

MINIMIZING THE TURNOVER INTENTION BY EMPLOYEE DEVELOPMENT IN GARMENT COMPANIES

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Sinta Ayu Kurniawati

Sari Wahyuni

Master of Management, Faculty of Economics and Business, Universitas Indonesia

Abstract: The aim of this study is to determine the role of employee development carried out by garment companies to minimize the emergence of turnover intention among garment workers in Indonesia. This study using survey data conducted by the collaborations between the University of Indonesia (UI), Tufts University (TU), Better Work-ILO (BW) and Real-TimeAnalytics (RTA) Vietnam, which is collected from 109 garment companies and 2580 respondents in the garment sector. The data were analyzed using structural equation models (SEM) with Lisrel 8.8. The results show that employee development is able to increase the growth mindset and empowerment perceived by workers, therefore reduce turnover intention among workers in the garment industry. However, the findings also reveal that it turns out that employee development cannot improve the job security perceived by workers. These results provide significant input to human resource development in Indonesia. Further studies may consider the effect of the growth mindset on job security. It is expected that employee development will have a positive impact on empowerment as well as job security through a growth mindset which ultimately minimizing the emergence of turnover intention.

Keywords: employee development, growth mindset, empowerment, job security, turnover intention, a garment worker.

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Corresponding Author:
Sinta Ayu, Master of
Management, Faculty of
Economics and Business,
Universitas Indonesia, E-
mail: sinta.ak@gmail.com,
DOI: <http://dx.doi.org/10.21776/ub.jam.2019.017.01.19>

The garment industry is one of the labor intensive sectors that aims to absorb a large number of workers (Osterreich, 2011 and Wahyuni and Nadapdap, 2015) which are generally unskilled workers (Wahyuni and Nadapdap, 2015) and also workers with low education (Imron, et al., 2017). The

occurrence of global competition and government policy in setting minimum wages for workers triggers the practice of terminating employment as one of the efficiency measures. This is one of the triggers for the emergence of concerns of workers related to the sustainability of their work within the company (Hellgren and Isaksson, 1999 and Bhuiyan, 2012). Workers with low confidence in the sustainability of their work in the company will find it easier to feel turnover intention, by actively seeking other opportunities outside the company to en-

sure the security of their jobs (Rahman and Nas, 2013). Turnover intention is known as a condition that causes an actual turnover (Tett and Meyer, 1993). To prevent actual turnover by suppressing the emergence of turnover intention, garment companies need to pay attention to human resource practices that need to be done to maintain their workers (Kim, 2012). Employee development, through training and promotion (Koch and McGrath, 1996) is one of the human resource practices that can be done. The results of the study show that companies that provide opportunities for self-development for workers, then later workers will show behaviour and actions that provide benefits to the company, one of which is a high commitment (Lee and Bruvold, 2003). Worker productivity with high commitment tends to increase, and turnover intention will be low (Rahman and Nas, 2013) which ultimately improves and increases company productivity.

In the garment industry that relies heavily on workers in the process of producing products, empowerment is important. Workers who feel psychologically empowered will trigger an increase in intrinsic motivation (Thomas and Velthouse in Kim and Fernandez, 2017) so that workers are more enthusiastic in completing their work properly, such as products without errors. Workers need to improve their competence always to master their work, so learning-oriented mindsets are needed (Dweck and Leggett, 1988 and Keating and Heslin, 2015). With the increasing confidence of workers in their ability to do work, the emergence of the desire to leave the company will be small (Kim and Fernandez, 2016).

Based on the above problems, this study aims to determine the extent to which employee development provided by garment companies is able to reduce the desire of workers to leave the company (turnover intention) by testing its effect on the emergence of the growth mindset, increased empowerment and job security.

HYPOTHESIS

Effect of Employee Development to Growth Mindset

Heslin (2010) states that organization-oriented development programs can be carried out to stimu-

late the growth of the growth mindset, for example by mentoring, providing special assignments, training, and providing support for improving education. For workers with a growth mindset, failure to implement the knowledge gained during training, or even poor performance after getting a promotion, will be perceived as a trigger to make even harder efforts to produce the best (Keating and Heslin, 2015).

H1: Employee development has a positive effect on growth mindset.

Effect of Employee Development to Empowerment

Employee development in the form of training has proven to be able to influence the empowerment felt by employees (Voegtlin, et al., 2015). Whereas employee development in the form of promotion based on performance will be perceived as fairness in the opportunity to increase career (Beehr, et al., 2004) so that employees will be motivated to work and provide better results. For this reason, it can be said that promotion creates or enhances the empowerment of employees (Njagi, 2012, Lou, et al., 2010, and Kruja, et al. 2015).

H2: Employee development has a positive effect on empowerment.

