

RELATIONSHIP BETWEEN WORK ENVIRONMENT, LEADERSHIP STYLE, PERFORMANCE APPRAISAL, AND EMPLOYEE TURNOVER IN HEBEI, CHINA

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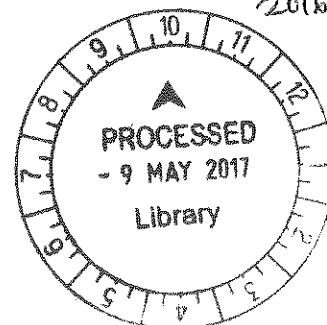
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ABSTRACT

Hebei is a large province in China, the economy of Hebei is in rapid developing. Currently, there are 9597 thousand employees working in Hebei (Iqbal et al, 2015). However, the problem of high employee turnover was happened with the economic development in Hebei. Therefore, the purpose of this study is to examine the relationship between work environment, leadership style, performance appraisal and employee turnover in Hebei, China.

According to Thatcher et al. (2006), Khan (2014), Hwang & Chang (2009), Chen et al. (2007), Chandra & Priyono (2016), Chouhan et al. (2016), the great work environment, apposite leadership style and opportune performance appraisal, these factors enable companies to better retain employees.

The research methodology is used correlation which is a quantitative survey to study the relationship between the independent and dependent variables in order to get the extent of the relationship whether the relationship exist. The data collection had been conducted through online questionnaire and 384 respondents had been acquired with the snowball sampling method. From the research findings, the work environment, leadership style and performance appraisal have the significant influence with employee turnover, and the leadership style has the highest influence towards the employee turnover. Therefore, all the factors will have a significant relationship towards the employee turnover in Hebei, China.

Key Words: Employee Turnover, Work Environment, Leadership Style, Performance Appraisal, China

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List of Abbreviations

HR : Human Resource

ET: Employee Turnover

WE: Work Environment

LS: Leadership Style

PA: Performance Appraisal

KMO: Kaiser-Meyer-Olkin

MSA: Measure of Sampling Adequacy

SPSS: Statistical Package for Social Science

VIF: Variance Inflation Factor

CHAPTER 1: INTRODUCTION

1.1 Overview

In the opening chapter, the research background will be provided at first as the base. By highlighting the newest trend that we can see the necessity of this project. Furthermore, the introduction part that point out the problem statement of the research enable to have a deeper understanding and research. Through the research on problem statement to explain the objectives of this study and the ongoing development of this study in details. Whats more, the significance and the scope of the study also will be talked about along with the key research assumptions that made in this study. Last but not least, the chapter will also make some operational definitions, the structure of the projects and its various scopes.

1.2 Background

The 21st century is full of competition, in the current economic situation, how to retention employees and give full play to the employee advantage to better motivate the employees is particularly important to the development of enterprises (Kessler, 2014). Employee turnover has become a major concern for corporate in the current scenario (Yen et al., 2016). Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change (HALE JR et al., 2016).

With the accelerated pace of globalization, the global economic environment in each link has varying degrees of change, exacerbated by the competition between enterprises in the market (Rampur, 2009). Currently, the success of the company is more based on the using the right employees and efficiency personnel management, right employees and effective management are important to achieve the organizational goals (Nair et al., 2014).

However, with the development of globalization, the rate of employee turnover has increased significantly (Farooq & Farooq, 2014). The global economic environment makes it easier for people to change a job, and employees want to find a jobs which are more in line with their requirements, this kind of phenomenon makes it difficult for employees to stay in an organization for a long time (Sturman, 2006).

With the increase of staff turnover, the organization not only lost the indispensable human resources, lost the irreplaceable knowledge and skills, but also increased the recruitment costs, training costs and other costs for new staff recruitment. In this situation, the competitiveness and productivity of organizations will be reduced (Gialuisi & Coetzer, 2013).

Today, all the companies are very hard to retain valuable employees, but it is becoming increasingly difficult to find good employee (Brown et al., 2014). Employee retention is very important to organization development: first of all, the employee who having satayed in the company fot a period of time is becomes a repository of knowledge, high employee turnover will make the organization loss a great deal of knowledge and skill, and will increase many costs to the organization; secondly, the employee turnover will reduce the employee loyalty, loss of customer satisfaction, which leads to lower corporate income (Khan, 2014).

The implementation of employee retention strategies, and effective management of staff turnover is very important for the organization (HAINES et al., 2010). However, there are many reasons that a high level of turnover is undesirable, and it will affects an organization in many ways causing low productivity, low employee morale, poor performance and the major loss of revenue that comes from the decreased sales (Memon et al., 2014).

Retain the best employees will ensure that objectives of the company, effective succession plan and customer satisfaction (Kim, 2014). The investors will increase their confidence base on the effective employee retention

management, as they are concerned about the ability of organizations, that would have positively influence to the value of their investment in the organization (Nair et al., 2014).

Work environment, leadership style and performance appraisal plays an important role in the development of enterprises, they are significant factors to attract and retain employees, and also the core content of human resource management, it not only affects the implementation of corporate culture and corporate strategy to a great extent, but also affects the daily production and business activities of organizations (Kessler, 2014).

