

The Influence of Human Resource Management Practices on Employees' Turnover Intention: A Conceptual Model

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Abstract

The growth and success of any organization are heavily reliant on its employees. Employee turnover is one of the most challenging difficulties for any organization, with long-term effects, and it has been acknowledged as a severe issue, particularly in human resource management (Aslam et al., 2014). As a result, this paper goes into great detail on how human resource practices might lower employee turnover intentions. Several earlier studies on this topic have been examined in this study, allowing the authors to construct a conceptual framework and four propositions.

Keywords: Turnover Intention, Career Development, Performance Appraisal, Reward Management, Training and Development

Introduction

Among the strategic resources that may contribute to maintaining a competitive advantage, human capital is considered to be the most universally valuable, rather than being entirely limiting (Crook et al., 2011). Winning the "war for talent" is the most prominent challenge facing organizations today (Luthans, 2008).

Precisely due to the increasingly fierce competition in the market, employees are under more and more stress, and when the various resources provided at the organizational level no longer match with what employees contribute, employees have the intention to leave, causing later problems for the development and stability of the company.

The departure of a highly talented individual may have a disruptive impact on the business, including disruptions to organizational functioning, service delivery, and administration. This may result in higher costs due to the recruitment and training of new employees (Stamolampros et al., 2019).

Moreover, in the long run, this may lead to an unsustainable work environment due to increased absenteeism, operational disruptions, and poor workforce dynamics, which is

detrimental to organizational sustainability (Iqbal, 2010). In short, excessive mobility may be detrimental to organizational efficiency and productivity, which is something that organizations should be concerned about.

In research arguments, scholars usually use the concept of turnover intention as a proxy for employee turnover behavior in academic studies (Cohen et al., 2016). Since turnover in this study refers to the voluntary turnover of employees, the commonly used turnover intention approach can be used as a proxy variable to measure the voluntary turnover behavior of employees. Moreover, from Bluedorn's (1982) perspective, it is more cost-effective to collect data on those who bear the intention of leaving their current job than to collect data for the actual turnover study. Considering the negative impact of turnover intention on an organization, it is important to analyze the factors that can reduce it. Some scholars have done a lot of research on the related factors affecting resignation intention.

Based on Maslow's hierarchy of needs theory and Herzberg's two-factor theory, March and Simon (1958) attempted to explore the integration of individual behavior and corporate behavior to study the brain drain problem. Specifically, two models are included, one of which analyzes the factors that determine the perceived rationality of employee outflow from the firm and the other model analyzes the factors that determine the perceived ease of employee outflow from the firm. In other words, the level of employee turnover depends, first, on job satisfaction and prediction of the likelihood of job opportunities that are available in the labor market, and second, on the ease with which employees can leave the company. They use "propensity to leave" to explain the "perceived desire to leave", which is one of the antecedent variables that lead to eventual exit behavior.

A substantial theoretical and empirical literature has revealed that a variety of different factors may contribute to employee attrition (Ghapanchi & Aurum, 2011; Özkan et al., 2020). As a matter of fact, most, if not all, of these determining factors hinges on human resource intervention. HRM practices can be a useful source for shaping employee behavior, perceptions, and attitudes (Shah & Beh, 2016). According to Oladapo (2014), most HR personnel emphasize putting HRM practices to good use when it comes to retaining talent, about two-thirds of organizations use HRM strategies to retain talent.

Literature Review

Relationship between HRM Practices and Turnover Intention

Human resource management is defined as a purposeful and unified approach to managing an organization's most significant assets--the personnel who work there and contribute individually and collectively to the achievement of its objectives (Armstrong, 2006). According to Jackson and Schuler (2001), HR practices such as training and development, performance measurement and feedback, recognition, and monetary rewards are used to accomplish four major HR tasks: managing behaviors, motivating employees, managing competencies, and maximizing opportunities. Conceptually, these systems of HR practices as a whole are hypothesized to influence performance outcomes (Wright & Boswell, 2002). According to Kehoe and Wright (2013), HRM practices involve an organizational effort to reduce workforce turnover inclination through a set of methods that enhance employee abilities, motivation, and opportunities.

The impact of human resource management on employee turnover is not a new topic in international scientific research. Existing research has explored the effects of HRM policies on employee turnover intention in a wide range of fields, including security firms (Choi and Perumal, 2014), banks (Jiru & Tadesse, 2019), Public Health Care Sector (BaniMelhem et al., 2018), colleges and universities (Gadi & Kee, 2018) and hotel industry (Santhanam et al., 2021). It has been demonstrated that HRM practices are a negative predictor of turnover intention (Tumwesigye, 2020; Kurdi et al., 2021).

Training and Development

Training and development, in which companies invest in developing the knowledge, skills, and abilities, required to increase employee productivity (Halid et al., 2020). The success of any organization highly depends on the quality of its employees (Mzimela & Chikandiwa, 2017). Therefore, it is necessary to continuously update the knowledge, skills, and abilities of employees.

