



The Impact of Green Human Resource Practices on Employee Retention (With Special Reference to Regional Tea Plantation Companies in Badulla District)

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Article Information

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Abstract

The environmental concern is one of the controversial issues in the tea plantation industry. Having the issues, the problem of this research have identified as there are low employee retention and poor green HR practice, which intended to test among three regional tea plantation companies in Badulla district. The research is titled “The impact of Green Human Resources Practices (GHRP) on Employee Retention with special reference to regional tea plantation companies in Badulla district. Following the plantation context, rewards and recognition, employee relation, and compensation were identified as the independent variables and employee retention was identified as the dependent variable, and the conceptual model was constructed based on the literature review. Based on the conceptual model, hypotheses were developed. As a tool, a Five-point Likert scale questionnaire was administered among 84 managerial staffs of 28 estates of three regional tea plantation companies such as Agarapathana PLC Malwatte valley PLC, and Madulsima PLC. Statistical Package for social science (SPSS) was used to analyze the data. Simple and multiple regression analyses were conducted to test the hypotheses and the impact of green HR practices on employee retention. The tests resulted in all the independent variables have above the moderately strong and positive relationship with employee retention. The coefficient of determination value interpreted that GHRP has the most impact on employee retention, and rewards and recognition, and compensation has a higher impact than employee relation does. Based on the P-value analysis, all null hypotheses were rejected, and alternative hypotheses were accepted. This research recommends future researches to test the other green HR practices with employee retention in different geographical locations.

Introduction

Background of the study

GHRM is an emerging concept in the industries that opens the door of opportunities to the employees and the employer for their better performance. The tea plantation industry in Sri Lanka has experienced a controversial issue of wages in the year 2018 at the National and international level, which challenged the reputation of the Sri Lankan heritage of the tea industry (Jayawardana et al. 2018). Besides, global giant tea buyers are keen on buying tea from the Rainforest Alliance (RA) or/ And ISO 14000, 14001 certified estates of the companies which reveal the importance of environmental concern. Furthermore, it has resulted in better profitability in the certified estates rather than the non-certified estates (Anon 2019).

Sri Lanka is known for its unique taste of tea, and it was the primary supplier to the world in the early era. However, due to the effect of various factors, it is now in fourth place to satisfy the global demand for quality tea (Thenuwara 2018). In the report released for the 150th tea anniversary, the statement of economic predictors and sector experts revealed that the plantation sector is critical in terms of performance due to mainly the labor demand (Thenuwara 2018).

The performance of Sri Lanka’s tea plantation is steadily declining in recent years in the global context (Central Bank 2017). The leading chamber chiefs stated that the Sri Lankan economy is adversely threatened by the labor demand in the Plantation sector, which is the critical economic contributor to the nation (Jayasuria 2018). However, the net growth of tea plantation is in a downward trend, and it is identified that the labor shortage to reach the expected yield and maintain the estate is critical (Thenuwara 2018)

Employee retention in the tea plantation sector is in a downward trend as 172,795 in the year of 2007, and it is gradually reducing since 2007 (Central Bank 2017). According to the environmental index, Sri Lanka has accounted for the 70th rank among 180 countries. The plantation is highly dependent on the natural resources of the nation (Yale University n.d.).

The recent survey conducted about the labor demand in Sri Lanka found that still, the demand for the tea estate workers is 3037, of these 2,474 are a female requirement. Besides, the research reveals that the most demanded labour is in the agriculture sector is tea pluckers. Meanwhile, leavers are increasing from 2.3% in the year 2016 to 2.4% in the year 2017 (Department of Census and Statistics 2017). On the other hand, the existing studies evidencing the impact of environmental concern in tea marketing. Since most of the bulk tea buyers are keen on the Corporate Social Responsibility activities, which highly addresses the environment. Fostering the practice of green HR will stimulate tea marketing in addition to employee retention.

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Therefore the research problem is identifying how Green Human Resource Practices (GHRP) impact employee retention in regional tea plantation companies in the Badulla district. Badulla tea plantation region is considered as one of the finest and quality high grown tea processing regions due to its unique climate and elevation.

Literature REVIEW

Green Human Resource Management (GHRM) and Green HR Practices

Wei and Lau, (2010) argued that Human Resource Management (HRM) is essential for firms to get a competitive advantage, high organizational performance, and organizational success. Besides, with such accomplishments from contemporary HRM, organizations that are striving hard to save the environment; link their corporate environmental activities with their HRM practices, and this phenomenon is termed as Green Human Resource Management (GHRM) (Ali 2017)

Conventional green HR practices refer only to employee performance, talent management, and knowledge management for the overall achievement of the goals of the organization. However, the modern green HR practices evolved towards the consciousness on environmental issues. Moreover, the use of sustainable resources and corporate social responsibility (CSR) are the subsets of green HR practices (Information Resources Management Association 2018).

