

IMPACT OF HR PRACTICES ON EMPLOYEE INTENTION TO QUIT IN INDIA

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ABSTRACT

The purpose of this research was to identify the impact of HR practices on Employee Intention to Quit in India. In most of the HRM practices-employee turnover studies have been done on HR manager's point of view but this study is done from employee's point of view. The sample size consists of 69 employees out of 150 employees in India. This was investigated among various employees of different organizations and having different job positions. Correlation Analysis indicates that all five dimensions of human resources (HR) practices have significant correlation with intention to quit. At last we also performed regression analysis in which the regression results revealed the R^2 value of 0.158 indicating the 89.7% of variance that explained that employee intention to quit was accounted for by the dimensions in HR practices. Further, of five dimensions in HR Practices, all the factors i.e. Compensation, Career Development, Work Life Balance, Employee Engagement and Job Satisfaction are the significant predictors of intention to quit. The conclusion from this study is that all the HR practices give significant impact on the intention to quit in India and correlations existed amongst the dependent and independent variables.

Keywords: Employee Intention to Quit, Human Resources Practices, Compensation, Career Development, Work Life Balance, Employee Engagement, Job Satisfaction, India

INTRODUCTION

HR is a person who makes up the workforce of an organization, industry, business sector, or economy. Other terms used for HR are manpower, talent, labor, personnel, "associates" or simply people. Human resource is the most valuable resource in every organization, and they contribute immensely to organizations the world over. Human resources are the most valuable resource in every organization, and they contribute immensely to organizations the world over. Reducing employee turnover through retention practices is an area of great interest to employers who depend on a highly skilled workforce. In most of the HRM practices-employee turnover studies have been done on HR manager's point of view but this study is going to be done from an employee's point of view.

Nowadays, talent employees are the most important asset that gives the organization a competitive advantage over its rivals in the market. Employees perform all key functions which result in the achievement of the vision of the organization. The retention of employees is a concern in every organization, as it affects all performance. As the topic given “The Impact of Human Resource Practice on employee intention to quit an organization in India”. Let us first study about HRM practices. HRM practices are initiatives that organizations put in place to achieve specific objectives such as motivation, and retention of employees.

An organization is considered as the respectable one when it adopts the appropriate practices to retain the employees. Employee retention is seen as a successful investment within different organizations due to the high expense of recruiting different employees. The employees have a strategic significance that motivates the organizations to do their best in order to retain the experts and talented workforce by studying the several factors that influence their job satisfaction and trying to provide them with a suitable working environment in order to eliminate the factors that raise the employee's intentions to leave the organization.

Reducing employee turnover through retention practices is an area of great interest to employers who depend on a highly skilled workforce. The turnover intention of employees is a serious issue because high turnover intention will generate high stress for employees in the workplace and prohibit employees from increasing their loyalty and their commitment toward their work. Reducing employee turnover through retention practices is an area of great interest to employers who depend on a highly skilled workforce. Therefore, this research is an attempt to specify the most important factors that influence the employee’s intentions to leave their jobs within India.

The reasons behind the employee intention to quit the organization in India have been investigated in the literature. However, the literature showed that there are three key factors that influence the employee’s intention to quit the organization, namely, Compensation, Work Life Balance and Career Management Practices. This is in addition to other factors such as job engagement and job satisfaction that are seen to affect the employee’s intention to quit the organization. However, these factors are comprehensively explored in this study.

Hence, it is important for an organization to retain and motivate its employees to make sure they are committed, competent and capable. The retention of one employee means one less person to be recruited, selected, and trained by the organization. And if not happens the same then it will make the recruitment cycle to work again for a new employee.

OBJECTIVES OF STUDY

The main purpose of the study is “to identify the impact of HR practices on Employee Intention to Quit in India.”