According to Cesário and Magalhães (2016), the organization's efforts in manpower development will have a big impact on personnel. If employees believe that the training boosts their value and benefits their careers, their desire to quit will diminish while their intention to stay with the firm will increase.

Bibi et al (2018) collected a total of 610 questionnaires from hotel employees in Malaysia. Smart PLS version 2.0 was used to analyze the data. The study revealed a significant positive relationship between training and development on employee retention.

Moreover, Gadi and Kee (2018) selected 254 employees from 10 colleges and universities in the plateau Prefecture by convenient sampling method. SPSS version 2.0 was used to analyze the data collected. The purpose of this study is to determine the impact of training and development on employees' turnover intention. They found that training and development in this study possessed a positive and significant impact on employee retention.

Likewise, Manthi et al (2018) used a multi-stage sampling method to test the effect of HRM practices on tutors' turnover intention. The scope of the study was the Nairobi Metropolitan region in primary Teacher Training colleges (PTTCs) in Kenya, 152 participated, with an actual response rate of 74.3%. The results of the study revealed that training and development had a significant negative predictive effect on tutors' turnover intention.

Reward Management

Chen and Hsieh (2006) describe rewards as everything that an employee considers valuable in an employment relationship. It usually includes cash compensation and benefits, as well as other non-cash rewards and work experience. In comparison, Lim and Ling (2012) define rewards as the benefits that employees receive from the company for their efforts and services, including financial and non-financial compensation.

Therefore, compensation management does not only encompass pay and employee benefits; non-financial compensation is also a key concern. If HRM is treated as an investment in human capital that requires a reasonable return, then it makes sense to reward people

differently depending on how much they contribute (e.g., the return on investment they generate) (Armstrong & Brown, 2005).

Since each employee is a unique individual, they will have different needs and wants, and therefore their reward preferences will vary from person to person (Shelton & Renard, 2015). Chiang and Birtch (2011) stated that reward preferences stem from a combination of an individual's motivations, preferences, and values, which explains why different people have different reward reasons for preferences.

Kurdi et al (2021) utilized a quantitative survey to collect the data to test the suggested hypotheses, adopting a descriptive and analytical approach. The sample was chosen from the UAE's education sector using the cluster sampling approach to examine how HRM practices affect employees' turnover intention. According to the study, compensation significantly affected employees' intentions to quit their jobs.

Similarly, the influence of front-line employees' turnover intention was investigated in the Indian hotel industry. Through the questionnaire survey, a total of 271 responses from front-line employees were collected. Their hypothesis which inferred HRM practices as negatively related to turnover intention is modeled and tested using the partial least squares (PLS) path. The results show that salary practices have a significant impact on reducing employees' turnover intention (Santhanam et al., 2021).

In the same sense, Aburumman et al (2020) surveyed 394 employees in 25 banks in Jordan and used PLS-SEM to obtain results and test hypotheses. The results show that compensation reduces employees' turnover intention, and it is suggested that banks in Jordan provide high salaries to maintain human factors and reduce employee turnover intention.

Performance Appraisal

Performance appraisal has many different interpretations. According to Opatha (2009), performance appraisal is the systematic process of monitoring and developing an employee's job performance based on a set of standards over a specific period to attain various goals.

On the other hand, Mondy and Noe (2005) described performance appraisal as a method for identifying, measuring, evaluating, improving, encouraging, and rewarding employee performance. According to Malhotra and Singh (2016), performance appraisal is feedback that is used to evaluate the work of subordinates, make relevant suggestions to employees based on the evaluation results, and set future work development goals. Specific reward and punishment measures are used to stimulate the potential of employees.

In particular, performance appraisal systems help employees become aware of their performance levels and limitations (Johanim et al., 2012). In short, this valuable feedback or guidance from top management will not only help them take necessary steps to improve their performance but also enable them to sense/evaluate their capability.

In addition, Ghazali et al (2012) also resonated with the fact that performance appraisal has a strong relationship with the intention to stay. When employees perceive performance appraisal as a positive means of progress and beneficial treatment, they would develop

reciprocation toward their employers. With that, performance appraisal can be perceived as a critical component of HRM practices that could lead to employees' intention to stay and needs to be done periodically for human capital development.

In one of the studies on turnover intention outcomes, Choi and Perumal (2014) chose ground security workers and supervisors from a Singapore-based security organization (ABC business) to participate in the test. The study's goal is to evaluate how HR management strategies influence employee turnover intention. According to empirical studies, salary, and benefits, training, career development, and performance management, all have a direct and significant on turnover intention, with performance appraisal having the most impact.

