

## **Impact of Employee Value Proposition on Employee Retention in Apparel Sector Employees in Sri Lanka**

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### **Abstract**

Apparel exports bring the largest export income to Sri Lanka. High labor turnover is one of the greatest challenges to continue the above performance. Sewing machine operators have become the number one occupation which the highest number of employees quitted among the top 20 occupations in Sri Lanka. Therefore, the primary objective of this study is to find the employee value proposition (EVP) of sewing machine operators in the apparel manufacturing industry in Sri Lanka which will help to increase the employees' intention to retain (IR) with the existing organization. The ontological stance is Representationalism while the epistemological stance is positivism choosing the deductive approach, quantitative research strategy. The self-administered questionnaires were obtained from 386 sewing machine operators covering all 13 large-scale companies in Sri Lanka. According to the findings, employee brand equity (EBE) has the strongest impact on employees' intention to retain followed by reward and recognition and employee welfare respectively.

**Keywords-:** Intention To Retain (IR), Employee Value Proposition (EVP), Employee Brand Equity (EBE)

## 1. INTRODUCTION

Competition for highly talented employees has become almost as fierce as the competition for customers (Berthon, Ewing, & Hah, 2005). Employee attraction and retention have been demonstrated as one of the foremost challenges for organizations today. Flexible labor markets in the modern business context have enabled and allowed the employees to move freely from one job to another or choose the best-fit employer for them to render their valuable service. In this scenario, the companies face the challenge of presenting themselves as attractive employers for prospective applicants and current employees in labor markets (Lievens & Highhouse, 2003). In this context, the competition for attracting the best employees and retaining them in the organization has become a “talent war “ (Backhaus & Tikoo, Conceptualizing and researching employer branding, 2004). In increasingly competitive employment markets, developing strategies to become an employer of choice is vitally important. (Armstrong, 2006) stated that employer branding aims to become an 'employer of choice' where people prefer to work. It can be achieved by effectively promoting employee value proposition (EVP), which will communicate the offerings of the organization as a 'great place to work'. In developing strategies for this crucial challenge, employer branding is presented as a lucrative competitive advantage for firms (Agrawal, 2017). Sullivan (2002) has stated that employer

branding is “a targeted, long-term strategy to manage the awareness and perceptions of current employees, potential employees, and related stakeholders with regard to a particular organization (Sullivavan, 2002). Therefore, EB is considered as one of the strategic tools in organizations to market their unique employment offering or value propositions to the internal and potential employees. In examining the EB in-depth, value propositions can be identified in the heart of the employer branding, and this effect for creating employee brand equity values (Sullivan, 2004).

### 1.1 Research problem

The apparel manufacturing industry in Sri Lanka which has the most significant and dynamic contribution to the country's economy is facing the challenge of retaining employees. Sewing machine operators in apparel industry have become the number one occupation with the greatest number of employees quit in Sri Lanka (Labour Demand Survey, 2017). The average rate of labor turnover of sewing machine operators in apparel manufacturing industry is sixty percent (60%) per annum as per (Dheerasinghe, 2009). This is a burning issue, and the statistics prove that retaining employees in apparel manufacturing companies is a great challenge over many years even though many attempts were made to resolve it by the management of the organizations. The performance of the apparel sector is at the top of national ranks regarding the

contribution to the export income and Export Development Board (2017) has stated that the apparel exports bring the largest export income to the country that recorded an increase of 9.26% year over year (YOY). In the present study, the researcher is expected to study what has caused to reduce the intention to retain sewing machine operators in the apparel industry in Sri Lanka (EDB, Industry capability report, 2017). According to empirical studies, it has been shown that the employee value propositions are different in different contexts. Therefore, the related theories of the present study and existing literature were not enough to give a proper solution for the aforesaid issue. The theoretical and empirical gap analysis provides an initial platform to realize that there is a prevailing gap in the captioned area. It is hereby attempted to research how the sewing machine operators in the apparel industry in Sri Lanka, are motivated to stay with their current organization. Based on the arguments mentioned above and past studies done, the research problem of the present study is “*What is the employee value proposition of sewing machine operators in garment manufacturing industry in Sri Lanka and its impact on intention to retain with the mediating effect of Employee brand equity and moderated by demographic factors ?*”.

To resolve the above research problem, the following research questions were assisted.

1. What is the EVP of Machine operators in apparel manufacturing industry in Sri Lanka?
2. Does EBE mediate the relationship between EVP and Intention to retain machine operators in apparel manufacturing industry in Sri Lanka?
3. What is the impact of EVP on employees’ intention to retain?
4. Do demographic factors moderate the relationship between EVP and intention to retain machine operators in apparel industry, Sri Lanka?

### **1.2 Research objectives**

The central aim of the study is to develop employer brand (EB) based on brand equity elements for the apparel manufacturing sector in Sri Lanka to reduce employee turnover and enhance employee retention and the specific objectives based on that are.