More sub-objectives of the studies are:

1. To identify the impact of compensation on employee intention to quit the organization in India.
2. To identify the impact of career management practices on the employee intention to quit the organization in India.
3. To identify the impact of work life balance on the employee intention to quit the organization in India.
4. To identify the impact of employee engagement on employee intention to quit the organization in India.
5. To identify the impact of job satisfaction on the employee intention to quit the organization in India.

SCOPE OF STUDY

1. The study focuses on the problems and difficulties faced by employees due to which they quit the organization in India.
2. This study gains importance in the aspect that it focuses on and analyses the difficulties and problems faced by employees with regards to the HR practices which influences employees to quit the organization in India.

The research work is confined only to the respondents from few in India.

RESEARCH METHODOLOGY

Research Design

The study is based on exploratory research design which consists of 5 independent variables – Compensation, Career Management Practices, Work Life Balance, Job Engagement and Job Satisfaction, and 1 dependent variable –Employee intention to quit adopted from various literature.

Sample Size

To collect the data for understanding the situation about employee intention to quit a sample of 150 respondents were asked to participate in a self-administered questionnaire out of which 69 were returned.

HYPOTHESIS

H1: There is positive and significant relationship between compensation and employee intention to quit the organization in India

H2: There is positive and significant relationship between career development practices and employee intention to quit the organization in India

H3: There is a positive and significant relationship between work life balance and employee intention to quit the organization in India.

H4: There is positive and significant relationship between employee engagement and employee intention to quit the organization in India

H5: There is a positive and significant relationship between job satisfaction and employee intention to quit the organization in India.

PROFILE OF THE RESPONDENTS ANALYSIS

S. No.	Characteristics	N	%
1	Gender		
	a) Male	36	52.2
	b) Female	33	47.8
2	Age		
	a) 21-30	60	87
	b) 31-40	9	13
	c) 41-50	0	0

3	Educational Level		
	a) 12th Passed	6	8.7
	b) Diploma	1	1.45
	c) Graduation	29	42
	d) Post Graduation	32	46.4
	e) PhD	1	1.45
4	Job Position		
	a) Intern/Trainee	9	13.04
	b) Staff	18	26.09
	c) Executive/ Sr Executive	29	42.03
	d) Manager/ Sr Manager	12	17.39
	e) Director	1	1.45
5	Income Level		
	a) Less Than 2,50,000	20	28.98
	b) 2,50,000- 5,00,000	36	52.17
	c) 5,00,000- 7,50,000	7	10.15
	d) 7,50,000- 10,00,000	3	4.35
	e) More Than 10,00,000	3	4.35

Table 1: PROFILE OF THE RESPONDENTS

DESCRIPTIVE ANALYSIS

HR Practices	n	M	SD
Compensation			
• My organization don't have effective payroll system	69	2.71	1.28
• The gross margin is not sufficient in my organization	69	2.98	1.23
• I am not compensated fairly for the work that I perform	69	2.66	1.44
Career Development			
• I am not getting ample opportunity in my current organization	69	2.66	1.51
• I am looking for a stable position	69	2.60	1.60
• I am looking for an opportunity where I can upgrade my skills	69	2.23	1.496
Work Life Balance			
• My organization don't adopt flexible working hours and employment factors achieving work life balance	69	3.11	1.57
• I am not able to give time to my social life	69	2.739	1.29
• I am not able to meet my family responsibilities	69	2.67	1.44
Employee Engagement			
• I am not satisfied with my work as I don't like the kind of work I do	69	2.855	1.47
• I am not satisfied with my job, it don't gives me a feeling of personal accomplishment	69	2.78	1.39
Job Satisfaction			
• I am not satisfied with my job as my supervisor/senior don't acknowledge my successes	69	2.84	1.35
• I am not satisfied with my job as I am rarely assigned the work in my organization as per my skills	69	2.88	1.39
• I am not satisfied with my job as during group assignment my thoughts and ideas are not even heard	69	3.144	1.31
Total	69	2.78	1.51

Table 2: Descriptive Analysis

Note. Ratings based on statements that used a seven-point Likert-type scale: “Strongly Disagree” (1), “Moderately Disagree” (2), “Slightly Disagree” (3), “Neither Agree nor Disagree” (4), “Slightly Agree” (5), “Moderately Agree” (6), “Strongly Agree” (7). N= no of respondents, M=Mean, SD=Standard Deviation.

