

Determinants Of Employees' Turnover Intention: A Conceptual Paper

Dg Kamisah Ag Budin¹, Sylvia@ Nabila Azwa Ambad²

¹Faculty of Business and Management, Universiti Teknologi MARA Cawangan Sabah, Malaysia

²Faculty of Business and Management, Universiti Teknologi MARA Cawangan Sabah, Malaysia

Abstract

Employee turnover is a critical concern for organizations seeking to maintain a stable and productive employee. This conceptual paper investigates the relationship between Human Resource Management (HRM) practices and their influence on turnover intention. The study focuses on specific HRM practices, including Training and Development, Compensation, Performance Appraisal, Job Autonomy, and Career Development. The findings of this study have the potential to provide valuable insights for organizations aiming to reduce turnover rates. It is anticipated that a better understanding of the connections between HRM practices and turnover intention will lead to the development of targeted strategies for talent retention and human resource management. The conclusion drawn from literature support indicates that variables have an influence on turnover intentions. This paper contributes to the existing body of knowledge in HRM and organizational behavior, offering practical implications for HR professionals and managers who seek to enhance employee satisfaction and commitment, ultimately mitigating the costly issue of turnover.

Keyword: HRM practices; compensation; training and development; performance appraisal; job autonomy and career development; turnover intention

1. Introduction

The hospitality industry, as defined by Teng (2013), is an expansive field with the primary goal of fulfilling a diverse range of needs, encompassing accommodations, food services, and catering to the demands of various groups of people. Within this industry, one finds a wide array of services, such as cruise lines, event planning, transportation, theme parks, lodging, and restaurants (Holston-Okae and Mushi, 2018). Yet, despite its allure, this sector grapples with a range of workforce-related issues, including low compensation, subpar working conditions, long and disruptive hours, limited growth opportunities, and job insecurity (Kong and Baum, 2006). These employment challenges often result in high turnover rates, partly due to relatively modest salaries and the expectation of overtime work without adequate compensation (Maroudas et al., 2008).

Malaysia's hospitality industry plays a vital role in the nation's GDP, consistently contributing significant revenue, with earnings total 232,808 million in 2022 (Trading Economics, 2023). Despite this economic contribution, the industry grapples with a persistent problem: high employee turnover, particularly in non-managerial roles (Poulston, 2008). The COVID-19 pandemic has exacerbated staffing issues in the industry, particularly in areas such as transportation, lodging, food and beverage, and travel services. The shortage of workers has had a cascading effect on interconnected sectors. Datin Christina Toh, President of the Malaysian Association of Hotels, has noted that while staff shortages were an existing issue in the tourism sector, the pandemic has significantly worsened the situation (The Star, 2023).

Turnover, a prevalent phenomenon in the study of organizational behavior, is a critical parameter in determining an organization's success. High turnover rates, as studied over the past few decades, are costly for organizations, with detrimental effects on their performance (Han et al., 2016). This challenge is particularly pronounced in the global hospitality sector, affecting organizations across the world (Karatepe and Olugbade, 2017). According to A'yuninnisa and Saptoto (2015), employee turnover results in various issues for organizations, including costs associated with training, recruitment, personnel replacement, and disruption of company operations. Turnover intention, often used as a predictor of actual turnover behavior, holds significant importance in turnover research (Griffeth et al., 2000). High employee turnover remains a significant issue and major challenge in the hospitality industry, with global implications for productivity and financial performance (Ghani et al., 2022). The COVID-19 pandemic has worsened turnover problems in the hospitality industry, highlighting its susceptibility to broader economic conditions.

2. Literature Review

Turnover intention, as noted by Suleiman and Mat Som (2013), represents a crucial phase that precedes actual turnover. It emerges when individuals feel that their organization isn't meeting their expectations. Scholars, including Bigliardi (2005), consistently regard turnover intention as the most significant predictor of employee turnover. Long et al. (2012) define it as an employee's personal estimate of the likelihood of leaving permanently in the near future. Moreover, Aburumman et al. (2020) highlight that turnover intention is a serious issue because it leads to high stress, reduced loyalty, and commitment to work. Employees with turnover intentions often exhibit reduced focus on their tasks, lack emotional attachment to the company, and are simply waiting to leave. As per Christian and Ellis (2014), individuals who express a desire to leave are less likely to make meaningful contributions to the organization, even if they don't ultimately leave. Therefore, it's vital for managers to identify employee turnover intentions to take appropriate actions.