As Daily and Huang (2001) emphasized, Firms now implement environmental care activities as part of the organization's strategy to achieve competitive advantage and to win the global war of talent. It is also argued by Rothenberg, (2003) that a firm that wants to build its image as a sensitive environmental organization requires special efforts of the human resource department (Ali 2017). Generally, the published literature provides green HR practices in usual HR practices. Nijhawan (2014), stated that the typical HR practices should include initiating the ecological practices, recruitment, training, and development, and motivating the employee to utilize the resources optimally. However, those practices cannot be appropriate to the plantation context.

Appropriate Green HR practices to the tea plantation

The scholars recognized green HR practices such as Recruitment & Selection, Green Induction, Green Culture, Performance Management & appraisal, Training & Development, Supervisor support, Employment relations, Compensation (Verma and Likhitkar 2017). Unlike the other industry, the labor force in the tea plantation industry is a family as a social unit. Almost all the laborers from the same tea estate generation. The training and development, green induction are not much appropriate in one of the high labor-intensive working units when the employment is transferred from the previous generation as the social **unit** (Gamage and Wickramaratne 2018). Considering the appropriateness to the context this research is specifically focusing on the GHR practices among the estate level employees of all the estates of three regional tea plantation companies in Badulla with the rewards and recognition, employee relations, and compensation only.

Rewards and Recognition

Lawler et al. (2008) emphasized that employee is satisfied with green rewards and help establish environmental performance. Lawler and Porter (2008) briefly stated that green rewards lead to the highest level of job satisfaction, which significantly enhances the environmental performance. Ramus (2001), stated that the usage of rewards and recognition based on environmental performance places a positive impact on employee motivation to experiment the green initiatives (Jabbar and Abid 2015)

Recognition is also a part of non-monetary incentives where the employee is motivated to work more shortly. Special leaves, family recognition programs, also considered as non-financial incentives where loyalty enhances and results in high retention talents (Verma and Likhitkar 2017)

Furthermore, waste management in the living area is considered as the factor influencing in attracting the giant tea buyers. Tea buyers are attracted and intended to buy tea from the estates, which have been certified by the ethical tea partnership, ISO 14000 and 14001, which recognize the environmental practices, rainforest alliance (RA) (Anon 2019). Triggering the employees towards holding the RA certification, will be highly beneficial in attracting the world tea bulk buyers.

Employee Relations

The evolution of green HRM has penetrated the employee relations and union-management activities of the organization. In green HRM, employee relations and union support (in a unionized workforce context) are critical in implementing corporate environmental management initiatives and programs. Some companies have strategies (joint consultations, gain sharing, recognizing the union as a key stakeholder in environmental management) to get the expected support of trade unions for corporate environmental management initiatives. Indeed it is a good practice to increase the firm's environmental performance (NTUF Sri Lanka 2019).

Employee involvement is creating an environment in which people have an impact on decisions and actions that affect their jobs. By encouraging employee involvement and participation will create entrepreneurs within the organization who are socially or ecologically oriented. Therefore, employees need to be involved in formulating an environmental strategy. Therefore they can create and expand the knowledge needed to market green practices (Margaretha and Saragih 2012).

Blau (1964) argued that the involvement of employees in the decisions and tasks regarding green initiatives eventually helps in increasing Environmental performance. Environmental performance similarly depends upon the awareness of employees about green initiatives when they are recruited based on their knowledge about the environment. When employees are encouraged to be involved in the decisions and have enough authority to make decisions about green initiatives, they became more motivated and satisfied, and this will help to retain employees (Jabbar and Abid 2015).

Compensation

In literature, compensation is considered as one of the main elements in employees' retention. Williams and Dreher (1992) stated that pay is a crucial feature of compensation that affects employees' retention and attraction. Similarly, it has been posited by March and Simon (1958) that when organizations do not provide sufficient compensation, the employees leave the organization. Previous studies have examined the effect of compensation on employees' retention.

Employee orientation programs should be designed by which consciousness about green issues of employees, namely, health, working condition, and their safety included. Employers should consider compensation schemes for environmental accidents within the company (Verma and Likhitkar 2017). Based on this statement, compensation to cover the safety, security, and health have been directed as an indicators.