Effect of Employee Development to Turnover Intention

The opportunity to get training will be perceived by employees as organizational support for employee self-development. For this reason, employees will reciprocally demonstrate good behaviour and performance as support for the organization (Wayne, et al., 1997) and will ultimately suppress the emergence of turnover intention (Rahman and Nas, 2013). While promotion opportunities are one of the important factors for the employee's decision to leave the organization which begins with the turnover intention (Rubeland Kee, 2015).

H3: Employee development has a negatively affects to turnover intention.

Effect of Employee Development to Job Security

Employee development in the form of training in the workplace is one step to make employees feel safer for their work in the organization (Kohlrausch and Rasner, 2014). Training is considered by employees, especially low-educated, as a means to obtain certain abilities and skills that have an impact on their position as labor, so that it will increase the perceived job security.

H4: Employee development has a positive effect on job security.

Effect of Growth Mindset to Empowerment

Individuals with a growth mindset will have confidence that they can take actions that can positively affect their community and this also becomes learning for themselves (Dweck, 2016 and Konstand Scheinin, 2018). In other words, the growth mindset in an individual will tend to develop an individual's sense of empowerment.

H5: Growth mindset has a positive effect on empowerment.

Effect of Empowerment to Turnover Intention

The attitude of employees in the organization is influenced by HRM practices, such as empowerment, and is a trigger for the emergence of turnover intention before the turnover occurs (Kim and Fernandez, 2016). Job satisfaction and high motivation will be felt by employees who feel empowered, where these individuals will be more enthusiastic and confident in using all their abilities to complete their work (Hanaysha, 2016). This tends to suppress the emergence of the desire to leave the organization.

H6: Empowerment. It negatively impacts turnover intention.

Effect of Job Security to Turnover Intention

Turnover intention is a matter that appears as a form of individual response to coping with stress caused by low job security felt by the company

(Davy, et al., 1997 and Orhan, et al., 2014). When employees feel high job security, then the opposite will affect the low turnover intention felt by employees.

H7: Job security has a negative impact on turnover intention.

METHOD

This research is a quantitative research, with a single cross-sectional descriptive method, using secondary data in the form of raw datasets from the survey conducted by the collaboration between the University of Indonesia (UI), Tufts University (TU), Better Work-ILO (BW) and Real-Time Analytics (RTA) Vietnam about the effect of working conditions on the garment industry in Indonesia on the quality of life of workers.

The unit of analysis of this research is workers at garment companies in Indonesia, with a sample of 2580 respondents from 109 garment companies in the DKI Jakarta, Banten, West Java, Central Java, and DI Yogyakarta regions.

There are five variables used in this study (figure 1), namely: (1) employee development variable (EMDEV) measured by two dimensions, namely training (TR) (Schmidt, 2004) and promotion (PR) (Kador and Armstrong, 2010), (2) the growth mindset (GM) variable is measured by two indicators (Dweck, 1999 in Heslin, PA, 2010), (3) the empowerment variable (EMPOWER) measured by seven indicators (Spreitzer, 1995), (4) variables job security (JOBSEC) is measured by three indicators (Lahey, et al., 1988), and (5) turnover intention (TI) variables measured by four indicators (Camman, et al., 1983 and Blau, 1993). Analysis of research data using the Structural Equation Modeling (SEM) method with Lisrel 8.8 software.

RESULTS

From the results of data processing, the demographic data obtained are shown in the following Table 1.

Table 1 Demographics of Respondents

Demographics	Total	%
Gender		
Man	430	16.67%
Women	2.150	83.33%
Total	2.580	100.00%
Age		
< 18 Years	5	0.19%
18 - 22 Years	484	18.76%
23 - 30 Years	879	34.07%
31 - 40 Years	906	35.12%
41 - 50 Years	281	10.89%
> 50 Years	25	0.97%
Total	2.580	100.00%
Education		
Non-Formal	3	0.12%
Primary school	168	6.51%
Junior high school	952	36.90%
Senior High School	844	32.71%
Vocational High School	560	21.71%
Diploma / Bachelor	53	2.05%
Total	2.580	100.00%
Work Experience		
≤ 5 years	1.600	62.02%
6 - 10 years	558	21.63%
11 - 20 years	360	13.95%
21 - 30 years	58	2.25%
> 30 years	4	0.16%
Total	2.580	100.00%

In Table 1 above, based on gender or sex, it is known that the majority of respondents are women, that is equal to 83.33%. This shows that the garment industry attracts more interest and absorbs female workers than men. However, this study basically does not distinguish sex, because it aims to determine the extent of the perception of workers in general in the garment industry towards employee development provided by the company.