1. To examine the EVP of Machine operators in the apparel manufacturing industry in Sri Lanka
2. To assess the mediating effect of EBE on the relationship between EVP and Intention to retain.
3. To examine the impact of EVP on employees’ intention to retain
4. To examine how does the relationship between EVP and

intention to retain is moderated by demographic factors

### 1.3 Theoretical background and conceptualization

The relationship among the variables have been linked with the existing theories and the relationship between the independent variable and the dependent variable has been justified as per the Social exchange theory (SET) by which determine the social interaction as an exchange process and is influential in conceptualizing the paradigm for understanding an employee behavior (Cropanzano & Mitchell, 2005). The theory stresses a solid basis on the link between the organizational inputs on employees and employees' attitude or behavior-related outcomes (Chiaburu & Marinova, 2006). There is a negative relationship between Perceived support from organizations and withdrawal behavior (Rhoades & Eisenberger, 2001). Similarly, Wayne, Shore & Liden, (1997) proposed that employees who perceive low support from their organization will more likely to have an intention to quit the organization (Wayne, Shore, & Liden, 1997). According to Vroom's expectancy theory, the employee believes that efforts will result in acceptable performance and he/she believes that acceptable performance will produce the desired reward. Then the employee values reward. In other words, it is an effort to perform expectations which an individual feels will lead

to the accomplishment of the anticipated goal (Kreitner & Kinicki, 2001). Generally, expectancy theory can be used to predict behavior in any situation in which a choice between two or more alternatives must be made. For example, it can be used to predict whether to leave or stay at a job and whether to try a substantial or minimal effort at the task (Kreitner & Kinicki, 2001). Further, as per the person-organization fit theory introduced by Kristof in 1996, reducing employee-organization mismatch will lead to an increase in the likelihood of employees staying with the organization (Aycan, et al., 2000) According to Westerman and Cyr (2004), personality congruence and value congruence has a direct impact on intention to stay with a particular employer (Westerman & Cyr, 2004). As per the above findings, Social exchange theory, Expectancy theory, and person-organization fit theory explain the relationship between exogenous (EVP) and the endogenous variable of intention to retain.

According to King and Grace (2009), employee brand equity can be described as an identification-based relationship of workers with a particular brand (King & Grace, 2009). This bond creates feelings of social integration and identification that increase individuals' attachment to the organization (Mossholder, Settoon, & Henagan, 2005). While Social-exchange based perspective is evolved from the social exchange theory, the identification-based relationship is

evolved from the social identity theory which explains employee relationships through fit between personal identity and organizational identity (Ashforth & Fred, 1989). According to the social identity theory, being a part of a particular group provides people with a sense of belonging and a social identity. According to King and Grace (2009), intention to retain is one of the outcomes of EBE. Therefore, the relationship between EBE and IR has been justified by the social identity theory (King & Grace, 2009).

According to the theory of psychological contract, employees promised loyalty to the firm in exchange for job security (Hendry & Jenkins, 1997) and marketable skills through training, development opportunities, and clear career paths (Baruch, 2004). Brand loyalty is one dimension of Employee brand equity (Raml & Kenning, 2014) and therefore, the relationship between the independent variable (EVP) and the mediator (EBE) has been justified by the theory of psychological contract.

The conceptual framework is constructed based on a deep review of literature, to establish the relationship between the key variables of the research. According to the nature of this study, the elements of the employee value proposition are first examined with the employee brand equity (EBE). Intention to retain (IR) is examined in the second phase of the study. Hence, the first part of the conceptual

framework represents the relationship between employee value proposition (EVP) and employee brand equity (EBE). The second part of the conceptual framework shows the relationship between employee brand equity (EBE) and intention to retain (IR). Demographic factors such as age, gender, marital status, education level, distance to the workplace were considered to be the moderating factors as per the literature.

As per critically reviewed literature, the number of influencing factors on the intention to retain with the organization have been identified. It was noticed that some of the factors were commonly identified by many researchers and some factors may have been different in the contexts of the countries and the industries. The research framework consists of one dependent variable, nine independent variables, one mediator variable, and one moderator variable. The dependent variable is the intention to retain with the organization, and independent variables are Employee hires and promotion, Customer focus, Training, Employee recognition/ rewards/ compensation, Employee performance assessment & development, Leadership and HRM partnership, supportive interpersonal relationship, work-life balance and Welfare. Flexi work hours, also selected as an element of EVP through literature. However, it was removed as per the expert view since Flexi work hours

cannot be given to manufacturing employees who are assigned to a production line. The expert view is that the members of a production line cannot report to work at different times, and they must start work together and complete the task together. Based on the critically reviewed past studies, empirical and practical justifications, the conceptual framework of the study was constructed as in figure1. Based on the conceptual framework, alternative hypotheses have been developed as given in below.

