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RESEARCH ARTICLE

A LITERATURE REVIEW ON EMPLOYEE TURNOVER IN THE SRI LANKAN APPAREL INDUSTRY

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Abstract

Employees are the key players in any industry. Therefore retaining them in the workplace for a long time would provide many financial and non-financial benefits to the respective organizations. But, many studies and author observations have emphasized the employee turnover as a great issue in the Sri Lankan Apparel industry. Therefore this study aimed to further investigate employee turnover hence; the related literature was comprehensively reviewed. Theoretical review of related equations to calculate the employee turnover revealed necessary measures to be obtained from the workplace. Empirically reviewing the past researches suggested factors affecting employee turnover based on different industrial contexts. Amongst, this study selected twelve factors under the three major categories of demographic, socio economic and environmental. Since evidence could be found for the significant relationships among those factors and employee turnover within the Sri Lankan Apparel industry through the substantive literature, this study suggested twelve hypotheses relevant to the selected factors as variables. Moreover, this literature review encouraged future researches providing further evidence for the factors affecting employee turnover in the Sri Lankan manufacturing sector. Also, this study provided substantial knowledge required for further researches related to employee turnover in other industrial contexts.

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Introduction:-

In the existing contemporary competitive business world, labour turnover has become a challenging issue. Therefore, managing employees in any organization is an important task. Ahmed et al. (2016) identified the significance of the employee turnover in organizations. This has drawn a substantial attention of managers and researchers to investigate the possible causes and their impact on the organizational performance. Though many authors investigated the roots for employee turnover, few of them explained about its sources. However, managers have lessened employee turnover and highlighted the organizational characteristics through developing respective rules. Moreover, the academics; Chen et al. (2010) cited by Ahmed et al. (2016) identified the extensive attention given by worldwide organizations and stated that employee turnover would slow down the organizational performance. Also, Sarah et al. (2007) studied the impact of employee turnover on organizational performance emphasizing the limited awareness in the existing literature. Therefore, further studying in this area is a timely necessity.

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Employee Turnover Definitions:

Among the definitions of different authors, the meaning for employee turnover could be found with different words. Harkins (1998) described employees' job turnover as a door allowing the new employees to enter to the organizations and current employees to depart. But this departure enclosed a controlled exit or separation which has been interchangeably used by the researchers. Accordingly, Mondy (2010) introduced employee turnover to be a controlled ending of the partnership between the organization and the employee.

Some authors have identified employee turnover as numerical ratios. Agnes (1999) cited by Abdali (2011) stated this as a ratio comparing the number of employees to be replaced in each time to the total employees. Loquercio et al. (2006) cited by Kunu et al. (2017) further incorporated time concerns to their definition and explained this ratio to be a proportion of employees leaving the organization in a given time period before terminating their agreed contracts. Thus it emphasized the amount of employee movement to in and out of an organization (Chruden & Sherman, 1972 cited by Afroz, 2017; Kossen, 1991 cited by Farid & El-Sawalhy, 2018). Thereby, this ratio is frequently changed even within the same organization.

Addition to the numerical values, Abassi and Hollman (2000) cited by Kunu (2017) defined employee turnover as a rotation of workers around the labour market, among different firms, jobs and occupations and between the two status of employed and unemployed. This definition focused the process of turnover hence; two categories were identified. They were voluntary turnover and involuntary turnover. Nawaz (2009) cited by Rajapakshe (2018) also identified these same two categories for employee turnover happened in any organization. Literature proposed voluntary turnover to be the termination initiated by employees while involuntary terminator to be termination with no any other choice causing long term sickness, death, moving overseas or employer termination (Rajapakshe, 2018).

Accordingly, the employee turnover predicts the availability of employees in organizations hence; can be considered as a measure of the organizational performance.

Impact of Employee Turnover on the Industry Performance:

The success of any organization depends on two essential pillars; labour retention and employee satisfaction. Being employee retention and turnover the two sides of a coin, both concepts are always together. Therefore, employee retention aims to minimize the adverse effects on the organizational performance created by leaving of its competitive employees. This can also be achieved through following competency based interviews, clearly explaining the organizational vision and mission, creating a good morale and attitude about the job role and the sense of belonging to the organization and providing necessary training in time in their recruitments.