CORRELATION ANALYSIS

	A	B	C	D	E	F	G
1		1	2	3	4	5	6
2	Intention To Quit (1)	1					
3	COMPENSATION (2)	0.653616	1				
4	CAREER DEVELOPMENT (3)	0.646764	0.301584	1			
5	WORK LIFE BALANCE (4)	0.537277	0.098487	0.455934	1		
6	EMPLOYEE ENGAGEMENT (5)	0.592716	0.39912	0.324531	0.184375	1	
7	JOB SATISFACTION (6)	0.759817	0.537541	0.417653	0.303188	0.433608	1
8							

Table 3: Correlation Analysis of all HR practices and Intention to Quit

Correlation analysis was conducted to identify the relationship between HR practices (i.e. Compensation, Career Development, Work Life Balance, Employee Engagement, Job Satisfaction) and intent to quit. Finally, to explain the employee intent to quit in India in terms of HR practices, regression analysis was conducted to show how the dependent variable can be predicted by the independent variables.

Table 3 exhibits that all five dimensions of human resources (HR) practices have significant correlation with intention to quit. However, all five sub factors indicated medium correlation values of 0.098 to 0.759. The highest correlation among the five HRM practices was the Job Satisfaction at 0.759 followed by Compensation at 0.653 then by Career Development at 0.646, then by Employee Engagement at 0.592 and at last by Work Life Balance at 0.537

REGRESSION ANALYSIS

Coefficients

	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta	Std. Error		
(Constant)	-.314	.128			-2.463	.017
CO	.256	.046	.279	.050	5.558	.000
CD	.149	.039	.190	.050	3.795	.000
WLB	.249	.041	.292	.048	6.049	.000
EE	.171	.037	.226	.049	4.590	.000
JS	.273	.048	.314	.056	5.636	.000

Table4- Multiple Regression Analysis

($r^2= 0.897$, $F=109.730$, $r=0.947$, CO= Compensation, CD= Career Development, WLB= Work Life Balance, EE= Employee Engagement , JS=Job Satisfaction)

A multiple regression analysis was calculated to predict intention to leave based on the retention factors.

As depicted in Table 4, the regression results revealed the R^2 value of 0.158. This indicates that 89.7% of variance that explained that employee intention to quit was accounted for by the dimensions in HR practices. Further, of five dimensions in HR Practices, all the factors i.e. Compensation, Career Development, Work Life Balance, Employee Engagement and Job Satisfaction are the significant predictors of intention to quit with the value $\beta = 0.314$ ($\square\square$), $\beta = 0.292$ ($\square\square\square$), $\beta = 0.279$ ($\square\square$), $\beta = 0.226$ ($\square\square$), $\beta = 0.190$ ($\square\square$).

An R^2 of .01 represents a smaller effect size, an R^2 of .10 represents a medium effect size, and an R^2 of 0.15 represents a large effect size of .25 represents a very large effect size. This classification was applied in interpreting the coefficient of determination (R^2) in this study. As R^2 value was obtained as 0.158 so it represents a large effect size.

FINDINGS OF THE STUDY

- In this study we also did descriptive analysis of all the factors of HR practices, in which the participants' average level of agreement of compensation, career development, work life balance, employee engagement and job satisfaction were recorded as 2.79, 2.49, 2.87, 2.80, 2.97 respectively.
- However, we also did Correlation Analysis in which we got to know that all five dimensions of human resources (HR) practices have significant correlation with intention to quit. However, all five sub factors indicated medium correlation values of 0.098 to 0.759. The highest correlation among the five HRM practices was the Job Satisfaction at 0.759 followed by Compensation at 0.653 then by Career Development at 0.646, then by Employee Engagement at 0.592 and at last by Work Life Balance at 0.537.
- And at last we did perform regression analysis in which the regression results revealed the R^2 value of 0.158 indicating the 89.7% of variance that explained that employee intention to quit was accounted for by the dimensions in HR practices. Further, of five dimensions in HR