2.1 HRM Practices and its Impact on Turnover Intention

In the current dynamic and intensely competitive environment, there is an increasing need for skilled employees to improve organizational performance and sustain long-term growth. As stated by Ahmed and Rafiq (2003), content employees lead to content customers, resulting in increased profits for the company. HRM practices play a crucial role in influencing employee attitudes and behaviors. As articulated by Lado and Wilson (1994), HRM practices encompass a series of interconnected activities, functions, and processes aimed at attracting, developing, and retaining an organization's human resources.

According to Noe et al. (2010), HRM practices encompass the philosophy, policies, systems, and practices that influence employee behavior, attitudes, and performance. The effectiveness of these HRM practices contributes to career satisfaction and the employee's connection with their organization, as noted by Yean and Yahya (2013). According to Yousaf et al. (2018), HRM practices help develop and enhance employees' skills, knowledge, and commitment, motivating them to pursue their careers and stay with their current employer for a longer duration. Certain dimensions of HRM practices, such as training and development, career advancement opportunities, compensation and benefits, and performance evaluations, significantly contribute to enhancing employee motivation, commitment, and satisfaction. These, in turn, influence their intent to remain with the organization.

2.1.1 Compensation and Turnover Intention

Compensation, as defined by Milkovich and Newman (2005), pertains to the system of rewards and remuneration used to motivate employees. Research indicates that one of the key factors influencing employee retention is their monetary compensation. According to Munsamy and Venter (2009), employees are more inclined to remain with their organization when they are content with the compensation it provides. Prior studies have consistently shown a significant negative relationship between compensation and turnover intentions (Ghafoor et al., 2017; Attia et al., 2022; Rathakrishnan et al., 2016). Similarly, Silaban and Shah (2018) discovered that appropriate compensation reduces employees' turnover intentions. Moreover, Dechawatanapaisal (2018) asserts that the primary drivers for employees' decisions to either remain with or leave an organization are the presence of generous compensation systems and fair performance appraisal processes. Building upon the literature reviews discussed above.

2.1.2 Training and Turnover Intention

According to Masoodul et al (2013), training is regarded as one of the most crucial elements within HRM practices. Numerous studies have identified a notable negative correlation between training and turnover intention (e.g, Ju and Li, 2019, Rawashdeh et al, 2022). However, their finding was contradicted with (Santhanam et al, 2017) which suggest that training practices have exhibited significant positive impact on employees' turnover intention. Their study revealed that employees in the hospitality industry intend to leave their job even with better training provided to them. Building upon the literature reviews discussed above.

2.1.3 Performance Appraisal and Turnover Intention

Performance appraisal encompasses a sequence of managerial actions in which organizations aim to evaluate their employees, enhance their skills, improve their job performance, and allocate rewards (Fletcher, 2001). It is essential to ensure equitable employee evaluations to prevent dissatisfaction among employees and decrease the likelihood of them departing from the organization. (Guchait & Cho, 2010). In addition, Ahmad and Lemba (2010) stated that biased performance appraisals can elevate employee turnover rates. Building upon the literature reviews discussed above.

2.1.4 Job Autonomy and Turnover Intention

Job autonomy is defined as the degree to which a job provides substantial independence, giving individuals the flexibility and authority to organize their work and determine the approaches for completing tasks (Hackman & Oldham, 1975). To be more precise, it can also be described as the inherent opportunity and autonomy within a job to execute a wide range of tasks (Brey, 1999). As per Gellatly and Irving (2001), individuals with significant job autonomy face fewer constraints from situational factors compared to those with limited autonomy. Building upon the literature reviews discussed above.