Nawaz et al. (2009) identified several causes affecting voluntary turnover. He defined this term to be the leaving organization with the employee intention. Further he explained this intention to be created causing the better job opportunities, existing job dissatisfaction, bad working conditions or negative attitudes on the supervisors. Thus high voluntary turnover negatively affects to the organizational growth.

Theoretical Measures for Employee Turnover:

Literature laid theoretical background for calculating employee turnover with different measures. Amongst, Marchington and Wilkinson (1996) cited by Rajapakshe (2018) identified a formula used by many organizations to calculate employee turnover. It was explained as:

$$\text{Employee Turnover} = \frac{\text{Leavers in Year}}{\text{Average Number of Staff in Post during Year}} \times 100$$

This study selected the above equation to measure the labour turnover since the availability of related secondary data in the selected organization.

But reviewing the above equation, it just considers only the value of organization leavers and does not explain any cause related to the leaving through this. But, in real, the turnover happens causing employee dissatisfaction, promoting or receiving better opportunities and terminating the allowed working period. Nawaz (2009) also stated two possible types for turnover. They were voluntary and involuntary. They cannot be clearly explained using above formula.

Factors Affecting Employee Turnover:

Literature provided many evidence investigating the factors affecting employee turnover in different context. Thus they have identified different sets of factors based on their study areas. But considering the core of those factors, this study identified major three categories for the factors affecting employee turnover. They are; demographic, socio economic and environmental.

The following Table 2.1 provided the summary of those factors identified by different authors according to the above categories.

Table 2.1:- Summary of Identified Factors Affecting Employee Turnover by Different Authors.

	Porter & Steers 1973	Kelegama & Epaarachchi 2003	Sujeewa 2011	Martin 2017	Michaels & Spectra 1982	Deerasignhe 2003	Mobley et al. 1979	Fabr a&C amis on 2000	Jo & Par 2010	Bemana et al. 2013
Demographic Factors										
Age	X			X	X		X	X		
Gender		X		X		X	X	X		
Marital Status				X		X	X	X		
Socio Economic Factors										
Education Level				X		X		X		
Occupation Status	X			X			X	X	X	
Length of Service				X			X			
Income/ Wage Rate	X	X	X					X		
Grievances	X	X	X							
Social Embarrassment		X								
Employee Image				X						
Job Stability									X	
Environmental Factors										
Support from the Management	X				X					
Human Resource Practices			X							
Stress Free Working Environment		X	X							X
Self-Satisfaction on the Job		X			X		X	X	X	X
Infra-Structure Facilities		X		X						X

The above Table 2.1 clearly showed the widely identified factors affecting employee turnover by different authors based on their different contexts.

Demographic Factors:

Amongst, the demographic factors of age, gender and marital status were common factors for many contexts. Further emphasizing this, Michaels and Spectra (1982) explained the possibility of whole satisfaction and commitment over the job through age as a factor. The relationship between the employee turnover and age was additionally studied by Mobley et al. (1979) and proved it to be negative. This can be happened because the employees in their young age like to get experience in many aspects with their strength and have the opportunity to easily find new jobs without stagnating in the same positions. Becoming adult let them to find jobs where they can quickly become established. Therefore, this argument can be proved with Mobley et al. (1979).

This study was conducted in the Sri Lankan apparel industry. Based on related literature in the context, age and gender were significant factors affecting employee turnover (Deerasignhe, 2003). Keelagama and Epaarachchi (2003) found majority of labour in the manufacturing sector to be female and employed in the apparel industry. This amount existed as 85% during 2010 (BOI Sri Lanka, 2013).

Also, once the employees got married, their duties on family commitment are increased decreasing their intention to be employed (Mobley et al., 1979; Deerasignhe, 2003). When the females happen to this, they try to leave the jobs. Thus both gender and marital status impact on employ turnover. This was proven by Deerasignhe (2003) in the Sri Lankan context. Accordingly, he emphasized that many women resign from the job after marriage.

