

**HUMAN RESOURCE PRACTICES AND TURNOVER INTENTION:
A CASE STUDY ON INTERNATIONALIZED TECH-BASED SMALL
AND MEDIUM GEM AND JEWELLERY MANUFACTURERS IN
KURUNEGALA DISTRICT OF SRI LANKA**

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ABSTRACT

Internationalized Tech-based Small and Medium Enterprises (TSMEs) are one of the major elements in the present globalized world scenario. In contemporary circumstances, Human Resources (HR) have become the most noteworthy asset for internationalized TSMEs as the 'intellectual capacity' is directly associated with the achievement of TSME's objectives through efficient and effective management of technology, resources and people while balancing the cost structure of the internationalized TSMEs at an optimal level. It is essential to perfectly match the internationalized TSME's small number of people with their specific job roles within the internationalized TSMEs so as to face the dynamic globalized business context whereas the turnovers directly affect the TSME's sustainable growth and development. There is a dearth of research regarding the effects of human resource practices on turnover intention in Tech-based Small and Medium Gem and Jewellery Enterprises in Sri Lanka. A sample of 176 employees was selected using Multi-stage random sampling from the Gem and Jewellery TSMEs which are located in the Kurunegala District. Both descriptive and inferential techniques were used to analyze data. As per the findings, it was observed that the employees are satisfied with the existing human resources practices in the Gem and Jewellery TSMEs in the Kurunegala district. In accordance with the correlation coefficient analysis, there is a strong negative correlation between HR practices and turnover intention. In addition, all six human resource practices (Job Information, Job Analysis, Career Development, Work-Family Balance, Supervisor Support and Compensation) identified within this study context, affected the employee turnover intention within an internationalized TSME in a negative manner.

Keywords: Human Resource Practices, Turnover Intention, Internationalized TSMEs, Gem and Jewellery industry

1. Introduction

Human resources have become the most valuable and the most significant asset for an internationalized TSME due to the unique capability of intellectual ability which directly lead to achieving internationalized TSME's stated SMART objectives through the versatile management of technology, physical assets and people. Moreover, human resources often account for a large part of an internationalized TSME's cost structure. Therefore, internationalized TSMEs should pay considerable attention to their human resources. A TSME is a Tech-oriented business, with a headcount of fewer than 250 and more than or equal to 25 classified as medium-sized and a business with a headcount of fewer than 24 and more than or equal to 5 classified as small (European Union, 2018). Turnover is referred to an individual's estimated probability of staying with the employing organization (Cotton and Tuttle, 1986). Turnover intention is the conscious willingness to seek alternatives in other organizations (Tett and Meyer, 1993). Human resource management in the present technologized world is known as a key business concern which finely formulates the balance between technology with the people's performance which must be ideally linked and matched with the people's capabilities, knowledge, behaviors, and attitudes. In the present technology driven world, the ideal HR practices are vital for TSME's optimal performance.

The link between Technology and internationally driven Small and Medium Enterprises (TSMEs) to ensure the sustainable growth and development of internationalized TSMEs in a given economy has long been accorded a prime place in present business, management and economics perspectives. The small number of people is increasingly recognized to be one of the sources of competitive advantage for internationalized TSMEs and creating sustainable competitive advantage through people along with technology requires careful attention to the practices that best leverage these assets (Patrick et al,2003).

It is essential to perfectly match internationalized TSME's small number of people with the TSMEs itself and their specific job roles. Internationalized TSME technopreneurs should be aware about the dynamic and environment alterations of the people and the business. Internationalized TSME technopreneurs should focus on the small number of employees where the turnover directly affects the TSME's sustainable growth and development.

In the light of considering prior research articles, is it clear that there is a dearth of research on the effects of human resource practices on turnover intention in Tech-based Small and Medium Enterprises in Sri Lanka.

1.1 SMART Objectives

- 1) Identification of the leading HR practices affecting Turnover Intention of the employees in Gem and Jewellery TSMEs in Kurunegala District.
- 2) To identify the relationship of HR practices with employee Turnover Intention within Gem and Jewellery TSMEs in Kurunegala District.
- 3) To recognize the relationship of each HR practice and Turnover Intention of the employees in Gem and Jewellery TSMEs in Kurunegala District.

2. Literature Review

TSMEs are small in size without any comprehensive organizational structure like large corporations, HR practices must be adequately practiced (Dobbs and Hamilton,2007). Turnover is a highly critical perspective in the present world scenario. Turnover indicates a breach in the relationship between individuals and the TSME (Chang,1999). This separation incurs a significant amount of costs to the internationalized TSME itself and to the other individuals including the owning technopreneur. Costs of turnover may include opportunity costs, costs required for reselection and retraining, and decreased level of morale of the remaining people etc. These costs become even more serious when the global oriented TSME loses the small number of valuable employees (Kinnie,2005). In accordance with findings of Batt (2017), turnover intention rate was lower and sales growth was higher in internationally oriented TSMEs that emphasized high skills, employee participation in decision making and in teams, and human resource incentives such as high relative pay and employment security.