Based on age, the data shows that the respondents were at most 31-40 years old, that is as much as 35.12% and followed by respondents aged 23-30 years as much as 34.07%. This shows that the majority of respondents, namely workers in garment companies, are in productive age. It is evident that the garment industry is able to provide employment opportunities and absorb many workers in productive age.

Based on the educational background, Table 1 shows that the last education level taken by garment workers in Indonesia was junior high school (36.90%), and then senior high school (32.71%), where This proves that in accordance with the characteristics of the garment industry that absorbs a large number of workers, especially low-educated and unskilled (Wahyuni and Nadapdap, 2015 and Imron, et al., 2017). It also shows that the garment industry in Indonesia turns out to still attract high school / vocational high school graduates to get jobs

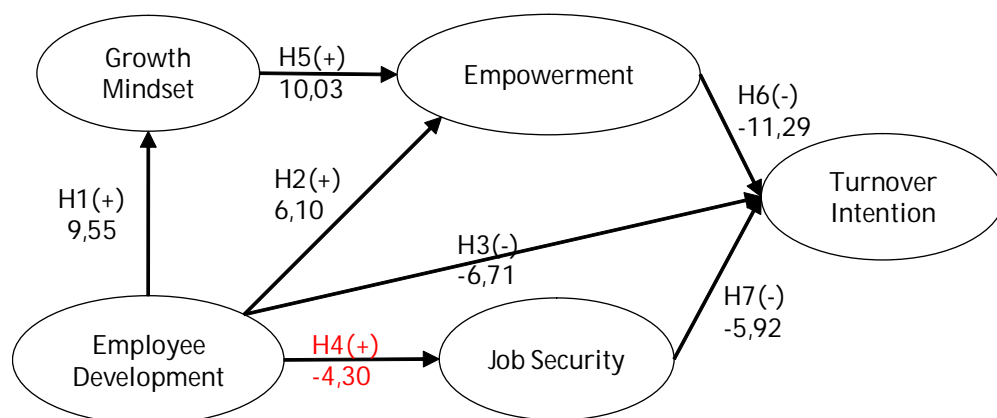


Figure 1 Research Model and Hypothesis Test Results

faster, even for jobs that do not require certain abilities.

Based on work experience shows that the majority of respondents in this study have a tenure of under five years, amounting to 62.02%. It can be said that over the past five years the garment industry in Indonesia has been able to attract interest and ultimately able to absorb a lot of labor.

After processing data using Lisrel 8.8, as many as three indicators were removed from the model because they had a standardized loading factor (SLF) of less than 0.5, which is an indicator from JOBSEC and two indicators from EMPOWER. The final results after the three indicators were excluded from the model show that for each variable (measurement model) has good reliability, where Construct Reliability (CR) > 0.7 and Variance Extracted (VE) > 0.5. Validity is stated to be good, with SLF > 0.5, and between models and data has a good match where some GOFI conditions have met good match requirements.

DISCUSSION

The results of hypothesis testing, as shown in Figure 1, show that hypothesis 1, namely employee development positively influences the accepted and supported growth mindset of data. The results of this study are in line with those delivered by Heslin (2010). With the existence of employee development in the form of on-the-job training, workers will be introduced, trained and given the skills to use equipment and machines to work and complete work. Along with the knowledge and skills acquired during training, workers will be given the task of completing work with specific targets. Feedback from management (companies) on the work of the workers is expected to stimulate the emergence of a growth mindset for workers. Internal promotion opportunities based on performance will stimulate workers to work and provide better performance by utilizing current feedback and resources. When promotions are obtained, this will be considered a new challenge and a means to learn and hone skills in dealing with situations and working conditions with new responsibilities that must be resolved with good performance.

Hypothesis 2, namely employee development has a positive effect on empowerment, stated to be accepted and supported by data. These results are supported by previous studies (Voegtlin, et al., 2015). Training that is followed by employees can influence confidence in new abilities or skills possessed in completing tasks given and provide positive feedback (Mathieu, et al., 2006). Furthermore, with positive feedback will increase the self-determination possessed by employees and will lead to feelings of autonomy in completing work (London and Smitter in Voegtlin, et al., 2015). Training provided by companies in the use of work equipment will greatly assist workers in carrying out and completing their work more effectively. With the knowledge and abilities acquired during training, along with the time and experience experienced in working on and completing work, the workers will be increasingly rich in knowledge and experience. This will increase the confidence of workers that they will be able to produce quality and good-performing products. Furthermore, when workers perceive an opportunity or even have received a promotion, workers feel that the results of their work have an impact on the company so that the promotion is considered by workers as recognition or appreciation for the contribution that has been given to the company.