Employee Retention

According to Akila (2012), Employee retention is defined as the process through which the organization encourages employees to stay for a more extended period or until the completion of a project, and it benefits both the employee and the organization. Irshad and Afridi (2010) highlighted that Employees retention is important for organizations because the cost of replacing and re-training new employees is very costly, especially for those who are highly talented and possesses specialized skills that are hard to get (Safian 2007). Kreishan and Al-Hawarin (2011) stated that there had been a considerable number of studies regarding the education system and institutions from management and economic points of view (Bibi et al. 2017).

There was other research conducted to measure employee turnover and its relation to employee retention. Employee turnover was the indicator to measure employee retention. The plantation industry is highly dependent on human resources, and There must be a replacement for the employees who left the organization. Therefore, new recruitment for the employees who are leaving is also considered as an indicator of employee retention (Hurley and Estelami 2007).

working under each estate of the three regional tea plantation companies in Badulla district (Perera 2018).

Conceptual Module and the Relationships

Specifically conceptual model is a diagram connecting variables and constructs based on theory and logic that displays the hypothesis to be tested (Hair 2015).

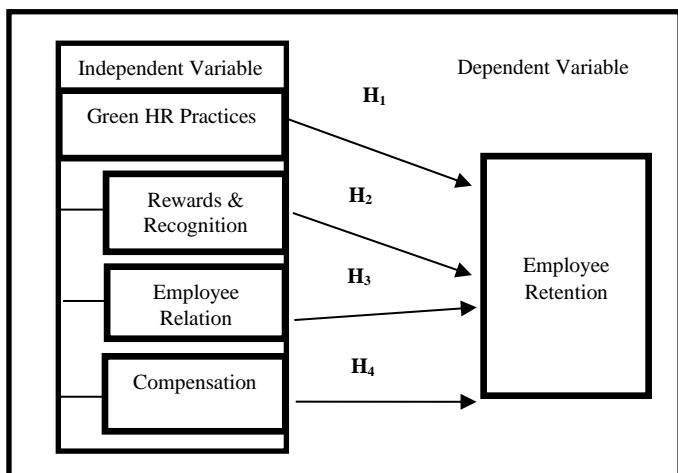


Figure -1 Conceptual Framework

Source: Developed by the researcher

Hypotheses of the research

- H1_a- Green HR practices have a significant impact on employee retention.
- H1₀- Green HR Practices do not have a significant impact on employee retention.
- H2_a - Rewards and recognition has a significant impact on employee retention.
- H2₀ - Rewards and recognition do not have a significant impact on employee retention.
- H3_a - Employee relations has a significant impact on employee retention.
- H3₀ - Employee relations does not have a significant impact on employee retention.
- H4_a – compensation has a significant impact on employee retention.
- H4₀ - compensation does not have a significant impact on employee retention.

As stated above, there were a minimal number of researches published in this title. Furthermore, those were highly relevant to the highly paid professionals and the companies in the urban area, which provided the model with high appropriateness to the high-end organizations. It has created the knowledge gap of green HR practices in tea plantation or green HR practices, which is highly appropriate for the plantation or the marginalized communities in the knowledge pool. Therefore the finding of this research is expected to contribute to the identified knowledge gap.

Methodology

This research is administered in three regional tea Plantation companies in the Badulla district, such as Madulsima Plantations PLC (MPL), Agarapathana Plantation (APL), and Malwatte Valley Plantations PLC (MVPL). These stated three plantation companies are owning 28 tea estates in Badulla district and provided employment opportunities for more than 6000 employees, which a sample size of almost 190 at the 95% confidence level. However, meeting all the sample sizes in their estates seems impractical with the prevailing country situation, and administration of the questionnaire via email or any other communication channel was not practical with the plantation context. This research is approached with the Positivism philosophical foundation and deductive approach. Since this is deductive research five-point Likert scale questionnaire was administered among the sample.

Considering the facts, this research questionnaire is administered among the managerial level employee such, Senior/ Estate Manager, senior assistant/ assistant managers, and the administration officer (Chief Clark) who are

RESULTS and DISCUSSIONS

Reliability Test

Table -1 Reliability Analysis

Cronbach's Alpha	Instrument	No of Items
0.865	Green HR practices	10
0.750	Employee retention	3

Source – SPSS output from field information

According to the above table 4-1, the Cronbach's Alpha resulted in 0.865 for the GHRP, and the employee retention was 0.75 where both the value are acceptable as they are higher than 0.7.

Impact of GHRP on employee retention

Simple regression analysis

This comprises the average values of all other independent variables such as reward and recognition, employee relation and compensation. This value is generated with the computed average value in SPSS. The objective to identify the impact of GHRP on employee retention is tested with the correlation of determination (r²) value.

