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The Effect of Recruitment Practices on Employee Retention in Selected Large Scale Apparel Firms in Kandy District, Sri Lanka

Chandrasekara, C.M.B.R.D. and Perera, G.D.N.

Abstract

The main focus of this study is to identify the effect of recruitment practices on employee retention in selected large scale apparel firms in Kandy district. In literature, there is an empirical and theoretical knowledge gap of relationship between the recruitment practices and employee retention. Therefore, the problem of this study is that 'is there an effect of recruitment practices on employee retention in selected large scale apparel firms in Kandy district?' This study is in a mixed approach. Under the quantitative approach, the data were collected from a randomly selected sample of 127 sewing machine operators (SMOs) in selected large scale apparel firms in Kandy district by using a structured questionnaire consisting of 47 statements with five point Likert scales. In the process of data analysis under this, both univariate and bivariate analytical methods with the SPSS (16.0 Versions) were used. Under the qualitative approach, several interviews were carried out with 2 respondents. This study found out that there was a significant positive relationship between the recruitment practices and the employee retention in selected large scale apparel firms in Kandy district. Further, it revealed that the employee retention is positively correlated with the recruitment strategies and the recruitment policy. It is concluded that there was a positive effect of recruitment practices on employee retention in selected large scale apparel firms in Kandy district and it is essential for the HR department in the apparel firms to have much concern on these recruitment practices and follow them effectively in order to improve the employee retention.

Keywords: Apparel Firms, Employee Retention, Kandy District, Recruitment Practices

Introduction

It is perceived that the ability of an organization to find, attract and retain best employees was perceived is the two most critical people management issues that are faced by organizations today (Hughes & Rog 2008). According to Amin et al. (2014), to achieve this purpose, it is required to have sound Human Resource Management practices. Among the varied responsibilities of Human Resources (HR), the most critical are the recruitment of the most excellent employees and keeping them happy and on the job (Carter-ward et al. 2006).

As noted by Glueck (1979) recruitment is a set of activities an enterprise uses to attract job candidates who have abilities and attitudes to help the enterprise to achieve its objectives. Employee retention entails a combination of activities that, when engaged well that will

ensure the employee stay with the organization for a long time (Hendricks 2006). As mentioned by Josee et al. (2014), recruitment is the process of engaging and finding the people an organisation needs. It can also be defined as any exercise or activity carried on an organization with the primary purpose of identifying and attracting potential employees (Amin et al. 2014). Employee retention entails a combination of activities that results in employee stay with the organization for a longer period (Hendricks 2006). Employee retention is the ability to maintain and retain the most desirable employees for a longer period in the organisation (Gupta 2014).

As mentioned by Alleyne et al. (2012), employee retention begins with better recruitment. The successful employee retention has to be positively linked to the processes and practices of recruitment and the strategies from which the candidates are recruited for the job. Boxall and Haesli (2005) have said that the employee retention should be linked to the effective recruitment practices. As such, this study is intended to analyse the effects of recruitment practices on employee retention in selected large scale apparel firms in Kandy district.

Problem Background and Problem of the Study

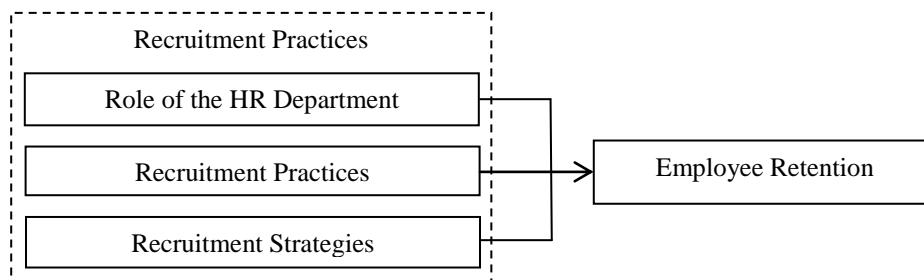
Kelegama (2009) has mentioned that it is capable of considering the apparel industry is as a leading industrial sector and one of the most important segment in Sri Lankan economy. The industry now represents a vital part of the economy, accounting for 43.2% of total export revenue and 56.4% of industrial export earnings (CBSL 2007, p.35-36). Chatterjii and Srivastava (2014) has explained that the apparel industry manufactures diverse the range of products and, in order to manufacture those products and manage the related activities, there should be a well- trained work force. Thus, the machine operators in the industry are playing the key role and the essential strategic resource to the success of the apparel industry. As Dheerasinghe (2009) points out, developing and maintaining the required manpower for the industry is the major problem in the apparel industry. Unfortunately, in the current economic climate, there has been a trend for some corporations to focus more on measuring employee performance rather than on measuring the success of employee-retention efforts (Carter-ward et al. 2006).

