



The Role of HRM Practices in Influencing Employees' Intention to Leave

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Article Information

Keywords

HRM Practices of Supervisory support; Training and development; Compensation and benefits; Performance appraisal, Intention to leave

Abstract

Workforce is the most important component in any organization and hence employees are always regarded as the greatest asset in an organization. In this era, the organization recognized that there will be high costs related to turnover and the needed of more time consumed in switching the resigned staff. Thus, it is important for human resource manager to overcome employee's intention to leave. Therefore, present study was designed to examine the dimensions of HRM practices (i.e. Supervisory support, training and development, compensation and benefits and performance appraisal) that may cause an employee's intention to leave among the employees in Kulim Golf & Country Resort. A questionnaire-based survey was used and data was collected from 70 questionnaires were distributed to the employees' at Kulim Golf &Country Resort. This study was not generalized to employees in other companies. It was limited for employees in Kulim Golf & Country Resort only. The result revealed that, all of HRM practices dimensions were found significant and negatively related to intention to leave. Several recommendations for future ere search were developed in order to be as solutions to overcome this problem.

INTRODUCTION

Employees are the main pillars and the most important factor in driving the success of the organization. Without employees, the organization will be unable to generate revenue, reach organizational goals or fulfill financial objectives (Johari, Ahmad, & Yahya, 2012). Human resource also is one of the sources to achieve competitive advantage because its capability to alter the other resources such as money, machine, methods and material to the output or product or service. The rival organization can easily replicate other resources like technology and assets but the human resources are inimitable (Tiwari, 2012). Johari, Ahmad and Yahya (2012) had noted that, Human Resource Management (HRM) practices are considered essential to predict employee intentions to stay in an organization. Employees will leave the organization if they are not pleased with the variety of factors relating to the company (Hom & Kinicki, 2001; Johari, Ahmad, & Yahya, 2012).

According to Long, Perumal and Ajagbe (2012), they specified that HRM practices such as the day care, job sharing, education and retraining and job rotation can be as an incentive to balance the concerns other than review the compensation and benefits. However, there is a limited study on HRM practices and intention to live in Malaysia. Nurita *et al.* (2011) initiate that, most of the studies are focused on variables such as demographics, satisfactions and organizational commitment. She also stated that HRM practices are also reported to have effects as one of the factors that can influence employee intentions to leave.

Additionally, the Malaysian Employers Federation (MEF) has indicated that the turnover rate of Malaysia companies was at 9.6%. This survey was conducted on 143 companies in various sectors across the country on the executive positions in non-manufacturing industries on June 2010 to July 2011 and business service sector stated at turnover rate of 15.72%.

According to Nurita *et al.* (2011), most of the studies related to intention to leave of employees focusing on variables such as job satisfactions and organizational commitment (Karsh, Booske, & Sainfort, 2005; Scott, Swartzel, & Taylor, 2005; Stronger & Harder, 2009). She recognized that HRM practices also have effects as one of the factors that can influence employee's intention to leave. However, there is a lack of studies concerning to turnover and HRM practices (Baruch & Budhwar, 2006) and a very limited study done to observe the effect of HRM practices in empirical ways (Nurita *et al.*, 2011). Furthermore, there also a little description given on how these HRM practices influence an individual intention to leave the decision (Allen, Shore, & Griffeth, 2003). For that reason, this study emphasis on the role of HRM practices in influencing employee's intention to leave in order to bridge the gap between both variables.

LITERATURE REVIEW

Basically, among all the organizational resources, people are the most important resources but they are also the most difficult to control (Perez & Pablos, 2003; Szamosi, 2006). According to Meaghan and Nick (2002), employees now are very important because their value as an intangible asset and not simply be replicated. In practice, managers will know their employee's intention to leave rather than the real turnover (Feng & Angeline, 2010). The term 'turnover' refers to the employees' who are permanently leaving of work in the organization (Joarder, Sharif, & Ahmmed, 2011). Nurita *et al.* (2011) establishes that HRM practices are also reported as one of the factors that may influence employees' intentions to leave.

Noe (2008) defined Human Resource Management as a policy, practices and systems that may affect employees' behavior, attitudes, and performance. He noted that Human Resource Management (HRM) practices play an important role to attract, motivate, reward and also to retain the employees in the organization. Besides that, HRM practices also one of the management activities that connected as investment in performance management, training and development, staffing and recruiting, compensation and benefits, employee relation and others that related to the employees (Noe, 2008).

