

THE IMPACT OF HUMAN RESOURCE DEVELOPMENT STRATEGIES ON EMPLOYEE RETENTION: SPECIAL REFERENCE TO EXECUTIVES FROM GARMENT INDUSTRY IN SRI LANKA

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Abstract

The development of Sri Lanka's economy has been significantly aided by the garment sector. Owing to the industry's intense competition, it is more challenging to recruit and retain critical personnel. As a result, organizations are implementing and improving various tactics to retain their qualified staff. In these initiatives, human resource development strategies are crucial. In the current study, the researchers attempt to investigate in depth, on the impact of Human Resource Development (HRD) strategies on executive-level employee retention in the garment industry through a sample of 140 executive-level employees. A purposive random sampling method was used to select the representative sample. A self-administrated structured questionnaire was used to collect data. The regression analysis was used to test the research hypotheses. The study confirms that the major components of HRD strategies learning and development, performance appraisal, rewards and compensation strategies affect the retention of employees. Also, a negative relationship between performance appraisal strategies and employee retention was identified while other strategies have positive relationships. In this study under performance appraisal strategies the researchers mainly focused on the supervisor's perspective. This study directly provides a major theoretical contribution to filling the gaps of former studies which were done on the garment sector. Moreover, the major findings of this research were consistent with those of previous studies, thus this study provides a contribution to the existing body of knowledge.

Keywords: Garment industry, Employee retention, Executive level employees, HRD Strategies.

Introduction

In the contemporary business world, human resources have excelled as a resource. No company will be able to accomplish its aims and objectives without a dedicated, motivated team. If an organization can recruit and retain competent employees in the long term, it can achieve its goals and objectives successfully (Das & Baruah, 2013). Zineldin (2000) has viewed retention as “an obligation to continue to do business or exchange with a particular company on an ongoing basis”. According to Osteraker (1999), employee satisfaction and retention are the key factors for the success of an organization. It's crucial for any business to retain its employees. Strong ties between the employer and the employee are necessary for this. This relationship is depending on the satisfaction gained from each party. But in any firm, attracting and retaining the best personnel is a challenge. Thus, organizations are implementing and enhancing different strategies to retain their competent employees (Sinha & Sinha, 2012). In that strategies, Human Resource Development strategies play a vital role.

Swanson, R.A. (1995) has defined HRD as a process of developing and/or unleashing human expertise through organization development and personnel training and development for the purpose of improving performance. Samad, (2006); Samad and Hassan, (2007); Chew and Wong, (2008) in their studies have suggested that organizations can improve the retention of their key employees by implementing certain HRD strategies.

The focus of this article is the retention of executive employees in the apparel industry in Sri Lanka. Since highly qualified executives are in high demand all over the world, it is well known that the apparel industry operates in a labor market that is competitive. As a result, retaining experienced executives is a top priority for the sector. Retaining employees in the Sri Lankan garment industry is crucial for efficient functioning because it contributes significantly to the country's gross domestic production (GDP) and economy.

The apparel industry frequently experiences high staff turnover, which is largely caused by the employee's frustration, the lack of prospects for professional advancement, the desire for personal improvement, and peer behavior (Farooqui & Ahmed, 2013). Despite the fact that there is a substantial amount of study on employee turnover, the researchers found that most of the researchers had covered only the operational level employees in their studies. Little to no research has been done to determine how human resource development strategies impact executive staff retention, especially in the Sri Lankan apparel industry, since it plays a vigorous role in employee retention. As a result, this study will help to fill this gap in the literature. The results of this study also shed light on the significance of human resource development strategies for retaining executives in the field. The research will have a wide range of theoretical and practical implications.

Accordingly, the following research questions are to be investigated in this study.

Research questions

- Do learning and development strategies impact the retention of executive employees in the apparel industry?
- Do performance appraisal strategies impact the retention of executive employees in the apparel industry?
- Do the rewards and compensation strategies impact the retention of executive employees in the apparel industry?

Research objectives

This study is to examine,

Main Objective

- To identify the impact of human resource development strategies on the retention of executive employees in the apparel industry

Sub Objectives

- To identify the impact of learning and development strategies on the retention of executive employees in the apparel industry
- To identify the impact of performance appraisal strategies on the retention of executive employees in the apparel industry
- To identify the impact of rewards and compensation strategies on the retention of executive employees in the apparel industry

Literature Review

Employee retention

Talented workers are useless when they are just as liable to go, while staff who remain in the company are of little help when they do not take an interest in it and what it does (Chandrasekara, 2020). Organizations need to retain the employees they recruited for productive organizational performance. Therefore, employee retention is an important concept to address. According to Das, B. and Baruah M. (2013), Encouraging employees to remain in the organization for a long period of time can be termed as employee retention. Further, they have identified retention as a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Maertz & Campion (1998) stated “relatively less turnover research has focused specifically on how an employee decides to remain with an organization and what determines this attachment, which is termed as employee retention”. Zineldin, (2000) has viewed retention as “an obligation to continue to do business or exchange with a particular company on an ongoing basis”. According to Das, B. and Baruah M. (2013), Retaining key personnel is essential to any organization's long-term performance. Organizations need to make strategies on retaining its employees and Ahmad and Abu Bakar, (2003); Samad, (2006); Samad and Hassan, (2007); Chew and Wong, (2008) in their studies have suggested that certain HRD techniques can help firms increase the retention of their critical employees.