Work environment is one of the action that can effective retain the employees. A comfortable working environment, reasonable workload and working hours will motivate the employees, and then improve the work efficiency also increase the employee satisfaction (Yen et al., 2016).

Leadership style play an irreplaceable important role in enterprise development, is one of the key to enterprises to retain talent, without a good leadership style the human resource management cannot be continue, it is not only to a great extent, affects the execution of corporate culture and corporate strategy, but will also affect the enterprise daily production and business operation activities (HALE JR et al., 2016).

1.3 Problem Statement

Hebei is a large province in China, which is located in the north of China Hebei has established economic and trade relations with 180 countries and regions in the world, the economy of Hebei is in rapid developing. Currently, there are 9597 thousand employees working in Hebei (Iqbal et al, 2015).

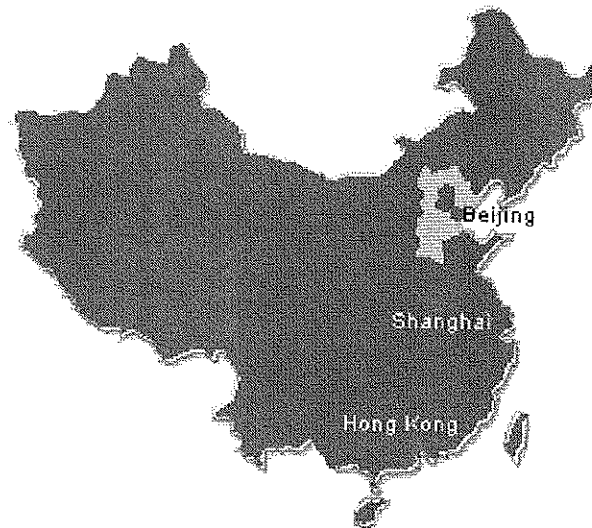


Figure 1. The Map of Hebei Province, China

Source: Chen et al. (2016)

However, the problem of high employee turnover was happened with the economic development in Hebei. With the increasing of employee turnover, companies in Hebei are more finding that personnel retention have the important impact of organizational development, aware of the importance of human resource management for the success of the organization (Thatcher et al., 2006). Through the employee's point of view, both of work environment leadership style and performance appraisal are the important point that influence their turnover behavior (Sturman, 2006).

Work environment is one of the reasons for an employee to look for a change (Rampur, 2009). Every organization need good work environment to attract employees, not only the environment of working, but also the work load and work time (Laser, 2008). Is hard to organizations in Hebei reten the employees when they found that the work environment is not in their expect level (Clouden, 2009). The organizations needs to take care of the need of the employees in work environment in order to better management (Booth & Hamer, 2007). Most of organization in Hebei have not established a compatible leadership style in order to reten employees. A good leadership style will inspire the

potential of employees, strengthen the collective awareness of employees, so that they are more willing to stay in the organization for a long time (Kim, 2014). Individual work performance is determined by its own ability level and the level of motivation. Performance appraisal will help the employees find the way that they do their work and point out the area that they need to improve in the work. Many companies in Hebei do not pay attention to the role of performance management in the organization management, it lead to increased employee turnover rate (Chen et al, 2016).

In conclusion, to establish a good work environment to meet the need of employees, find the leadership style that best suits the organization's development and motivate the employees to make them loyal to the organization and to form a complete set of performance appraisal system, stimulate the staff's subjective initiative, potential and innovation ability, is the most important issue facing the enterprises in Hebei (Qiu et al., 2015).

1.4 Research Objectives

The main aim of this research is to investigate the relationship between work environment, leadership style and performance appraisal with employee turnover. In order to achieve the goal of the research and to analyse the phenomenon of the employee retention. The usage of the structure provided to achieve the following objectives for this research.

Research objective 1: To investigate the relationship between the work environment and employee turnover.

Research objective 2: To investigate the relationship between the leadership style and employee turnover.

Research objective 3: To investigate the relationship between the performance appraisal and employee turnover.

Research objective 4: To investigate whether the leadership style has the highest influence towards the employee turnover.

For any researchers, it is important for them to have a clear understanding on the research objectives, the reason for that is in order to reasonable usage of the guide and attentions on the entire research to get the desired outcomes (Bob, 2011). After clearly defining the research objectives, the researchers need to design the related and constructive questions that can be used as the basis for the further development of the hypotheses of the study (Altarawneh, 2016)

1.5 Research Questions

Originated from the evidence sources which collected from the literature and the research objectives, the key research questions are as follows:

Research question 1: What is the relationship between the work environment and employee turnover.

Research question 2: What is the relationship between the leadership style and employee turnover.

Research question 3: What is the relationship between the performance appraisal and employee turnover.

Research question 4: Whether the leadership style has the highest influence towards the employee turnover.

1.6 Significance of Study

This research study focuses on the employee turnover and will analysis the influence from work environment, leadership style and performance appraisal to employee turnover. This research will also provide an understanding on what organizations in Hebei needs to do on work environment, leadership style and performance appraisal in order to reduce the employees turnover rate and how to grow the employees internally so the organization will achieve the better development and efficient completion of the organization's goals in such a trend. Some of the research shown that there is lack the study employee turnover