Human resource practices play a key role in the employee's perspective, thus ensuring the long-term retention, efficiency and effectiveness of the valuable employees, which would ensure sustainability of the internationalized TSMEs. Among the employee behaviors, the focus has been on turnover and how it strongly affects a small entity (Blau & Boal, 1987; De-Cottis & Summers, 1987; Huselid & Day, 1991). Extensive research by Noe (2017) showcased how effective human resource practices can improve worldwide TSME's performance by contributing to employee and customer satisfaction, retention, creativity, tech-based innovation, productivity and long-term endurance. Effective human resource practices positively support globalized TSME's objectives in the short run and sustainability in the long run (Hoon et al, 2000).

3. Methodology

The sample was selected from the Gem and Jewellery TSMEs located in the Kurunegala District. The survey was conducted based on a sample of 176

employees out of 289 in Gem and Jewellery TSMes in Kurunegala District. Multi-stage random sampling was used to select the sample. A self-administered questionnaire was used to gather data from the sample.

3.1 Conceptual Framework

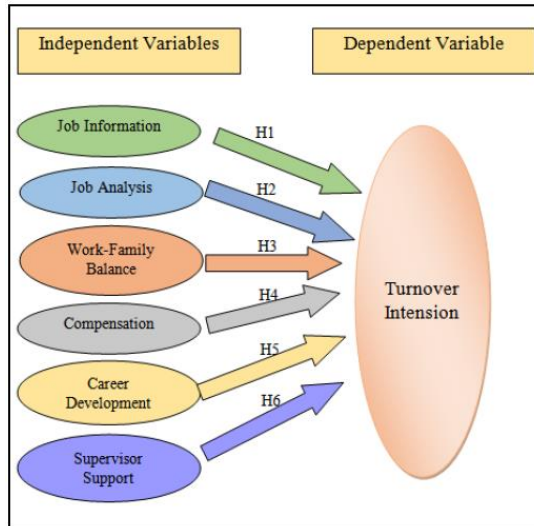


Figure 1: Conceptual Framework

Source – Author Developed

3.2 Hypotheses of the Study

Hypothesis 1-

H1: Job Information leads to Turnover Intension

Hypothesis 2-

H1: Job Analysis leads to Turnover Intension

Hypothesis 3-

H1: Work-Family Balance leads to Turnover Intension

Hypothesis 4-

H1: Compensation leads to Turnover Intension

Hypothesis 5-

H1: Career Development heads to Turnover Intension

Hypothesis 6-

H1: Supervisor Support heads to Turnover Intension

Both descriptive and inferential techniques were used to analyze data. Descriptive statistical techniques were used to discover and summarize the attributes of the sample. Furthermore, correlation analysis was used to measure the degree of linear association between variables. Multiple regression analysis was also used to combine the contribution of each part of the independent variable.

$$TI = B_0 + B_1 JI + B_2 JA + B_3 CD + B_4 WFB + B_5 SS + B_6 C + E$$

Where,

B = Beta Value

B₀ = Intercept of the equation

J_I = Job Information

J_A = Job Analysis

WFB = Work Family Balance

C = Compensation

CD = Career Development

SS = Supervisor support

E = Error term

4. Results and Discussion

According to the Descriptive analysis (Table 1), almost all input variable averages were in the range of 2.5-3.5. This illustrates that, almost all participants are satisfied with the current practices.

Table 1: Mean and Standard Deviation of HR practices dimensions.

Dimension	Mean	Standard Deviation
Job Information	3.0568	0.9323
Job Analysis	3.4867	0.8038
Career Development	3.3636	0.9477
Work- Family Balance	2.7670	0.9138
Supervisor Support	3.3333	0.6919
Compensation	2.7159	0.8365
Human Resources Practices	3.1206	0.6905

The correlation and regression analyses were conducted to determine the strength of the relationship and relative contribution of independent variables on dependent variable. Human resource practices have a significant negative correlation (-0.810) with turnover intention. Apart from that, the R² between human resource practices and turnover intention was 65.5. The fitted regression model can be expressed as follows.

$$TI = 5.94 - 0.0266 JI - 0.155 JA - 0.0610 CD - 0.162 WFB - 0.180 SS - 0.316 C$$

The above equation demonstrates that the six dimensions of HR practices have a negative relationship with turnover intention. Meanwhile, the multiple regression proved that compensation was the major predictor of turnover intention in Gem and Jewellery TSMEs in the Kurunegala district.

5. Conclusion, Implications and Recommendations

As per the findings of the research, it was observed that the employees are satisfied with the existing human resources practices in the Gem and Jewellery TSMEs in Kurunegala district. According to the correlation analysis, it can be identified that there is a strong negative correlation between HR practice and turnover intention.

In addition, it was revealed that changes in human resource practices affect employee turnover intention and that all six human resource practices (Job Information, Job Analysis, Career Development, Work-Family Balance, Supervisor Support and Compensation) identified within this study context, were affecting employee turnover intention within a TSME in a negative manner. This suggests that more improvements should be carried out to these identified HR practices for the further reduction of employee Turnover intention in Gem and Jewellery TSMEs in Kurunegala district.

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