For this study, four human resource practices namely supervisory support, training and development, compensation and benefits and performance appraisal were selected. Supervisor plays an imperative role as an arbitrator between administration and operational employees (Azman *et al.* 2009). According to Tan and Nasurdin (2011), training and development may able to help employee to lead their knowledge, skill, and ability in daily operation and also help them to perform well in their job that will lead to the success of an organization. Compensation and benefits such as reward system inspires employee to become motivated and automatically may increase their involvement in contributing of an idea, which leading to high organizational harmonies (Tan & Nasurdin, 2011). According to Hong *et al.* (2012), they defined performance appraisal as the process of checking and assessing an individual's performance and responsibility to simplify the decision of career development of the individual. It will assess the individual overall involvement with the organization through evaluation of the internal characteristics, work performance and the competence to pursue a greater position in an organization (Gruman & Saks, 2011). All of these factors were assessed to determine its relationships to intention to leave among the employees in the business service organization

RESEARCH HYPOTHESIS

Guided by the purpose of the study, the research hypothesis underlying the investigation in this study are as follows:

H1: There is a negative relationship between supervisory support and employee's intention to leave.

H2: There is a negative relationship between training and development with the employee's intention to leave.

H3: There is a negative relationship between compensation and benefits and employee's intention to leave.

H4: There is a negative relationship between performance appraisal and employee's intention to leave.

METHODOLOGY

The questionnaire for this study involves of two sections which as the first section consist of demographic information and the second section is about the variables of interest in this study. The first part of the questionnaire is the demographic factors. The demographic factors consist of five items that relates to the personal details of the employees which are the gender, ethnicity, age, department in the organization as well as the number of years working in the organization. The second dimension of this study consists of thirty items which was originally adapted from numerous sources. Items to measure intention to leave was adapted from Guchait (2007) and Paille', Bourdeau, and Galois (2010). Items of supervisory support were adapted from Azman *et al.* (2009), Palomo (2004) and Woo and Chelladurai (2012). Besides, items to measure compensation and benefit was adapted from Balzer *et al.* (1997), Dabke *et al.* (2008), Rathnaweera (2010), Som (2007) and Strong and Harder (2009). While items for training and development was adapted from Brown, Gibson and Stuart (2008), Guchait (2007), Jun, Cai and Shin (2006) and Rathnaweera (2010). Last items to measure performance appraisal was adapted from Guchait (2007), Jun, Cai and Shin (2006), Rathnaweera (2010) and Som (2007). All of the items in all variables are using five-point Likert-type scale.

Through this research, about 70 questionnaires have been distributed and all questionnaires are successfully answered and collected.

DATA ANALYSIS

The findings in this study were derived from analysis done on the data collected through the questionnaires distributed to the employees at Kulim Golf &Country Resort. In this study, 70 questionnaires were distributed and all questionnaires were returned back. There are no rejected questionnaires and all the data had been keyed in SPSS. Thus, the response rate of the usable questionnaire is 100%.

The range of age of the respondents in these three organizations shown most of the respondents were age from 46 years old and above (38.6%). The least of respondent was below 20 years old that only 5.7%. As for the age between 21 to 30 and 31 to 45 years old were 27.6% and 28.6% respectively.

Besides that, there were 68.6% of the respondents were male with the frequency of 48 respondents. Meanwhile, only 31.4% of the respondents were female with the frequency of 22 respondents from the total of 70.

The majority respondents involved in this study is Malay with 85.7 percent and the frequency is 60. On the other hand, only 14.3 percent respondents are Indians with the frequency of 10 respondents. Chinese is not included in this study due to there is only Malay and Indian employee work in this organization.

In term of department in the organization, most respondents were from department of finance, security and course maintenance which contribute 38.6% out of 100%. This is followed by Food and Beverage department or F&B (24.3%), admin (14.3%) and F&BM (12.9%). While, the minority in answering the questionnaire is the golf department that only represents about 10%.

RELIABILITY ANALYSIS

By referring to the table 1, the results showed that for the dependent variable which is intention to leave, the Cronbach's Alpha value is 0.815 or 81.5%. This Cronbach's Alpha value is the high which means that the reliability is good as each item are correlated to one another.