Therefore, these substantive reviews provided evidence for the significance of the impact of above demographic factors on employee turnover in the Sri Lankan apparel industry hence; the following hypotheses were derived in this study.

H₁: Age of the employees affects employee turnover.

H₂: Gender of the employees affects employee turnover.

H₃: Marital Status of the employees affects employee turnover.

Socio Economic Factors:

Reviewing related literature revealed identified education, income/ wage rate, occupation and length of the service as major socio economic factors affecting employee turnover.

Amongst, the higher degrees of education levels provided higher level of job satisfaction hence; ensure the retaining of the employees in the job for a long time (Fabra & Camison, 2009). But in the Sri Lankan apparel industry, Deerasignhe (2003) made an opposite argument for that. It emphasized the leaving of higher educated employees to the abroad instead of serving to the country. Thus, offering advanced training opportunities for them would reduce such employee turnover and ensures the confidence, skills and career promotions (Joo & Park, 2010). Also Fabra and Camison (2009) identified additional financial and non-financial benefits to the organizations through the investments done on education. Thus, education level determines the quality of the work done by the employees. This would lead employees to demand for high wage rate and compensations which further motivates the turnover intention (Aggarwal & Bhargava, 2009).

The relationship between education and wage rates was also evidence in the studies of Bakan and Buyukbese (2013). They identified five specific satisfactions gained through job satisfaction that could be created by establishing sufficient salary structures. They were compensation, social, work, management and promotions. These satisfactions in different order minimize the intention to leave the workplaces and encourage the employees to retain for a long time hence; the income/ wage rates and length of the service have affected employee turnover.

Also the occupational status has made a significant impact on employee turnover (Mobley et al., 1979; Martin, 2017). Thus advancing occupational status supports to establish the stability of the job reducing job stress. According to Harris (2006), the commitment of employees has to be developed, and also the organization needs to create the stability of the job which the employees may prefer to stay. Therefore, it is among the major factors affecting the employee turnover, if a firm is not in a stable position, employees will have a negative mind set regarding the company and its management. Therefore, the firm stability is a must to be considered in reducing employee turnover.

Therefore based on the above arguments, this study derived following hypotheses based on the selected socio economic factors affecting employee turnover.

H₄: Education Level of the employees affects employee turnover.

H₅: Occupation status of the employees affects employee turnover.

H₆: Service length of the employees affects employee turnover.

H₇: Income/ wage rate of the employees affects employee turnover.

H₈: Stability of the job affects employee turnover.

Environmental Factors:

The related literature explained the working environment to be inclusive with management supportiveness in performing assigned tasks and handling personal matters, convenient human resource practices, well provided infrastructure facilities and stress free work environment (Kelegama & Epaarachchi, 2003; Sujeewa, 2011; Wickramasinghe & Wickramasinghe, 2011). All these are encouraging employees to retain in the workplace without leaving and creating self-satisfaction on their jobs being interested working in such environments. These studies were found from the Sri Lankan context, the reviews provided direct evidence to this study for the environmental factors affecting employee turnover.

Therefore, comprehensively reviewing the environmental factors, this study suggested following hypotheses.

H₉: Support from the management for the employees affects employee turnover.

H₁₀: Human resource practices recommended to follow in the workplace affect employee turnover.

H₁₁: Stress free working environment in the workplace affects employee turnover.

H₁₂: Infra-structure facilities provided to the employees affect employee turnover.

Conclusions:-

This paper reviewed the comprehensive literature related to the employee turnover within the past few years. It presented definitions of past authors and the conceptual framework studied on the employee turnover. Theoretical review suggested a suitable equation for calculating employee turnover for the study. Also, this review identified factors affecting employee turnover, intentions and respective determinants. Accordingly, those factors were further categorized as demographic, socio economic and environmental factors. The literature provided further evidence for the relationship between those factors and employee turnover as studied by the past authors. Amongst, this study selected twelve factors that affect employee turnover in the Sri Lankan Apparel industry. Accordingly, the hypotheses were derived respective to those selected factors based on the arguments through the review hence; the necessary variables were identified for further research.

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