According to Boxall and Purcell (2003), HR policies and practices are more likely to contribute to the sustainable competitive advantage and also the staff retention in organizations that are in the life cycle. As identified by Heraty and Morley (1998), common failings in the recruitment process do not indicate an obvious link with HR strategy, resourcing strategy and broader business and organisational goals. Deloitte (2005) has stated that failing to deal adequately with the recruitment of an organization and the retention issues are becoming a key problem today. According to Agenda Consulting (2005), turnover is higher for operational/support employees (21%) than managerial employees (13.9%). It is noted that the availability of empirical knowledge especially in Sri Lanka is not adequate with regard to the effect of recruitment strategies on employee retention and this gap is remaining in the apparel industry in Sri Lanka. Hence, the problem of this study is that 'is there an effect of recruitment practices on employee retention in selected large scale apparel firms in Kandy district?'

Research Framework

Research framework shows the relationship between the independent variable: the recruitment practices and the dependent variable: the employee retention. This study considers three dimensions of recruitment practices as the role of the HR department (refer to Figure- 1).

Figure 1: Research Framework



Mbugua et al. (2015) has mentioned that the employee recruitment has influenced the employee retention in Kenya. Further Boxall and Haesli (2005) have explained that the employee retention should be linked with an effective recruitment process. Dermody (2002) reveals that the recruitment practices, the management of the best employees and retaining the quality workers are the keys to success in the competitive restaurant business. Employee retention may be successful when it is linked positively to the processes and practices of recruitment (Alleyne et al. 2012). Based on previous studies, the first hypothesis developed for this study is as follows:

H₁: There is an effect of recruitment practices on employee retention.

Recruitment strategies are significantly linked to the employee retention issues (Heraty & Morley 1998). When employees are recruited, the use of a variety of recruitment strategies is essential as the approach that captures one's attention may be ineffective with another (Orrick 2008). The results of the study (Josee et al. 2014) reveal that the employee recruitment strategies influence on employee retention. Some of the elements of recruitment strategy have negative relationship with the employee retention in the organizations (Hall et al. 2008). Having concerned the above literature, given below is the second hypothesis for this study.

H₂: There is an effect of recruitment strategies on employee retention.

The organizational recruitment policy is to offer long-term employment opportunities for its employees (Motsoeneng 2011). The long-term employment is mainly the promotion of employees by using steady recruitment (Beer et al. 1984). Doeringer and Piore (1971) have noticed that employees accept employment with certain expectations such as certain stability for the future. Expectations may be violated through a change in recruitment policies and it may negatively affect to the organizational workforce (Grimshaw et al. 2001). Reviewing existing literature, the third hypothesis for this study is as follows:

H₃: There is an effect of recruitment policy on employee retention.

Method

Study Design

The primary objective of this study is to ascertain the relationship between the recruitment practices (independent variable) and the employee retention (dependent variable) and as a result, the type of the study becomes an analytical one. Further, this study is taken as a field study as it examines the effect of recruitment practices on employee retention in natural working environment of large scale apparel firms. The time of the study is cross sectional. The data for the study is collected within a particular time period and the unit of the study is individual machine operator who works in a large scale apparel firms in Kandy district. This study is conducted both on quantitative and qualitative research approaches which is known as the mixed method.

The study population for the study is the employees, nearly of about 192 employees from product development departments (SMOs) and from HR departments in apparel firms in Kandy district. . Total sample of SMOs is 127 who employ in the two (2) reputed apparel firms established in Kandy District. The survey was carried out among sample of 117 SMOs, 10 former SMOs and interviews were conducted among 2 responsible parties related to recruitment in each apparel firm. The selection of the sample of SMOs is based on the simple random simple method. 127 paper copies of structured questionnaires were distributed among the selected SMOs and 101 responses were received from them. The response rate was 79.5%.

Measures

In quantitative approach, primary data collection is with the use of a structured questionnaire with five point likert scale of “strongly disagree, disagree, moderate, agree and strongly agree” measuring the variables of this study. This study considered Motsoeneng (2011) questionnaire to measure recruitment practices and the employee retention as well (Wang 2012).

In qualitative approach, primary data collection is through the use of structured interviews. For the measurement of recruitment practices and employee retention, structured interview questions which were previously developed by Wang (2012) were used. The interviews were conducted covering mainly 5 aspects. They are recruitment strategies, role of HR department, recruitment policy, retention strategies and prevailing condition.

Validity and Reliability

The internal reliability of the research instruments were assessed through Cronbach’s alpha coefficient (refer to the Table -1). The result of Cronbach’s alpha test is reasonable enough to ensure the internal reliability of this study.