## **1.4 Hypotheses development**

### **1.4.1 Employee value proposition and employee brand equity (EBE)**

**H1** - There is a positive impact of Employee Value Proposition on EBE

**H1a** - There is a positive impact of hires and promotion on EBE

**H1b** - There is a positive impact of customer focus on EBE

**H1c** - There is a positive impact of Training on EBE

**H1d** - There is a positive impact of Employee recognition, rewards, and compensation on EBE

**H1e** - There is a positive impact of Employee performance assessment and development on EBE

**H1f** - There is a positive impact of Leadership and HR management partnership on EBE

**H1g** - There is a positive impact of supportive interpersonal relationships at work on EBE

**H1h** - There is a positive impact of work-life balance on EBE

**H1i** - There is a positive impact of welfare facilities on EBE

### **1.4.2 Employee brand equity and intention to retain (IR)**

**H2** - There is a positive impact of employee brand equity on IR

### **1.4.3 Employee value proposition (EVP) and intention to retain (IR)**

**H3** - There is a positive impact of Employee Value Proposition on IR

**H3a** - There is a positive impact of employee hires and promotion on IR

**H3b** - There is a positive impact of customer focus on IR

**H3c** - There is a positive impact of Training on IR

**H3d** - There is a positive impact of Employee recognition, rewards, and compensation on IR

**H3e** - There is a positive impact of Employee performance assessment and development on IR

**H3f** - There is a positive impact of Leadership and HR management partnership on IR

**H3g** - There is a positive impact of supportive interpersonal relationships at work on IR

**H3h** - There is a positive impact of work-life balance on IR

**H3i** - There is a positive impact of welfare facilities on IR

#### **1.4.4 Moderating effect of Demographic variables on the relationship between employee value proposition and intention to retain**

**H4-** The relationship between Employee Value Proposition and intention to retain is moderated by the demographic characteristics of the employees

## **2. METHODS**

The research paradigm of the current study is post-positivism. The conceptual model has been developed by deductive reasoning of four existing theories and literature. The research strategy was quantitative and thus the survey technique is chosen as the data collection method. The research instrument was a self-administered questionnaire. There are eleven main constructs as depicted in the conceptual framework. These factors were identified through the intensive literature review as recommended by previous researchers in the same context. The target population of the study is the sewing machine operators employed in 350 garment manufacturing organizations in Sri Lanka. However, for this study, the thirteen (13) key players in the garment manufacturing industry ranked by the export development board of Sri Lanka have been selected. The sample has been derived from a total of 118,150 machine operators employed by those organizations. To make inferences of the population, it was

determined that a sample of 384 machine operators was considered for the data collection for the study, and they were selected as per the stratified random sampling where the elements in each stratum have a known chance of being chosen as subjects in the sample (Sekaran, 2003). The multistage cluster sampling method was adopted for selecting the sample. As per Sekaran & Bougi (2017), multistage cluster sampling would be used for national surveys. In this study, 13 key organizations were chosen, then the sample size allocated to each company is calculated multiplying by the ratio between the number of MOs in the selected company to the study population.

According to the sample size deciding table introduced by (Kregcie & Morgan, 1970) sample size for a population of more than 100,000 is taken as 384. The sample size of this study was 386 since the population is above 100,000. The self-administered questionnaires were distributed among 422 machine operators and received and 31 out of 422 questionnaires were incomplete. 391 respondents were qualified for the analysis. Univariate outliers were scientifically decoded, and multivariate outliers were removed based on the results of the Mahalanobis distance test. 386 respondents were selected for final analysis after removing 5 outliers. Exploratory factor analysis was

carried out to ensure the reliability of indicators used and the confirmatory factor analysis (CFA) was performed to ensure the convergent and discriminant validity, composite reliability, model fit, and their parameters within acceptable limit.

## 2.1 Measures

The measuring scales for all the variables included in the theoretical model were adopted from highly accepted earlier studies. The 9 constructs of EVP were assessed using 49 indicators adopted from Cho, Woods, Jang & Erdem (2006) (Cho, Woods, Jang, & Erdem, 2006), Milman and Ricci (2004) (Milman, A & Ricci, 2004), Reynolds (2018) (Reynolds, 2018), Walsh and Taylor (2007) (Walsh & Taylor, 2007), Benson (2006) (Benson, 2006), Armstrong Stassen & Ursel (2009) (Armstrong-Stassen & Ursel, 2009), Gibbons (2006) (Gibbon, 2006), Hinkin and Tracey (2000) (Hinkin & Tracey, 2000), Ma Prieto and Perez-Santana (2014) (Prieto & Pérez-Santana, 2014), Ghosh Mathieu et al., (2016) (Ghosh, Chauhan, & Rai, 2016), Ghosh and Sahney (2011) (Ghosh & Sahney, 2011), Beauregard & Henry (2009) (Beauregard & Henry, 2009), O'Neill et al., (2009) (O'Neill, Hambley, Greidanus, Mesler, & Kline, 2009), Liyanage and Galhena (2014) (Liyanage & Galhena, 2014), Madurawala (2017) (Madurawala, 2017), Wijesekera (2017) (Wijesekera, 2017). EBE was measured using 17 items adopted from Alshathry, Clarke & Goodman (2017)

(Alshathry, Clarke, & Goodman, 2017). Intention to retain was measured using four(4) items adopted from Ito et al., (2013) (Ito, Brotheridge, & McFarland, 2013). All these items were operationalized using a seven-point.

## 2.2 Data analysis

The data was cleaned by concentrating the assumption of multivariate analysis techniques. Next, the descriptive statistics were done explaining how the selected constructs behave in the apparel industry, Sri Lanka. Consequently, PLS-CTA was performed in order to identify whether the constructs are formatively measured or reflectively measured. Having confirmed the status of the measurement type, the measurement model is first analyzed followed by the structural model by using PLS-SEM. Finally, the hypothesized relationships were analyzed in the proposed model considering the effects of the mediating and moderating variables.

The characteristics of the samples are given in table 1. The reviews of literature of demographic factor variables that have been found to have a stable relationship with retention and turnover intentions are age, gender, service period, marital status, education, and residence.