Besides, the Cronbach's Alpha value of independent variables which are supervisory support with 0.777 (77.7%) and training and development with 0.764 (76.4%) remarks as acceptable relationship. While for compensation and benefits are 0.879 (87.9%) and performance appraisals 0.817 (81.7%) show good relationship. The highest value is compensation and benefits while the lower is training and development. In conclusion, it can be seen that all variables are reliable because it have been supported by Cronbach Alpha above 0.70.

Table 1: Reliability Test of the Variables

Variables	Cronbach's Alpha	N of items	Strength of Association
Intention to Leave	.815	6	Good
Supervisory Support	.777	6	Acceptable
Training and Development	.764	6	Acceptable
Compensation and Benefits	.879	5	Good
Performance Appraisal	.817	6	Good

PEARSON'S CORRELATION ANALYSIS

Pearson Correlation developed by Karl Pearson has popular and being tested by many researchers to find the correlation between independent variables and dependent variable. It also been used to find the strength of each independent variable toward dependent variables. From the results, it shows a strong and negative correlation between intention to leave and supervisory support. This is because the Person Correlation value (r) is $-.521$ and the correlation is significant as the p value is 0.000 which is $p < 0.01$.

Furthermore, for the relationship of training and development and intention to leave, the table indicates that there were $-.514$. The results explained that there is also a strong and negative correlation between training and development with the intention to leave. The correlation is significant as the p value is 0.000 which is $p < 0.01$.

As go further, the correlation between compensation and benefits with the intention to leave also show a strong and negative correlation with $-.629$. It means that, compensation and benefits have a strong relationship with intention to leave among others. The correlation is also significant as the p value is 0.000 which is $p < 0.01$.

Finally, only the correlation between performance appraisal and intention to leave shows the lowest value which is at $r = -.336$. It means that, there is a moderate relationship between performance appraisal and intention to leave. Moreover, the correlation is still significantly as the p value is 0.000 which is $p < 0.01$.

Table 2: Pearson Correlation Analysis

		1	2	3	4	5
1. Intention to Leave	Pearson Correlation	-				
2. Supervisory Support		-.521**	-			
3. Training and Development		-.514**	.504**	-		
4. Compensation and Benefits		-.629	-.361**	.118**	-	
5. Performance Appraisal		-.366**	.435**	.281*	-.373**	-

** . Correlation is significant at the 0.01 level (2-tailed).
* . Correlation is significant at the 0.05 level (2-tailed).

MULTIPLE REGRESSION ANALYSIS

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758	.574	.548	.32557

Based on the above table, the result for R which is equals to $.758$. Meanwhile, the R square term is equal to $.574$, indicating that 57.4% of the model influences the dependent variable since it is more than 50%.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.990	.363		2.727	.008
1. Supervisory Support	-.136	.125	-.118	-2.280	.000
2. Training and Development	-.166	.122	-.145	-1.135	.004
3. Compensation and Benefits	-.220	.135	-.210	-2.133	.003
4. Performance Appraisal	-.224	.090	-.216	-2.388	.020

HYPOTHESIS TESTING

Based on the analysis from the above table, it shows that supervisory support is a significant and negatively related to intention to leave ($\beta = -.118$, $p < .000$), as well as training and development are significantly and negatively related to intention to leave ($\beta = -.145$, $p < 0.05$). At the same time, compensation and benefits shows that there are significant and negatively related to intention to leave ($\beta = -.210$, $p < 0.05$), and it also shown that that there is a significant and negative relationship between performance appraisals and intention to leave ($\beta = -.216$, $p < 0.05$). Therefore, the results show all the hypothesis is accepted and supported in this study.

CONCLUSION & RECOMMENDATION

Hypotheses have been tested on Pearson Correlation and value of r is considered. It can be concluded that all of the four hypotheses are significant relationship with the employee's intention to leave. Three of the independent variables indicate the strong relationship (compensation and benefits, $r = -.629$, supervisory support, $r = -.521$, training and development, $r = -.514$) and only one indicate moderate relationship (performance appraisal, $r = -.366$). In addition, for the multiple regression analysis, the Adjusted R Square obtained .548 which illustrated that 54.8% variance of dependent can be explained by the independent variables which are compensation and benefits, supervisory support, training and development and performance appraisal. The other 45.2% was contributed by other factors that not be focused on this study.

The recommendations to the management of KGCR are the company must actively observe employees' work and have a good relationship with them. Then they must also provide more training and development opportunity to the employees and finally, the company are suggested to provide bonus or make a salary adjustment to ensure the employees will not leave the organization.

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