

## **Study of Impact of Compensation towards the Work Attitudes and Employee Turnover in Apparel Industry with Special Reference to Kalutara District**

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### **Introduction**

"Human resource management is responsible for how people are treated in organizations. It is responsible for bringing people into the organization, helping them perform their work, compensating them for their labors, and solving problems that arise" (Cherrington, 1995). There are seven management functions of a human resources department that have to be specifically addressed and they are staffing, performance appraisals, compensation and benefits, training and development, employee and labor relations, safety and health, and human resource research. Compensation means the combination of all cash incentives and the fringe benefit mix that an employee receives from a company and that constitutes an individual total compensation (Lawler, 1981).

Apparel industry has emerged as one of the largest and fastest growing industries in the world. Hence, employers highly concern about the satisfaction of the employees. However, there can be seen an employee turnover in the apparel industry. The objective of this study was to analyze the impact of compensation planning on the work attitudes and employee turnover.

### **Methodology**

12 garment factories were selected for the study out of 40 garment factories in Kalutara district and 100 employees were selected from those 12 garment factories proportionately as the sample. Primary data were collected by using a questionnaire and secondary data were collected from the information sources of Industrial Development Board and other published documents such as annual reports and employee directories.

Descriptive statistics were used to summarize the data and Pearson Product Moment correlation were used to measure the relationship between compensation system and work attitudes and work attitudes and employee turnover. Further, simple linear regression and multiple regression were used to analyze the combined contribution of each factors considered.

### **Results and discussion**

Majority of the respondents were found to be female, below 25 years old and having education only up to grade 8. Majority of employees has worked in another company and left due to the insufficient compensation. The mean value of the Compensation system is fallen within the category of all most agree and organizational commitment is fallen within the range of 4.3 to 4.5.

Employments opportunities, Job hopping and Organizational justice are fall in moderately agree level and the deviation from the mean is lower.

Correlation between compensation system and work attitudes

	<b>Correlation</b>	<b>P- Value</b>
<b>Compensation System</b>	0.754	0.000

Regression Analysis

<b>Predictor</b>	<b>Coef</b>	<b>SE Coef</b>	<b>T</b>	<b>P</b>
<b>Constant</b>	2.2426	0.1920	11.68	0.000
<b>Compensation System</b>	0.54524	0.04796	11.37	0.000

R- Sq = 56.9 R - Sq adj = 56.4

Source: Research Data

Results revealed that there is a strong positive relationship between compensation system and work attitudes. Further, R-Square of the regression model emphasizes that 56.9% of the variation of the work attitudes can be explained by compensation system.

Correlation between Work Attitudes and Employee Turnover

	<b>Correlation</b>	<b>P- value</b>
<b>Job Satisfaction</b>	-0.577	0.000
<b>Organizational Commitment</b>	-0.733	0.000
<b>Work Attitudes</b>	-0.704	0.000

Regression Analysis

<b>Predictor</b>	<b>Coef</b>	<b>SE Coef</b>	<b>T</b>	<b>P</b>
<b>Constant</b>	5.8283	0.3160	18.44	0.000
<b>Job Satisfaction</b>	-0.16705	0.06316	-2.65	0.000
<b>Organizational Commitment</b>	-0.57331	0.06072	-9.44	0.000

R- Sq = 56.8 R - Sq adj = 55.9

Source: Research Data

Further, it was identified that there is a strong negative relationship between work attitudes and employee turnover. According to the R-Square value, it is clear that 56.8% of variation can be explained by the established model.

Mean value of compensation system, job satisfaction and organizational commitment are within the range of 3.5 to 5 signaling that respondents are almost agreed with the

given situation. In contrast, the employee turnover is within the range of 2.5 to 3.5 emphasizing that respondents are moderately agreed with the given condition. Therefore, in order to reduce the employee turnover, organizations have to change the compensation system, training program, use job rotation as a job designing method and change the structure of the transportation facilities.

### **Conclusion**

According to the findings of this research it can be concluded that there is a positive relationship between compensation system and work attitudes and there is a negative relationship between work attitudes and employee turnover. Employee turnover is highly depending on work attitudes and work attitudes are highly depending on compensation system. Apart from that work attitudes might be depended on willingness of the husband, problems related to taking care of babies and other matters arising due to marriage.

### **References**

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