Practices, all the factors i.e. Compensation, Career Development, Work Life Balance, Employee Engagement and Job Satisfaction are the significant predictors of intention to quit with the value $\beta = 0.314$ (JS), $\beta = 0.292$ (WLB), $\beta = 0.279$ (CO), $\beta = 0.226$ (EE), $\beta = 0.190$ (CD).

RESULT OF THE STUDY

This study demonstrated that job satisfaction has the most potent effect on employee intention to quit in India. The following hypothesis was developed to scrutinize the relationship between all HR practices and intention to quit.

Hypothesis-1:

Through correlation analysis we found out that there is a significant relationship and through regression analysis we also found that there is a positive relationship between compensation and employee intention to quit in India. ($\rho = 0.653$, $\beta = 0.279$, $r=0.947$).

Hypothesis-2:

A lack of growth opportunities was found to know more better we did correlation analysis and regression analysis through which we concluded that there is a positive as well as significant relationship between career development and employee intention to quit in any organization in India ($\rho = 0.646$, $\beta = 0.190$)

Hypothesis-3:

The results of correlation and regression analysis shows that there is a positive and significant relationship also between work life balance and employee intention to quit any organization in India with $\rho = 0.537$, $\beta = 0.292$.

Hypothesis-4:

The study and the finding states that there is a positive and significant relationship between employee engagement and employee intention to quit in India ($\rho = 0.592$, $\beta = 0.226$), so the organization should improve their strategies to ensure the high employee engagement level.

Hypothesis-5:

The result of the study shows a positive and significant relationship between job satisfaction and employee intention to quit in India as because if an employee is not satisfied with his/her job they won't be able to perform well and will start looking for new jobs.

LIMITATION

- This study used a purely quantitative paradigm. The incorporation of qualitative methodologies may provide a deeper understanding of the relationships among the variables in this study. For example, this study used the Likert type questionnaires, which limit the participants from expressing their own views.
- This study was not funded, and due to that challenge, resources were limited, and the study therefore focused on a limited number i.e. n=150 out of which only 69 people participated. Having a small sample may affect the reliability of the results, therefore limiting the generalizability of the findings.

SCOPE FOR FURTHER STUDY

- Future researchers should consider the limitations of the present study as mentioned in the previous section.
- The researcher needs to generalize the findings of the present study to more employees of different different organizations in India, he/she should do so with caution. Only 1 or 2 similar studies have been conducted in India till yet.
- The knowledge and understanding of HR Practices are, however, extremely limited, as this is not a new concept in research or a concept in which the people should know.
- This study was limited to five main practices which are Compensation, Career Development, Work Life Balance, Employee Engagement and Job Satisfaction. Therefore, future studies may include other practices such as employee empowerment, teamwork, and employment security information sharing, training & development and job description.

CONCLUSION

The research was conducted with the main objective to analyze the factors that have a high impact on influencing employee's intention to quit the organization in India.

From the study, it is concluded that the factors which are mostly considered to have the greatest influence on the intention of the employee to quit the organization in India are Compensation, Career Development, Work Life Balance, Employee Engagement and Job Satisfaction. The other purpose of this study was to establish a significant and positive relationship between HR practices and employee intention to quit any organization in India. This was investigated among various employees of different organizations and having different job positions. The sample consisted of employees of different organizations of India only. No sector or industry has been taken for this study. The results of the study showed that correlations existed amongst the dependent and independent variables.

As a conclusion, the research has succeeded in fulfilling the research objectives which focused at analyzing the link between the practices like compensation, career development, work life balance, employee engagement and job satisfaction and the intention of an employee to quit the organization.

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