Human resource development

Any organization that wants to be vibrant and growth-oriented must invest in its human resources. Such an atmosphere is what HRD system seeks to establish. Swanson, R.A. (1995) has defined HRD as a process of developing and/or unleashing human expertise through organization development and personnel training and development for the purpose of improving performance. As per Garavan (2007), the framework for assisting staff members develop overall organizational and personal skills, knowledge, including talents is known as HRD. The purpose of all parts of human resource development is to create the competent employees possible to ensure that the company and each worker may achieve their professional objectives.

Numerous HRD approaches have been created in recent years to complete the aforementioned job, all of which are based on particular notions (Werner and DeSimone, 2011). Previous studies have shown that particular HRD strategies can directly impact both individual and organizational performance, which can help to lower employee turnover, (e.g. AbdullRahman, 2012; Wills, 1994; Palo et al, 2003; Robert et al, 2004; Garavan, 2007; Bowes, 2008) while other studies have shown that training, career mentoring, professional development opportunities, and promotion opportunities help with employee retention (Ahmad and Abu Bakar, 2003; Samad, 2006; Samad and Hassan, 2007; Chew and Wong, 2008). More importantly YeeCheong, C., RabeatulHusnaAbdullRahman and AinulSyakira (2015) have identified that these empirical findings suggest that organizations can improve the retention of their key employees by implementing certain HRD strategies.

Impact of learning and development strategies to Employee retention

Learning is a permanent change in one's behaviors. Gilley and Maycunich (2000) contend that organizations' capacity to provide learning opportunities at work is crucial, and employees even become motivated. Also, according to Gunter et al., (2007), that might help to retain bright workers at work by assigning difficult or multinational jobs. Sturges & Guest (2001) have found that the aspect that is likely to be significant for graduates early in their careers and affecting their continued commitment to the business is a continual improvement (learning).

H₁: learning and development strategies have a positive impact on employee retention

Impact of Performance appraisal strategies to Employee retention

According to the study conducted by Gulzar, S., Advani, A., and Jalees, T. (2017) they have found that, as long as it is fair and transparent, performance appraisal has a significant impact on staff retention. Saeed, Lodhi, and etl; (2013) examined that studies have confirmed, performance appraisal has an enormous impact on retaining employees, especially if they are shared and communicated. Gulzar, S., Advani, A., and Jalees, T. (2017) has further found statistically strong relationships between employee retention and performance appraisal.

H₂: Performance appraisal strategies have a positive impact on employee retention

Impact of Rewards and Compensation Strategies to Employee Retention

Reward and compensation systems play an important role in retaining competitive employees within organizations. Terera, S.R., and Ngirande, H. (2014) has explained that the compensation system that an organisation offers to its employees plays an important role in determining the commitment levels of employees and their retention. As a result, wages have an impact on recruiting and retaining employees. (Parker & Wright, 2001). According to the results of the study conducted by Terera, S.R., and Ngirande, H. (2014), an employee is more inclined to stay with a company the more they are rewarded.

H₃: Rewards and Compensation Strategies have a positive impact on employee retention