Table -2 Model Summary of Simple Regression Analysis of GHRP and Employee Retention

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625 ^a	0.391	0.383	0.30111

Source – SPSS output from field information

The above mention table 4-2 correctly points the r value as 0.625, which has a strong positive relationship. The standard errors of estimates denote how data deviated from the fitted line of regression.

Objective one of this research is to identify the impact of GHRP on employee retention. This objective is achieved by the above analysis. As indicated in the above tabulations, Green HR practices have an impact on employee retention by 38%. Further, it has a robust positive relationship, which denotes when there will be an acceleration in the GHRP, there will be a strong acceleration in employee retention too.

Table -3 Anova Table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.765	1	4.765	52.553	.000 ^b
	Residual	7.435	82	.091		
	Total	12.200	83			

a. Dependent Variable: Employee Retention
 b. Predictors: (Constant), Green HR Practices

Source – SPSS output from field information

Based on the above table 4-3 the P-value has resulted in equal to 0.000 which is lesser than 0.05. Therefore it is highly significant and the null hypothesis is rejected and the alternative hypothesis is accepted. On the other way, the F value resulted in 52.553, which is above the F table value with the ratio of the degree of freedom (1, 83). Therefore it accepts the alternative hypothesis and rejects the null hypothesis.

Level of impact of each variable on employee retention

Table -4 Multiple Regression

	Unstandardized Coefficients	Standardized Coefficients
	B	Beta
Rewards and Recognition	.299	.409
Employee Relation	.012	.017

Compensation	.342	.397
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Source – SPSS output from field information

The multiple regression analysis has tested unstandardized beta value and standardized beta. According to the above table 4-4 multiple regression, the unstandardized beta value has resulted in 0.299, 0.12, 0.342, respectively for the independent variables of rewards and recognition, employee relation and compensation. It interprets that for every one-unit increase in the rewards and recognition, 0.299 unit of employee retention increases. Likewise, every one unit increases in employee relationships and the compensation, 0.12 unit, and 0.342 unit increase in employee retention.

The standardized beta value indicates the correlation coefficient of the model. It indicates that there is an almost strong positive relationship between rewards and recognition, and employee retention as the value is close to 0.5. However, there is an almost moderate relationship between compensation and employee retention, as a result, is 0.397, which is above the weak value of 0.25. Nevertheless, employee retention has reported there is a weak relationship between employee relation and employee retention, as the value has resulted as 0.017.

Table -5 Anova Table

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.635	3	1.878	22.891	.000 ^b
	Residual	6.565	80	.082		
	Total	12.200	83			

a. Dependent Variable: Employee Retention**b. Predictors: (Constant), Compensation, Rewards and Recognition, EMPLOYEE RELATION**

Source – SPSS output from field information

Following the ANOVA table 4-5, the model has resulted in 0.000 p-value, which is lower than the standard value of 0.05. Besides, the f value resulted in 22.891, which is above the table value from the degree of freedom ratio of (3, 80). Therefore this model accepts the alternative hypothesis and rejects the null hypothesis.

Conclusion AND OUTLOOK

Finding summary and conclusion

This research concludes that overall, there is a strong positive relationship between the dependent variable(Employee retention) and the independent variables (Rewards and recognition, employee relation, and compensation). Based on the literature and the finding, this research is suggested the plantation stakeholders be more focused on rewards and recognition, and compensation for the employees to motivate the ecological activities, wastage reductions as there are strong positive relations and high impact on the employee retention. However, employee relation has a moderate impact and the correlation with employee retention.

Implications and Recommendation

With the help of this study, managers will learn the significance of green HR practices to retain the employees. Also, organizations can identify the best green HR practices that will help to retain the employees for the long term as well as employees' reputation over the organization will be increased. This study will help to enhance the involvement as well as the commitment of employees within the organization. The dignity of tea pluckers will be ensured through this study, which will help to evacuate from the marginalization.

Future Research Direction

As stated above, this research has conducted among only three regional tea plantation companies, such as APL, MVPL, MPL in Badulla district. Employee retention and the determinants of employee retention is variable according to the geographical location. Therefore, there is potential to conduct researches on the same topic with different plantation companies in different locations. It could be covered mid grown or low grown plantation location in Sri Lanka. Meanwhile, the sector could be expanded to plantations such as coconut, rubber in the south part of Sri Lanka.

The apparel industry is similar to a plantation in terms of hiring employees, which the scenario could be considered to expand the research into the apparel sector too. There is potential to conduct researches on the impact/ relation of Green HR practices on organizational sustainability, effects on CSR, bringing market opportunity, and benchmarking of reputation.

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