According to Hair et al. (2010) deviations of normality, homoscedasticity, linearity, and multicollinearity may misinterpret

the correlation between variables (Hair, Black, Babin, Anderson, & Tatham, 2010). Therefore, before the SEM analysis was performed, the normality, homoscedasticity, linearity, and multicollinearity were tested. According to the results of the Kolmogorov-Smirnov test, all the *P* values are less than 0.05 and the *Z*-values of both skewness and Kurtosis values are not in the  $-1.96$  and  $+1.96$  range. It implies that the data of each variable is not normally distributed. According to the results of the ANOVA linearity test, the *F* values of linearity are at a significance level in all the examined pair of relationships, as respective *p* values were reported 0.000. According to Hair et al. (2010), the threshold level of multicollinearity is  $SMC < 0.9$ , Tolerant statistics  $> 0.10$ , and  $VIF < 10$ . The observations revealed that all the values of the three indicators are well within the acceptable threshold limits. Accordingly, it was assumed that all explanatory variables are free from multicollinearity issues. Finally, a non-parametric Levine's test was performed to verify the equality of variance in the given sample and according to the results, there is an equality of variance among variables.

After testing the multivariate assumptions, the next step of the analysis is to examine the Measurement Model (or outer model) to determine how well the indicators constructed according to specific questions load on the theoretically developed constructs.

To differentiate the formatively and reflectively measured scales, confirmatory tetrad analysis (CTA) has been proposed (Gudergan, Ringle, Wende, & Will, 2008). According to CTA, zero comes within the uppermost and Lower bounds of 90% bias-correlated and Bonferroni-adjusted confidence intervals, and therefore, it is statistically proved that all constructs are reflectively measured.

### **2.3 Assessment of measurement model**

The next step was to assess the reflective measurement model by examining the indicator loadings ( $>0.7$ ), assessing internal consistency reliability ( $>0.7$ ), convergent validity ( $AVE > 0.5$ ), and discriminant validity ( $HTMT < 0.9$ ). According to Table 2, all the threshold values are well within the reference level.

According to Hair et al. (2017), if the measurement models satisfy all the required criteria, next the structural model is to be assessed.

### **2.4 Assessment of the structural model**

According to the  $R^2$  value in table 3, 83% of the dependent variable is explained by independent variables and according to Hair et al., (2018), it is substantially explained. Since the  $f^2$  value is greater than 0.002, if RR or WELF is omitted, there will be a substantial impact on IR. Since  $Q^2$  values are positive and greater than 0.5, exogenous constructs have predictive relevance for the

endogenous construct. (Hair J. F., Sarstedt, Ringle, & Guderga, 2018)

### 3. RESULTS

#### 3.1 Hypothesis testing

According to the results depicted in Table 4, 6 out of 9 hypotheses were accepted. Therefore,

**H1a:** There is a positive impact of employee hires and promotion on EBE

**H1c:** There is a positive impact of Training on EBE

**H1d:** There is a positive impact of Employee recognition, rewards, and compensation on EBE

**H1f:** There is a positive impact of Leadership and HR management partnership on EBE

**H1h:** There is a positive impact of work-life balance on EBE

**H1i:** There is a positive impact of welfare facilities on EBE

**H1b, H1e, and H1g** were rejected and therefore, it was empirically proved that there is no significant relationship between customer focus and EBE, Performance assessment and EBE, Interpersonal relationship, and EBE.

According to the results depicted in table 5, hypotheses were accepted. Therefore, there is a positive impact of employee brand equity on the employees' intention to retain.

According to the results depicted in Table 6, 2 out of 9 hypotheses were accepted. Therefore,

**H3d:** There is a positive impact of Employee recognition, rewards, and compensation on IR

**H3i:** There is a positive impact of welfare facilities on IR

Accordingly, the first objective of identifying the EVP of Machine operators in the apparel manufacturing industry in Sri Lanka was achieved. The third objective of identifying the impact of EVP on employees' intention to retain is also achieved.

**Further,** based on the findings, it can be empirically suggested that the employee brand equity partially mediates both relationships of RR -> IR and WELF ->IR and EBE is fully mediate the relationship of EHP->IR, TR -> IR, HRM -> IR, and WLB ->IR. Further, since the indirect effects of CF-> IR, PER -> IR, and INTR -> IR are insignificant, it can be empirically concluded that the employee brand equity does not significantly mediate those relationships. Therefore, the second objective of assessing the mediating effect of EBE on the relationship between EVP and Intention to retain is also achieved.

To achieve the fourth objective of identifying the moderating effect of demographic factors on the relationship between EVP and intention to retain, the PROCESS Procedure for SPSS Version 3.5 written by Andrew F. Hayes was used. It was identified that the P-value of the interaction of Age with the relationship IR and RR is significant at 0.0353( < 0.05). Therefore, the relationship between RR and IR is moderated by Age of the employees. Further, the P-value of the interaction of marital status

with the relationship IR and welfare is significant at 0.036 ( $< 0.05$ ). Therefore, the relationship between welfare and IR is moderated by the marital status of the employees.