2.1.5 Career Development and Turnover Intention

Career development, as defined by Leibowitz et al. (1986), involves a systematic, deliberate endeavor to harmonize an individual's career aspirations with the workforce requirements of the organization. It aims to benefit both the individual and the organization by developing employees in a way that is mutually advantageous. As per Lips-Wiersma and Hall (2007), career development arises from the dynamic interplay between individual career planning and organizational career management procedures. Its purpose is to boost job satisfaction for individuals and enhance overall organizational effectiveness. Career development should be seamlessly integrated into the organization's HR framework and should extend over an extended period, as emphasized by Leibowitz et al. (1986). Prior research consistently indicates a negative association between career development and employee turnover intentions (e.g., Chin, 2018; Weng & Xi, 2010; Foong-ming, 2008). Building upon the literature reviews discussed above.

3. Material and Method

This study aimed to examine the relationship between independent variables of HRM practices (specifically training, compensation, performance appraisal, job autonomy, and career development) and dependent variables of turnover intention. A comprehensive framework was developed based on literature reviews to guide the research. The framework encompasses five distinct variables that will be tested to evaluate their impact on the dependent variable of turnover intentions, as depicted in Figure 1.

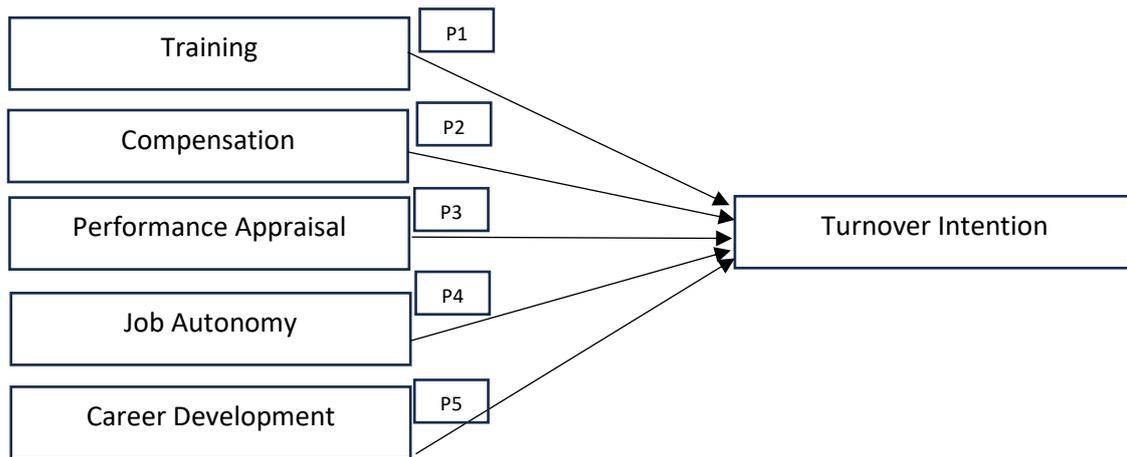


Figure 1. Research Model

4. Result

This paper has explored the connection between HRM practices (specifically training and development, compensation, performance appraisal, job autonomy, and career development) and turnover intention. By conducting a thorough analysis of the literature, this paper has elucidated the crucial factors that impact employees' decisions to depart from their current roles. This paper proposes that aligning HRM practices with employees' values and preferences, along with ensuring congruence between employees, their organizations, and job roles, can significantly decrease turnover intention.

5. Discussion

While this research has provided valuable insights, there is still room for further exploration and refinement of the relationships between HRM practices and turnover intention. Future research can investigate deeper into the specific mechanisms and contextual factors that mediate and moderate these relationships, allowing for more precise and effective HRM strategies.

6. Conclusion, Implication, and Recommendation

The primary objective of the current study was to determine a meaningful relationship between HRM practices and turnover intention. These variables are considered alongside other factors that typically relate to turnover intentions. These findings have profound implications for human resource management and organizational leaders. By tailoring HRM practices in reducing turnover intention, organizations can work towards building a more committed and satisfied workforce. This not only saves costs associated with high turnover but also contributes

to improved organizational performance. As organizations continue to face the challenges of retaining top talent in a competitive labor market, the insights provided by this research paper offer a roadmap for HR professionals and managers. Through strategic implementation of HRM practices, organizations can cultivate an environment where employees are inclined to remain and contribute to their utmost potential.

7. References

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