Research Framework

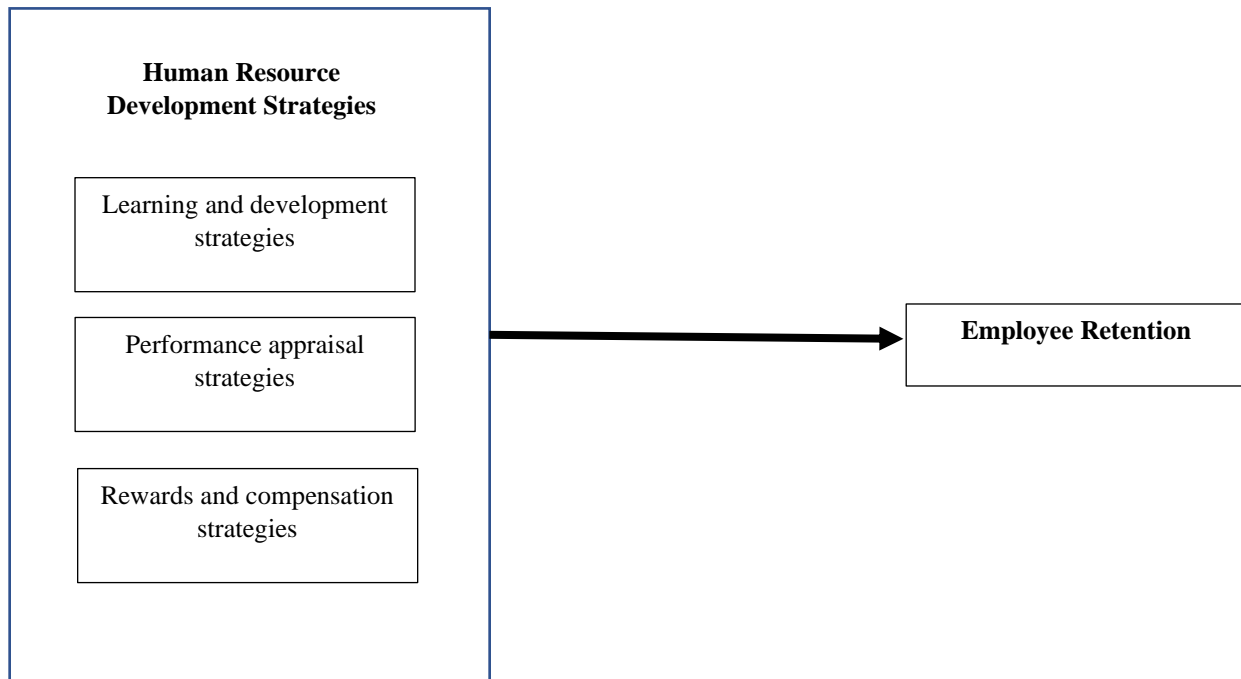


Figure 1: Conceptual Framework

Source: Author constructed

Methodology

The target population for this study is the executive staffs currently working in the apparel industry in Sri Lanka. This study covers mainly three garments in the apparel industry. They are:

1. MAS Holdings
2. Brandix
3. Hirdaramani

Primary sources were used to gain the relevant data to conduct this study. The gathered data has been analyzed using the quantitative method approach. SPSS software was used to analyze the statistics for the study.

Standard questionnaire was used to gather data on executives in the apparel industry. The nature of the research question suggests a quantitative study. The choice of a quantitative is considered appropriate by the authors as when little previous research has been conducted in the subject domain is also quantitative.

As the population is large, a purposive random sampling method has been used to select the sample for this study. Accordingly, the selected sample size was 140 executives. The sample included with a range of executives from directors, senior executives, junior executives and other managers from different departments both at branch and head office levels. We purposely collected data from executives in apparel industry to obtain views about HR development strategies on employee retention HRM practices at different levels and from different perspectives

Results and Discussions

The measures of central tendency such as mean value and standard deviations of each dimension of HR strategies and employee retention were tabulated in the table 1:

Table 1: Descriptive statistics of HR strategies and Employee Retention

Variables	Mean	Std. Deviation
Learning and development strategies	3.2571	.46413
Performance appraisal strategies	3.1429	.58237
Rewards and compensation strategies	2.5179	.79603
Employee retention	3.2946	.42833

(Source: SPSS output data)

As indicated by the table 1, the mean values of the overall learning & development strategies and performance appraisal strategies are 3.2571 & 3.1429 respectively. Since the mean value is in between 3 and 3.90 there is moderate level of learning & development strategies and performance appraisal strategies among the respondents and they perceived the learning & development strategies and performance appraisal strategies have impact on employee retention significantly. The standard deviation is 0.46413 & 0.58237 of learning & development strategies and performance appraisal strategies, showed that there was high variation in the level of HR strategies among the respondents. Although there is a big difference between the mean values of learning & development strategies and performance appraisal strategies, rewards and compensation strategies was slightly low among the respondents as this variable yielded a mean value of 2.5179. The standard deviation is 0.79603, showed significant variations in the level of rewards and compensation strategies among the respondents.

The mean value of employee retention is 3.2949; this implies moderate level of employee retention among the respondents because the mean value of employee retention is in between 3-3.90. The standard deviation is 0.42833, showed that there was significant variation in the level of employee retention among the respondents.

When assessing the relationship between HR strategies such as learning & development strategies, performance appraisal strategies, rewards and compensation strategies and employee retention, correlation analysis (bivariate, 2- tailed test) were done. Table 2 shows the outputs of the statistical test of correlation which was performed to find out the association between dependent and independent variables involved in the study. Correlation coefficient between the learning & development strategies and employee retention variables is 0.458 which shows that there is a positive association between learning & development strategies and employee retention, followed by the significance level 0.000.