In a more recent study, an attempt was made to examine the relationship between performance appraisal and employees' turnover intention (Peng et al., 2021). This study uses quantitative research methods to collect data through investigation. Through convenient sampling, data was collected from 70 long-term employees of the research organization. Using SPSS 18.0 statistical software for descriptive statistical analysis, the results show that there is a significant negative correlation between performance appraisal and turnover intention.

Career Development

According to Manthi et al (2018), one of the most crucial elements in retaining qualified individuals is the availability of professional development opportunities. Career development refers to an organization's resource assistance for employees' personal development based on their knowledge background and work competence (Malhotra & Singh, 2016). A diverse and effective career structure is critical in influencing employees' decisions to join, leave, or remain in an organization.

Johanim et al (2012) found that promotion opportunities not only bring appreciation and gratitude to employees but also influence their decision either to stay or resign. Furthermore, a good career development program in an organization motivates an employee to advance, which reduces the employee's willingness to look for a better job because he knows how to achieve his desired career in his current company (Dewi & Nurhayati, 2021).

BaniMelhem et al (2018) employed structural equation modeling (SEM) technology and the Amos18.0 software package to analyze data and explore the impact of human resource practices on employee turnover intention in the UAE's public health care sector. The results also showed a significant negative relationship between career development and turnover intention in the healthcare sector.

Shah and Beh (2016) distributed 560 questionnaires to managers of three to five-star hotels in Kuala Lumpur, Malaysia, and used structural equation modeling to test the hypothesis that HRM practices are negatively related to turnover intention. The study discovered that promotion and development opportunities were both significantly and negatively related to employees' turnover intention.

Conceptual Framework

The framework components (shown in Fig. 1) include the independent variables, which are the causal factors, the immediate effect, which is HRM practices, and the outcome, which is staff turnover intentions.

The conceptual model:

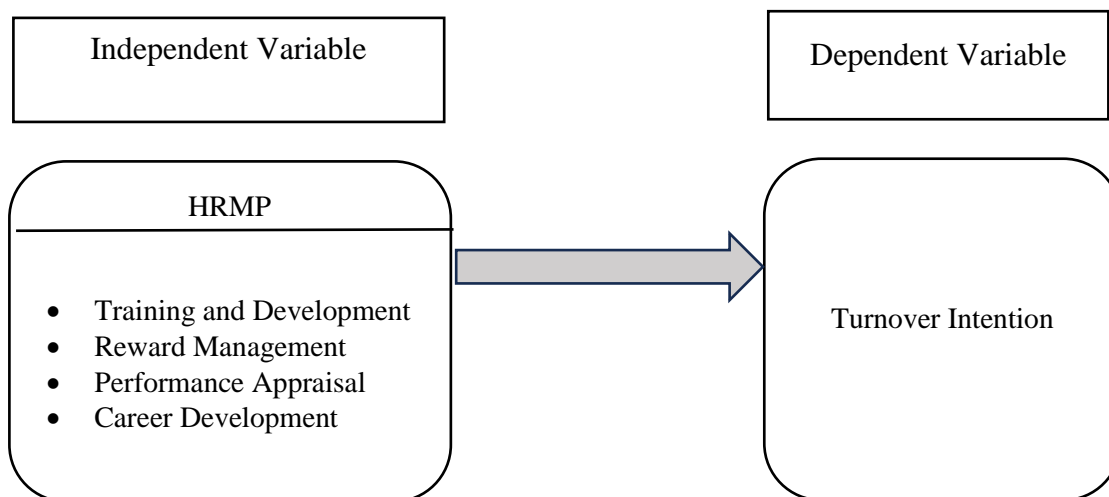


Figure 1: Conceptual framework of the impact of HRM practices on staff turnover intention

Propositions

Based on the above literature review, the following propositions will be addressed such as

P1: Reward Management is significantly related to employee turnover intention.

P2: Training and Development is significantly related to employee turnover intention.

P3: Performance Appraisal is significantly related to employee turnover intention.

P4: Career Development is significantly related to employee turnover intention.

Conclusion

Turnover intention is an ongoing problem for researchers and organizations in the context of the commercial industry and remains a concern for many organizations today. The study aims to deepen the understanding of the factors that lead to employee turnover, and more importantly, to provide managers with the knowledge needed to design and implement strategic measures to address turnover issues.

After reviewing the literature and discussing four human resource management practices, we can see that there are many similarities in the correlation between these practices and the impact of employee turnover intention. We need to emphasize the importance of human resource management in organizations, as well as the potential adverse effects of personnel mobility on organizations due to several factors discussed earlier.

By integrating the models proposed in this study, they can better understand the variables that affect employee turnover intention, help them identify the real reasons that affect employee turnover, improve employee retention rates, and help the company achieve its high-performance goals. If employees feel that the company has invested in them, they

will repay the company and will not leave easily. Therefore, this is very beneficial for the long-term stability of the company.

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