#### 4. DISCUSSION

In this study, rewards & recognition and employee welfare facilities were identified as the immediate antecedents of intention to retain. These results are well in line with the findings of Cho et al., 2006; Milman and Ricci, 2004; Walsh and Taylor, 2007; Milman, 2003; Liyanage & Galhena, 2014; Madurawala, 2017 and Wijesekera, 2017 who investigated the relationship between employee rewards and intention to retain and the relationship between welfare facilities and intention to retain in a different context (Cho, Woods, Jang, & Erdem, 2006); (Milman, A & Ricci, 2004); (Milman A, 2003); (Walsh & Taylor, 2007); (Madurawala, 2017); (Wijesekera, 2017); (Liyanage & Galhena, 2014).

However, the results of this study failed to substantiate the empirical link between interpersonal relationships at work and intention to retain. It was found that there is no significant relationship between interpersonal relationships at work and intention to retain machine operators in the apparel industry in Sri Lanka. However, according to Adil & Awais (2016), interpersonal relationships have no significant impact on the intention to stay of employees in the manufacturing sector, Karachi, Pakistan (Adil &

Awais, 2016). Similarly, Contrary to several studies (Dienhart, Gregoire, Downey, & Knight, 1992); (Arnett, Laverie, & McLane, 2002); (Kim, Leong, & Lee, 2005) customer focus did not have a significant impact on intention to retain of the machine operators in the apparel industry in Sri Lanka. Another remarkable inconsistency noted in this research is that employee Performance assessment does not have a significant impact on intention to retain. Similarly, Johari, Yean, Adnan, Yahya, and Ahmad in 2012 reported a non-significant influence of performance appraisal on intention to retain employees in manufacturing companies in the Northern Region of Peninsular Malaysia (Johari, Yean, Adnan, Yahya, & Ahmad, 2012). Further, employee hires and promotions didn't have a significant impact on the intention to retain where it has a direct significant impact on the employee brand equity. This finding is in line with the findings of Chew & Chan (2008), who proved that Career development and personal growth (Promotions) have no significant impact on employees' intention to retain (Chew & Chan, 2008). Training & development also didn't have a significant impact on the intention to retain. However, this result is in line with the findings of past research done by Johari et al; (2012) on "Promoting Employee Intention to Stay: Do Human Resource Management Practices Matter?". Leadership & HRM partnership and work-life balance also didn't have a significant impact on the

intention to retain where it has a significant impact on the employee brand equity (Johari, Yean, Adnan, Yahya, & Ahmad, 2012).

According to the findings of this study, the age of the employees' moderates the relationship between reward & recognition and the intention to retain employees. Marital status of the employees' moderates the relationship between welfare and intention to retain employees. This is in line with the findings of Amarathunga (2016), Liyanage & Galhena (2014), William (1982), and Kweller (1998). However, it was proved that the other demographic factors such as gender, education level, service period, and distance from home to workplace do not moderate the relationships between elements of EVP and IR (Amarathunge, 2016); (Liyanage & Galhena, 2014); (Kweller, 1998); (William, 1982).

#### **4.1 Contribution to knowledge and practice**

It helps to understand the EVP in Sri Lankan context in the Apparel manufacturing industry and academics can apply and test the framework in other industries and countries as well. It helps to construct a positive employer brand solution for employee turnover. The findings of the study would be useful for policy makers, Department of Labour etc., to change existing labour laws regarding employee rights and employee benefits.

## **5. CONCLUSION**

A summary of the research-based on objectives is given below.

**Objective 1** - To identify the EVP of machine operators in the apparel manufacturing industry in Sri Lanka

Rewards & Recognition , Welfare Facilities , Employee Hires & Promotion, Training and Development , Leadership and HRM partnership , Work- life Balance
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The results of this study prove that employee brand equity, rewards & recognition, and welfare facilities are antecedents that lead employees to intention to retain with the organization. Employee hires & promotions, customer focus, Training, Performance assistance, Leadership, and HRM partnership, interpersonal relationship, and work-life balance do not have a significant impact on intention to retain. However, employee hires & promotion, training and development, leadership and HRM partnership, and work-life balance have a significant impact on employee brand equity which has a significant impact on intention to retain. Therefore, according to this study the EVP of sewing machine operators in the apparel sector, Sri Lanka is as given below,

**Objective 2** - To assess the mediating effects of the employee brand equity on the relationship between EVP and intention to

retain machine operators in the apparel manufacturing industry in Sri Lanka

It was empirically proved that the employee brand equity partially mediates the relationships of rewards & recognition towards intention to retain and the relationship of welfare facilities towards intention to retain, whereas EBE fully mediate the relationship between; Employee hires & promotion and intention to retain, Training, and intention to retain, Leadership & HRM partnership and intention to retain, interpersonal relationship and intention to retain. However, as per the findings of the study, there is no significant impact of Interpersonal relationships, customer focus, and performance assistance on neither intention to retain nor employee brand equity. Therefore, EBE does not mediate the relationship between; Intention to retain and interpersonal relationship, Intention to retain and customer focus, Intention to retain, and performance assistance.

**Objective 3** - To identify the impact of EVP on the intention to retain the machine operators in the apparel manufacturing industry in Sri Lanka

The results of the data analysis show that employees' intention to retain with the organization is affected by employee brand equity, rewards & recognition, and welfare facilities. The PLS-SEM analysis shows that the direct effects of the employee brand equity ( $\beta = 0.824$ )

are larger than the direct effects of all other variables. Many previous studies have argued that above all attributes of employee value proposition have an impact on intention to retain employees in different contexts. However, this study proposes a new insight; the employee brand equity is the most important factor that affects employee's intention to retain followed by the rewards and recognition and welfare facilities respectively.

