxiii. Trevor, CO, Gerhart, B & Boudreau, JW 1997, 'Voluntary turnover and job performance: curvilinearity and the moderating influences of salary growth and promotions', *Journal of Applied Psychology*, Vol. 82, No. 1, pp. 44-61.
- xxxiv. Weerawansa et al. 2012, 'Labor turnover in the White collar job categories of the Sri Lanka's Ready-made Garments Industry: emerging trends and causal factors in the post MFA period', *Sri Lanka Economic Research Conference*, pp. 159-162.
- xxxv. Wiley, C 1993, *Employee turnover: analyzing employee movement out of the organizations*. Washington, DC. SHRM.



Amarathunge, B.B.

Lecturer
School of Business
National School of Business Management
Sri Lanka
bhasuri@nsbm.lk