Table 1: Result of Cronbach's Alpha Coefficient

Instruments	Cronbach's Alpha
Recruitment Practices	0.818
Employee Retention	0.701

The external reliability of the instruments was examined by Test- retest method. This test was carried out by using 15 SMOs from the product development departments from the selected large scale apparel firms in Kandy District. The result of Test re-test coefficient is given in Table 2. The results suggest that external reliability of each instrument was satisfactory.

Table 2: Result of Test Re-test

Instrument	Test – retest Coefficient
Recruitment Practices	0.913
Employee Retention	0.808

The construct validity of the instruments was ensured by the conceptualization and operationalization of the variables using available literature because the correlation and regression analysis support the hypotheses formulated linking the relationship between the independent and dependent variables (Kottawatta 2015).

In qualitative approach, the concept of reliability is to evaluate the quality in the study with a purpose of generating understanding (Stenbacka 2001). In qualitative paradigms, the terms credibility, neutrality or conformability, consistency or dependability and applicability or transferability are to be the essential criteria for quality (Lincoln & Guba 1985). Creswell and Miller (2000) suggest that the validity of qualitative study is affected by the perception of the validity by the researcher in the study and his/her choice of assumptions.

Techniques of Data Analysis

The primary data collected from the sample were analysed using the computer based statistical data analysis package, SPSS (Version 16.0) for validity, reliability and relationship testing. It included univariate, and bivariate analyses.

Results

Results of this study were obtained both from the quantitative and the qualitative analysis. According to the quantitative analysis, the univariate analysis was used to investigate the responses for the independent and dependent variables. The results are given in Table 3.

Table 3: Univariate Analysis

	Mean	S.D.	Skewness	Kurtosis	Mini.	Max.
Recruitment Practices	3.4709	.40462	1.379	3.218	2.81	4.88
Recruitment Strategies	3.4074	.50036	.437	.022	2.57	4.71
Role of HR Department	3.5561	.65671	.518	-.413	2.50	5.00
Recruitment Policy	3.4488	.70307	.307	.459	1.67	5.00
Employee Retention	3.4697	.28720	1.171	1.796	3.00	4.44
Compensation and Benefits	3.5980	.49355	.578	.524	2.60	5.00
Welfare Benefits	3.8185	.47323	-.004	.240	2.50	5.00
Career Development and Training	3.5842	.69347	-.159	.586	1.67	5.00
Working Practices and Working Environment	3.1040	.56216	.894	.288	2.33	4.67
Interpersonal Relationship and Personal Value	3.2931	.55177	.761	.087	2.40	4.80

According to Table 3, the mean value of the recruitment practices (3.4709) suggests that recruitment practices of the selected large scale apparel firms are “satisfied”. The mean value of the employee retention (3.4697) indicates that the employee retention at the selected large scale apparel firms are at the “Satisfactory level”.

Since all mean values of each dimension of recruitment practices and employee retention are greater than the average mean value (3), these results suggest that there is a “Good” practice regarding on recruitment strategies, the role of HR department and the recruitment policy as well as all the satisfaction of the respondents with the employee retention factors.

The bivariate analysis, Pearson’s correlation between recruitment practices, recruitment strategies and recruitment policy with employee retention in apparel firms are illustrated in the Table 4 below.

Table 4: Pearson’s Correlation between Independent and Dependent Variable

	Recruitment Practices	Recruitment Strategies	Recruitment Policy
Pearson Correlation	0.459	0.314	0.320
Sig. (2-tailed)	0.001	0.001	0.001

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

According to the Table 4, the Pearson correlation coefficient is 0.459. Therefore, there is a positive relationship between the recruitment practices and employee retention. In addition to that, recruitment practice dimensions such as recruitment strategies (0.314) and recruitment policy (0.320) are also positively correlated with employee retention.

Regression analysis was used to find out the impact in between independent variable and dependent variable. Table 5 below illustrate the regression analysis between the employee retention and the recruitment practices.

Table 5: Simple Linear Regression Analysis Independent Variable and Employee Retention

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0.459 ^c	0.211	0.203	0.25640	1.854

Predictors: (Constant), Recruitment Practices
Dependent Variable: Retention

According to Table 5, the multiple regression coefficients (R) were 0.459. The R Square for the model was 0.211. It explains that about 21 % of the variance in the employee retention is explained by recruitment practices.

The hypothesis testing was carried using the results of Pearson's Product Movement Correlation analysis and the results of Regression analysis is in the Table 6.