**Objective 4** - To analyze the moderating effect of the demographic variables on the relationship between EVP and intention to retain the machine operators in the apparel manufacturing industry in Sri Lanka

It was identified that the relationship between rewards and recognition and the intention to retain is moderated by the age of the machine operators and the relationship between welfare facilities and intention to retain is moderated by the marital status of the machine operators in the apparel manufacturing industry in Sri Lanka.

Further, this study contributes to the body of current knowledge related to the employee value proposition and employee intention to retain and its findings propose important theoretical implications for several reasons, which can be outlined below:

The majority of the research conducted to date on the intention

to retain have primarily focused on the factors affecting employees' intention to retain whereas this research focused on the employee value proposition and the mediating role of the employee brand equity. The results of this study prove that employees' intention to stay with their organization depends on the employee brand equity, rewards & recognition, and welfare facilities. This knowledge can be used by employers for employer branding and to take actions to develop employee brand equity which will lead to a high level of intention to retain. When compared to studies related to intention to retain, this research is one of the few studies conducted to date to examine the employee value proposition, employee brand equity, and its effect on the intention to retain with the apparel industry in Sri Lanka. Therefore, this research adds additional new dimensions to the early researches on the factors affecting the intention to retain the sewing machine operators in the garment manufacturing industry, Sri Lanka.

Accordingly, to enhance the intention to retain, the employee brand equity should be improved. At the same time to improve the employee brand equity, employee hires & promotions, training & development, leadership and HRM partnership and the work-life balance must be improved in the order of importance. Further, according to the first objective, the researcher intends to make suggestions to the stakeholders to

develop strategies to enhance the employee's intention to stay with the garment industry. To achieve the above-mentioned objective, the Important Performance Map Analysis (IPMA) was performed through PLS-SEM. In this process, based on the IPMA, the highly important constructs can be identified.

As a result of that, conclusions can be made in terms of importance and performance as well, which is predominantly important to prioritize managerial actions. Subsequently, it is preferred to primarily focus on improving the performance of those constructs which shows large importance regarding their explanation of a certain target construct, but at the same time, have a relatively low performance (Hair J. F., Sarstedt, Ringle, & Mena, 2012); (Hair J. F., Sarstedt, Ringle, & Guderga, 2018).

According to Sarstedt (2016), the construct with the highest importance and lowest performance is particularly relevant for managerial actions (Sarstedt M, 2016). Since the performance of that particular construct is relatively low, there is substantial room for improvement. In this context, according to table 7, EBE is having the highest importance and low performance, and therefore EBE is selected for the managerial actions. Rewards & recognition is having the second highest importance and the intermediate performance. Further, the most important constructs improving the

EBE are chosen from the IPMA drawn for attributes of EVP Vs EBE which is shown in table 8.

As depicted in table 8, rewards & recognition have the highest importance with an intermediate performance followed by welfare facilities with 2<sup>nd</sup> highest importance and intermediate performance. Thus, according to Sarstedt (2016), the researcher reasonably argues that the improvement of both rewards & recognition and welfare facilities are equally important for managerial actions to improve employee brand equity to improve the intention to retain (Sarstedt M, 2016).

According to Sarstedt (2016), the IPMA is not restricted to the construct level. The IPMA can be conducted on the indicator level to identify the most relevant and even more specific areas of improvement as used in identifying the most important constructs for managerial actions (Sarstedt M, 2016).

**The managerial actions of recommendations in the order of importance and performance with previous references**

**Indicator:** The base salaries provided by the organization are fair and reasonable

**Managerial action:** Sewing Machine Operators are looking for a fair and reasonable salary. Therefore, the basic salary has to be

competitive. Policymakers in government entities also need to look at the possibilities of revising the minimum wage levels of the sewing machine operators. Highly competitive wage systems have been recognized in promoting employee commitment and consequently, it results in better employee attraction and retention for a superior workforce (Becker & Huselid, 1999); (Guthrie, 2001); (Cho, Woods, Jang , & Erdem, 2006); (Walsh & Taylor , 2007).

**Indicator:** The incentives provided by the organization are fair and reasonable

**Managerial action:** Management should introduce an attractive incentive scheme that is linked to the production targets. According to the findings of the research conducted by Cho et al. (2006), Organizations that provide an attractive incentive plan for their employees are having lower employee turnover rates among blue-collar or non-managerial employees (Cho, Woods, Jang , & Erdem, 2006).

**Indicator:** The organization has communicated the compensation/benefit system to employees clearly

**Managerial action:** Management should use different communication channels to make employees aware of compensation/benefit systems available in the organization. According to Daniel & Metcalf (2005), employees must know the

purpose of the employee recognition programs and they tend to participate in an employee recognition program if they are educated on the programs available at the outset (Daniel & Metcalf, 2005).

**Indicator:** Employee recognition programs are available for employees

**Managerial action:** Organizations should design employee recognition programs. It has been identified that Employee recognition is a highly effective and motivational instrument, which has a significant positive impact on the job satisfaction of employees (Zani, et al., 2011) and (Rahim & Daud , 2013). According to Atif et al; (2011), Job satisfaction of employees has a positive impact on employee retention (Atif , Kashif, Ijaz, Muhammad, & Asad, 2011).