Hypothesis 3, namely employee development positively influences turnover intention, is accepted and supported by data. This result is in line with previous research (Rahman and Nas, 2013, Lee and Bruvold, 2003, and Malik, et al., 2012). Employee development provided by the company will be seen by garment workers as a form of attention and support provided by the company to its workers. Given that garment workers are generally unskilled workers, the opportunity for training is a means to develop and equip themselves with new skills and abilities in the garment sector. Furthermore, the performance-based internal promotion provided by the company will be viewed by workers as a form of appreciation for the effort and hard work that has been done by workers in meeting the demands set by the company. Workers will think that the self-development obtained at the company where they work at this time will not necessarily be obtained

also when working for other companies. Therefore, employee development provided by the company will be able to reduce the desire of workers to leave the company (turnover intention).

Hypothesis 4, employee development has a positive effect on job security, is declared rejected and is not supported by data. This result actually shows that workers who have the opportunity to get employee development are apparently the lower job security perceived. In this study, the average worker had junior high school education (36.90%), was declared low-educated, and some had high school education (32.67%), which was an unskilled-worker compared to having a school education vocational middle school (21.73%). This condition makes the workers do not have many choices to get other jobs that might be better so that their work at the garment company is very meaningful and becomes a support for workers to maintain their existence in their community. Although studies show that employee development in the form of training is known to increase job security perceived by employees who are low-educated (Kohlrausch and Rasner, 2014), in reality, the conditions that occur in the garment industry are full of uncertainty, where employees feel the low or not even there is job security. This is because garment companies often practice termination of employment unilaterally with employees for no apparent reason and can occur at any time (Bhuiyan, 2012). In addition, because the business environment is full of uncertainty, the company is unable to guarantee job security for workers, but rather allows employees to have employability with employee development provided by the company (Bagshaw, 1996).

Hypothesis 5 that growth mindset positively influences empowerment is accepted and supported by data. These results are in line with those stated in Dweck (2016) and Konst and Scheinin (2018). In the garment industry, the work must meet the standards set by the company with a very low tolerance level for errors. When workers have been able to develop a growth mindset, these limitations will be used as a challenge that stimulates workers to think and use other ways or strategies in working and completing work more effectively. When work-

ers feel they have mastered the job well, then workers will increasingly feel confident in doing and completing their work properly. This shows that when workers have been able to develop a growth mindset in themselves, these workers will feel more psychologically empowered.

Hypothesis 6, empowerment negatively influences turnover intention, stated to be accepted and supported by data. These results are supported by several previous studies (Kim and Fernandez, 2017 and Albrecht and Andreetta, 2011). Empowered employees will feel more motivated, connected and have a sense of belonging to the organization where they work which will ultimately reduce the emergence of turnover intention. If it is linked in the context of garment workers, workers will be more flexible in working by using all the capabilities they have and utilizing existing resources. This will make workers more satisfied with their work and ultimately reduce the emergence of turnover intention. According to the data obtained, most of the respondents had a working experience of ≤ 5 years at 62.02%, so workers still needed to continue working in garment companies in order to have better marketability. Moreover, when empowerment is felt by workers, the intention to stay or turnover intention is getting lower.

Hypothesis 7, job security negatively affects turnover intention, is accepted and supported by data. These results are supported by previous studies (Davy, et al., 1997 and Orhan, et al., 2014). The results of the study stated that organizational change caused uncertainty that had an effect on the low job security felt by employees, so employees tended to think of quitting or leaving their current job at the company (Davy, et al., 1997). Intention to leave appears as an action to deal with stress caused by the low job security that employees feel at the company. Whereas the study by Orhan, et al. (2014) show that the high job insecurity felt by workers will lead to high rates of absenteeism and turnover intention. In the context of the garment industry, the conditions for unilateral termination of relations that still occur give rise to low job security felt by workers. When job security is perceived by lower workers, the company will suffer losses with the emer-

gence of turnover intention on workers which will result in an actual voluntary turnover, which is generally carried out by workers who have the capabilities and competencies needed by the company.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

From the results of this study, it can be concluded that employee development has been shown to reduce turnover intention among garment workers in Indonesia, both directly and through a growth mindset and empowerment. But the results of the study also show that the employee development program has not been able to increase job security felt by workers and even tends to reduce job security further. This can be a concern for garment companies to use more appropriate human resource practices to be combined with employee development, and reduce managerial practices that trigger the low job security among workers. This is important because the low job security is one of the stressors among workers, which ultimately causes high turnover intention which is manifested in actual turnover, especially workers who even have the capabilities needed by the company.

Recommendation

Further studies are suggested to be carried out by considering the effect of the growth mindset on job security. It is expected that employee development will have a positive impact on empowerment as well as job security through a growth mindset which ultimately suppresses the emergence of turnover intention. Testing the impact of turnover intention on organizational performance can also be done for further studies so that it will add empirical studies on the impact of employee development to organizational performance.

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