Table 2: Correlation between Learning and development and Employee retention

Variables	Employee retention	
Learning and development	Pearson correlation	0.458**
	Sig. (2-tailed)	0.000
	N	140

**Correlation is significant at the 0.01 level (2-tailed)

(Source: SPSS output data)

Pearson Correlation Coefficient of learning & development strategies and employee retention is 0.458 which indicates there is a positive ($r > 1$) correlation exists. Hence H_1 hypothesis is accepted.

Correlation coefficient between the performance appraisal strategies and employee retention variables is - 0.278 which shows that there is a negative association between performance appraisal strategies and employee retention, followed by the significance level 0.000.

Table 3: Correlation between Performance appraisal and Employee retention

Variables	Employee retention	
Performance appraisal	Pearson correlation	-0.278**
	Sig. (2-tailed)	0.000
	N	140

**Correlation is significant at the 0.01 level (2-tailed)

(Source: SPSS output data)

Pearson Correlation Coefficient of performance appraisal strategies and employee retention is -0.278 which indicates there is a negative ($r < 1$) correlation exists. Hence H_2 hypothesis is rejected.

Correlation coefficient between the rewards and compensation strategies and employee retention variables is 0.611 which shows that there is a positive association between rewards and compensation strategies and employee retention, followed by the significance level 0.000.

Table 4: Correlation between rewards and compensation and Employee retention

Variables	Employee retention	
Rewards and compensation	Pearson correlation	0.611**
	Sig. (2-tailed)	0.000
	N	140

**Correlation is significant at the 0.01 level (2-tailed)

(Source: SPSS output data)

Pearson Correlation Coefficient of rewards and compensation and employee retention is 0.611 which indicates there is a positive ($r > 1$) correlation exists. Hence H_3 hypothesis is accepted.

Hypothesis Testing

According to (Malhotra & Dash, 2011) Regression analysis is a powerful and flexible procedure for analyzing associative relationships between a metric dependent Variable and one or more independent Variables. (Malhotra & Dash, 2011). Therefore, regression analysis was used to test hypotheses of the study.

Table 5: Model Summary of Simple linear Regression

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.820 ^a	0.672	0.665	0.24790

a. Predictors: (Constant), learning and development, performance appraisal, rewards and compensation

b. Dependent Variable: Employee retention

(Source: SPSS Output Data)

Model summary is tabulated in table 5. In terms of the model summary table, R square and adjusted R square revealed the values as 0.672 and 0.665 respectively. The key information from the table above is the adjusted R^2 value of 0.672. This indicates that nearly 67% of the variation in employee retention can be explained by the model containing on above HR strategies.

Discussion

In order to attain the objectives of this paper, data were collected from 140 employees who are working in executive and above employees in apparel industry. In addition to the research information, personal information of sample respondents also were gathered, analyzed and used to obtain general understanding about the realized sample.

Based on the data analysis, research objectives of the study were attained. The first objective is to identify the relationships between learning and development, performance appraisal, rewards and compensation strategies and employee retention. Correlation study was done to find out the relationship. Correlation coefficient between learning and development, performance appraisal, rewards and compensation strategies and employee retention is 0.458, -0.278, 0.611 ($p=0.000$) respectively. This result well expresses a positive relationship between learning and development, rewards and compensation strategies and employee retention of employees and there is a negative relationship between performance appraisal and employee retention in executive and above employees in apparel industry in Sri Lanka. The primary aim of the study is to examine whether the learning and development, performance appraisal, rewards and compensation strategies impact on employee retention. For this intention simple linear regression technique is used. Regression analysis indicates that, single unit change in learning and development, performance appraisal, rewards and compensation strategies will change the employee retention by 0.820. In other words, if learning and development, performance appraisal, rewards and compensation strategies of employees increased by one unit, their employee retention increased by 0.820 unit. This result confirms fairly a significant positive impact of learning and development, performance appraisal, rewards and compensation strategies on employee retention of executives and above employees in apparel industry.

Conclusion and Implication

The outputs of this study show that major components of HRD strategies (learning and development, performance appraisal, rewards and compensation strategies) affect employee retention. This study shows that there is a negative relationship in between performance appraisal strategies and employee retention because in this study under performance appraisal strategies the researchers mainly focus on supervisor's perspective while other strategies has positive relationships.

It will able to generate valuable behaviors among HR people of the apparel industry or the concerned parties who are constantly seeking ways to improve their HRD practices such as recruitment, selection, training and development to enhance their employee retention and to practice productive HRD strategies in order to obtain higher contribution from them to achieve the goals of the organization. This study will fill this research gap. Moreover major findings of this research were consistent with those of previous studies, thus this study provide a contribution to the existing body of knowledge.

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