**Indicator:** Employees are rewarded/recognized for achieving individual goals/objectives

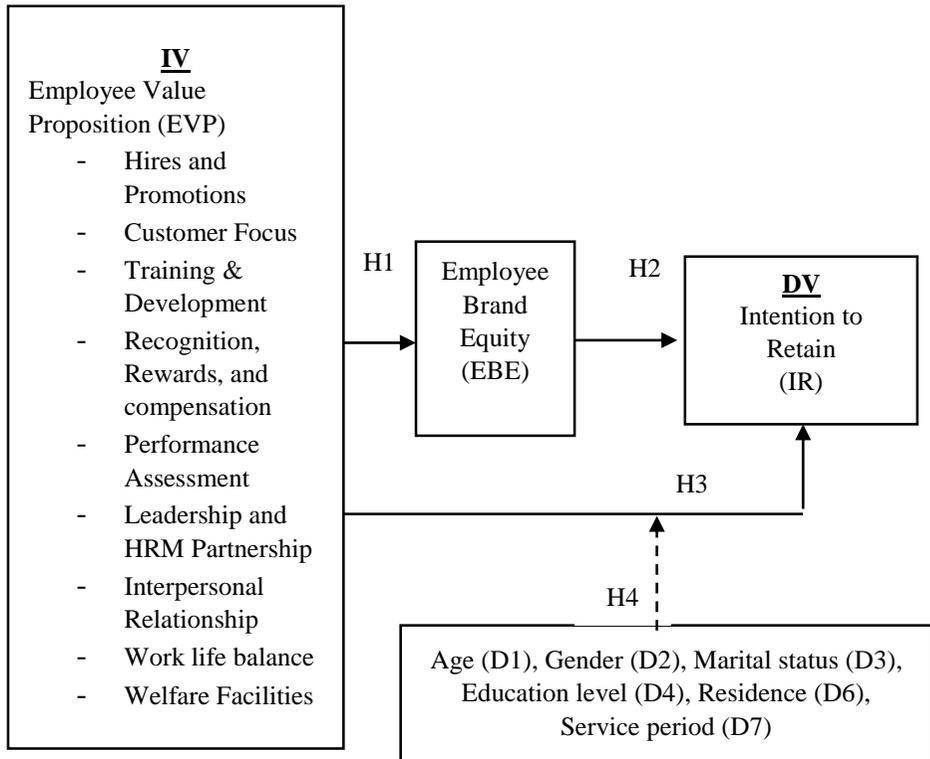
**Managerial action:** Employees should be rewarded based on individual performance. These results are well in line with the findings of Cho et al., 2006; Guthrie, 2001; Milman, 2003; Milman and Ricci, 2004; Walsh and Taylor, 2007 and the findings of Liyanage & Galhena,2014; Madurawala, 2017 and Wijesekera,2017 who investigated the relationship between employee rewards and intention to retain (Cho, Woods, Jang , & Erdem, 2006); (Milman A, 2003);

(Milman, A & Ricci, 2004); (Walsh & Taylor , 2007); (Liyanage & Galhena, 2014); (Madurawala, 2017); (Wijesekera, 2017).

**Indicator:** Departments/work teams are rewarded/recognized for meeting their goals/objectives

**Managerial action:** Organizations should recognize achieving the team/department goals and it should be rewarded accordingly. Supporting this, Hussain & Rehman (2003) have stated that the Recognition of teamwork would increase the retention rate of employees (Hussain & Rehman, 2003).

**APPENDIX**



**Figure 1: Conceptual Framework**

Source : Author developed

**Table 01: Characteristics of the sample**

<b>Demographic factor</b>	<b>Description</b>	<b>Frequency</b>	<b>Percentage</b>
Gender	Female	372	96.3
	Male	14	3.6
Age (years)	18-25	123	31.8
	26-35	199	51.5
	36-45	58	15.0
	46-55	6	1.5
Marital status	Single	167	43.3
	Married	219	56.7
Educational Qualifications	Below G.C.E O/L	122	31.6
	G.C.E O/L	175	45.3
	G.C.E. A/L	87	22.5
	Professional Qualifications	2	0.5
Residence	Hometown	113	29.2
	Outside hometown	273	70.8

Source : Survey , 2020

**Table 2: Summary of measurement model**

<b>Construct</b>	<b>Indicator loadings</b>	<b>AVE</b>	<b>Composite Reliability</b>	<b>Rho_A</b>	<b>Cron. Alpha</b>	<b>HTMT value</b>
EHP	> 0.83	0.911	0.976	0.968	0.923	<0.829
CF	> 0.76	0.872	0.964	0.952	0.951	<0.817
TR	> 0.81	0.941	0.987	0.984	0.913	<0.461
RR	> 0.86	0.934	0.990	0.988	0.921	<0.820
PER	> 0.78	0.861	0.961	0.966	0.946	<0.630
HRM	> 0.82	0.908	0.975	0.967	0.936	<0.851
INTR	> 0.76	0.946	0.989	0.986	0.907	<0.798
WLB	> 0.75	0.867	0.963	0.981	0.950	<0.528
WELF	> 0.89	0.908	0.975	0.966	0.912	<0.789
EBE	> 0.84	0.843	0.996	0.996	0.922	<0.854
IR	> 0.85	0.742	0.985	0.980	0.940	<0.835
Reference	>0.7	>0.5	>0.7	>0.7	>0.7	<0.90