Table 6: Summary of Hypothesis Testing

No	Hypothesis	Values	Remarks
H1	There is an effect of recruitment practices on employee retention in selected large scale apparel industry in Kandy District	Correlation= 0.459 b= 0.326 Sig.= 0.000	Accepted
H2	There is an effect of recruitment strategies on employee retention in selected large scale apparel industry in Kandy District	Correlation= 0.314 b= 0.180 Sig.= 0.001	Accepted
H3	There is an effect of recruitment policy on employee retention in selected large scale apparel industry in Kandy District	Correlation= 0.320 b= 0.131 Sig.= 0.001	Accepted

According to the qualitative analysis, both interviewees accepted that employee retention rate could be maximized through the recruitment practices and it indicates that there is a positive relationship between the recruitment practices and the employee retention. They have further mentioned that, this is the right time to shift from the traditional recruitment practices as there exists no proper link between the recruitment and the retention, the whole the recruitment function will be worthless. Also they believe that there should be a proper involvement of a recruitment team with some authority, especially in retaining SMOs within the organization and it will definitely lead to get the high retention rate.

Discussion and Conclusion

According to the results of univariate analysis, Pearson's correlation analysis, regression analysis and qualitative analysis, it was found that the recruitment practices are positively correlated with employee retention.

According to the result of mean and standard deviation of recruitment practices, it was suggested that the both current and former respondents have found that the recruitment practices of organizations are "satisfied". Accordingly, it was found that the good recruitment practices are followed in apparel firm in Kandy district. When the level of satisfaction of employee retention was taken into consideration, it was found that the employee retention of apparel firms in Kandy district is at the "Satisfactory level". But the findings failed to match with the theoretical evidence regarding the satisfaction level of employee retention given by

Dheerasinghe (2009) who has argued that high labour turnover is one of the main challenges that the Sri Lankan apparel industry faces.

The findings of the correlation and the regression analysis empirically confirm the arguments given by Alleyne et al. (2012), Boxall and Haesli, (2005), Mbugua et al. (2015), Dermody (2002), Greene and Tello (1996) who have argued that for the employee retention to be successful, it has to be positively linked to the recruitment practices. Further, the qualitative analysis has proved the positive relationship between the recruitment practices and the employee retention in apparel firm in Kandy district.

Hence, there are statistical evidences (refer to Table 6) as well as qualitative evidences to support to accept all the three hypotheses formulated for the study. The first hypothesis was that there is an effect of recruitment practices on employee retention in selected large scale apparel firm in Kandy district. It was confirmed that the recruitment practices in selected large scale apparel firm in Kandy district has a positive relationship with their employee retention. The second hypothesis was that there is an effect of recruitment strategies on employee retention in selected large scale apparel firm in Kandy district. It was confirmed that the recruitment strategies used in a selected large scale apparel firm in Kandy district has a positive relationship with their employee retention. The third hypothesis was that there is an effect of recruitment policy on employee retention in selected large scale apparel firm in Kandy district. It was confirmed that the recruitment policy followed in selected large scale apparel firm in Kandy district has a positive relationship with their employee retention.

This study has both practical and theoretical significance, in the provision of information that will help in the understanding of recruitment practices that affect the retention of employees. According to this study, the recruitment practices are taken as the major way to improve the employee retention in apparel industry. In order to improve employee retention, the recruitment practices such as recruitment strategies, role of HR department and recruitment policy (Opatha 2012; Motsoeneng 2011; Robbins & Decenzo 2001) are need to be successfully followed in a standard manner. When recruiting the SMOs are recruited, the HR department of the organizations in the apparel industry should be highly concerned with the recruitment practices and follow them effectively in order to improve the employee retention so as to ensure the long term sustainability of the organization.

In order to achieve the employee retention in apparel industry, researchers suggests some recommendations to improve the recruitment practices such as tightened recruitment to aid the retention, the use different recruitment methods, improvement of the quality of first day training sessions, allocation of adequate funds, human resources for the recruitment effort, implementation of a functional human resource information system to support recruitment, delegating an authority to the recruitment team the promotion of effective and sound retention strategies.

The researchers believe that there are moderating factors such as economic environment, trade unions (Josee et al. 2014) and intervening variables such as job security, work life

balance (Das & Baruah 2013) that exist between independent and dependent variable. It is noted that in this study, they were ignored and not explained. Therefore, for further research studies, it is suggested to carry out the research to find out the effect of these factors and variables on employee retention in apparel firm in Kandy district.

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Chandrasekara, C.M.B.R.D.

Department of Human Resource Management
University of Sri Jayewardenepura



Dr. Perera, G.D.N.

Senior Lecturer

Department of Human Resource Management

University of Sri Jayewardenepura