Source : PLS-SEM Algorithm

**Table 3: Summary of structural model**

Construct	$R^2$ value	$f^2$ value	Redundancy ( $Q^2$ )	Communality ( $Q^2$ )
EHP	N/A	0.007	N/A	0.824
CF	N/A	0.001	N/A	0.760
TR	N/A	0.002	N/A	0.886
RR	N/A	<b>0.123</b>	N/A	0.907
PER	N/A	0.003	N/A	0.749
HRM	N/A	0.000	N/A	0.819
INTR	N/A	0.002	N/A	0.903
WLB	N/A	0.001	N/A	0.762
WELF	N/A	<b>0.047</b>	N/A	0.818
EBE	.810		.853	0.932
IR	.830		.870	0.874
Reference	0.25>weak 0.50<moderate 0.75<Substantial	Significant effect when > 0.002	Positive	Positive

Source : PLS-SEM Algorithm

**Table 4: Relationship between EVP and EBE by PLS-SEM**

No	Relationships	Orig. Sample	Sample Mean	Std Dev	2.5%	97.5 %	T Stat	P Values	Results
<b>H1a</b>	EHP->EBE	0.159	0.158	0.038	0.083	0.23	4.127	0.000	Accept
<b>H1b</b>	CF -> EBE	0.048	0.048	0.030	-0.013	0.10	1.586	0.113	Reject
<b>H1c</b>	TR -> EBE	0.063	0.064	0.021	0.107	0.02	2.997	0.003	Accept
<b>H1d</b>	RR ->EBE	0.439	0.443	0.040	0.365	0.52	11.01	0.000	Accept
<b>H1e</b>	PER->EBE	-0.015	-0.016	0.024	-0.016	0.06	0.631	0.528	Reject
<b>H1f</b>	HRM-	0.141	0.141	0.042	0.058	0.22	3.338	0.001	Accept
<b>H1g</b>	INTR-	0.038	0.039	0.031	-0.020	-	1.249	0.212	Reject
<b>H1h</b>	WLB-	0.039	0.039	0.020	0.001	0.07	1.970	0.049	Accept
<b>H1i</b>	WELF-	0.258	0.256	0.033	0.188	0.31	7.741	0.000	Accept
		Reference			No zero falls between		>1.96	<0.005	

Source : PLS- SEM (Bootstrapped out)

**Table 6: Relationship between EVP and IR by PLS-SEM**

No	Relationships	Orig Sample	Sample Mean	Std Dev	2.5%	97.5%	T Stat	P Values	Results
H3a	EHP->IR	0.044	0.043	0.026	-0.006	0.095	1.695	0.090	Reject
H3b	CF -> IR	-0.018	-0.018	0.030	-0.069	0.032	0.686	0.493	Reject
H3c	TR -> IR	-0.013	-0.014	0.018	-0.049	0.020	0.749	0.454	Reject
H3d	RR ->IR	0.234	0.238	0.049	0.145	0.338	4.824	0.000	Accept
H3e	PER->IR	-0.022	-0.022	0.021	-0.066	0.019	1.028	0.304	Reject
H3f	HRM-	-0.002	-0.000	0.041	-0.081	0.081	0.049	0.961	Reject
H3g	INTR-	0.023	0.022	0.026	-0.029	0.074	0.866	0.387	Reject
H3h	WLB-	-0.009	-0.008	0.015	-0.038	0.021	0.576	0.565	Reject
H3i	WELF-	0.113	-0.111	0.033	-0.175	-0.045	3.414	0.001	Accept
		Reference			No zero falls between		>1.96	<0.005	

Source : PLS-SEM (Bootstrapped output)

**Table 5: Relationship between EBE and IR by PLS-SEM**

No	Relationships	Orig Sample	Sample Mean	Std Dev	2.5%	97.5%	T Stat	P Val	Result
H2	EBE -> IR	0.824	0.819	0.061	0.694	0.932	13.599	0.000	Accepted
		Reference			No zero falls between		>1.96	<0.005	

Source : PLS-SEM (Bootstrapped output)

**Table 7: Summary of IPMA output ( EVP Vs. Constructs)**

Construct	Importance (Total effects)	Performance
EHP	0.175	51.23
CF	0.022	59.53
TR	-0.066	36.73
RR	<b>0.596</b>	62.57
PER	-0.035	42.41
HRM	0.114	56.35
INTR	0.054	47.83
WLB	0.023	27.10
WELF	0.099	65.19
EBE	<b>0.824</b>	55.12

Source : PLS-SEM IPMA

**Table 8: Summary of IPMA output ( EBE Vs. Constructs)**

Construct	Importance (Total effects)	Performance
EHP	0.20	51.14
CF	0.06	60.12
TR	-0.03	38.01
RR	<b>0.47</b>	60.36
PER	-0.25	40.72
HRM	0.18	57.34
INTR	0.05	49.26
WLB	0.06	28.13
WELF	<b>0.31</b>	62.03

Source : PLS- SEM IPMA

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