

IMPACT OF HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES ON EMPLOYEES RETENTION

(A CASE STUDY OF EDUCATION AND BANKING SECTOR IN BAHAWALPUR)

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Abstract: *This research has been conducted to study the impact of HRM practices (career development opportunities, supervisor support, working environment, rewards and work-life policies) on employee retention in The Islamia University of Bahawalpur as well as the banks in Bahawalpur. The data collected through questionnaire from 101 respondents. The results show the positive relationship of above mentioned HRM practices with employee retention. Conclusions as well as directions for future research are discussed.*

INTRODUCTION

EMPLOYEE RETENTION: During the last decade, the personnel/HRM field has shifted from a micro focus on individual HRM practices to a debate on how HRM as a more holistic management approach may contribute to the competitive advantage of the organizations. Three different perspectives have been used in recent researches on the relationship between HRM practices and organizational performance, organizational retention and organizational strategies. (Bjorkman and Pavlovskaya: 2000) A number of studies have found that managing turnover is a challenge for organizations, as different organizations using different approaches to retain employees (American Management Association, 2001). Employee retention is also likely to be important for firm performance. If the company is not able to retain its employees, it will not be able to capitalize on human assets developed within the organization. (Shekshnia, 1994) Retention is considered as all-around module of an organization's human resource strategies. It commences with the recruiting of right people and continues with practicing programs to keep them engaged and committed to the organization (Freyermuth, 2004).

Through the literature survey we have found the different HRM practices that affect the employee retention in an organization. After reviewing the several articles relevant to the employee retention, we have selected the following five variables to study the impact of HRM practices on retention of employees.

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- Career Development Opportunities
- Supervisor Support
- Work Environment
- Rewards
- Work-Life Policies

Literature Review:

CAREER DEVELOPMENT OPPORTUNITIES

Career development is a system which is organized, formalized and it's a planned effort of achieving a balance between the individual career needs and the organization's workforce requirements (Leibowitz et al, 1986). A company that wants to strengthen its bond with its employees must invest in the development of their employees (Hall & Moss, 1998; Hsu, Jiang, Klein & Tang, 2003; Steel et al., 2002; Woodruffe, 1999).

Growth opportunities which were offered by the employers are reduced due to turnover intentions of employees because the lack of training and promotional opportunities was the main cause for high-performers to leave the company (Allen, Shore & Griffeth, 2003).

SUPERVISOR SUPPORT

One of the most important factors that have impact on retention is the relationship between a worker and a supervisor. Supervisors are the "human face" of an organization. (Eisenberger, 1990) Supervisors interact as a link to practice applications among stated goals and expectations. By harmonizing the competing demands, they support in managing both inside and outside the work environment. If the relationship does not exceed then employee will seek to any other opportunity for new employment and vice versa. The supervisor support is so essential to retention that it can be said that employees leave bosses, not jobs (Ontario, 2004).

If the supervisor focuses towards the employee's progress, other than the formal evaluation process; this improves the employee's retention and commitment towards the organization. (Freyermuth, 2007).

WORK ENVIRONMENT

Number of studies has attempted to explain work environment in various areas such as for example employee turnover (Martin 1979), job satisfaction (Iaffaldano & Muchinsky, 1985), employee turnover, job involvement and organizational commitment (Sjöberg & Sverke 2000). Work environment is one of the factors that affect employee's decision to stay with the

organization (Zeytinoglu & Denton, 2005).

It's very important to recognize the emerging needs of individuals to keep them committed and provide the work environment as necessitate (Ramlall, 2003). Milory (2004) reported that people enjoy working, and strive to work in those organizations that provide positive work environment where they feel they are making difference and where most people in the organization are proficient and pulling together to move the organization forward.

Workspace designs have a profound impact on workers and tend to live with job as long as satisfied (Brill, Weidemann, Olsen, Keable & BOSTI, 2001). According to ASID, In order to retain old workers, the design of workplace should create environment that support workers of poor eyesight, provide tools which need less potency and apt position for aging body (Croasmun, 2004).

REWARDS

The term 'reward' is discussed frequently in the literature as something that the organization gives to the employees in response of their contributions and performance and also something which is desired by the employees (Agarwal, 1998).

A reward can be extrinsic or intrinsic it can be a cash reward such as bounces or it can be recognition such as naming a worker employee of the month, and at other times a reward refers to a tangible incentive, reward is the thing that an organization gives to the employee in response of their contribution or performance so that the employees become motivated for future positive behavior. In a corporate environment rewards can take several forms. It includes, cash bonuses, recognition awards, free merchandise and free trips. It is very important that the rewards have a lasting impression on the employee and it will continue to substantiate the employee's perception that they are valued (Silbert, 2005).

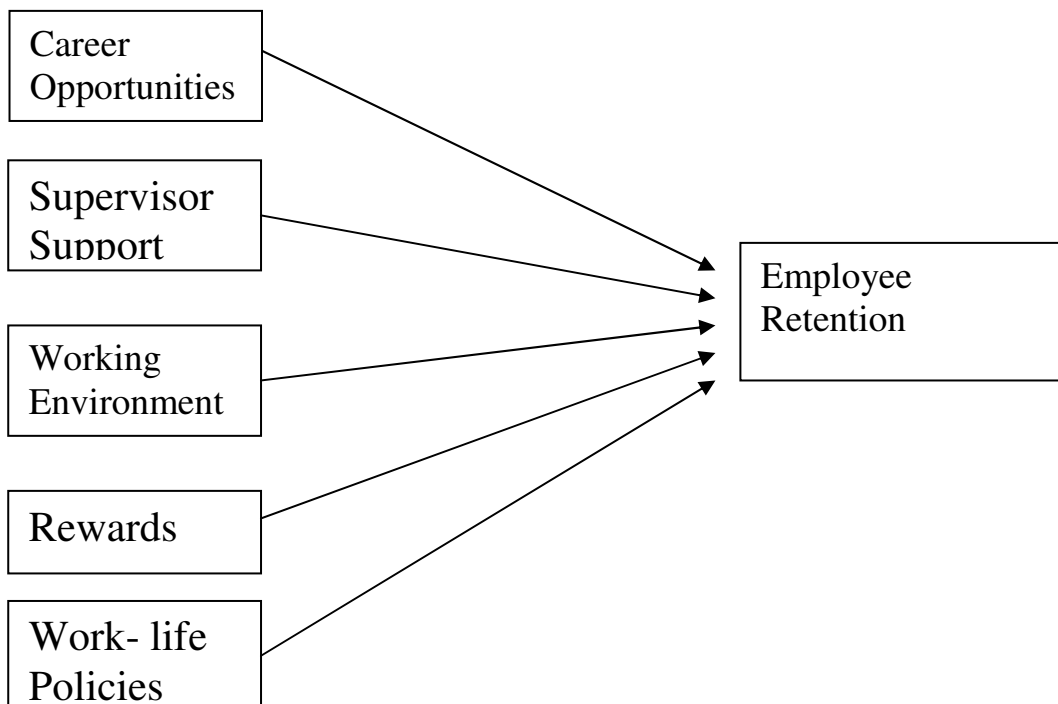
WORK-LIFE POLICIES

Many researchers tested the impact of work and family benefits which comprise of flexible schedules, childcare assistance, parental leave, childcare information and parental leave on organization commitment. Researches showed that there is greater organizational commitment if employees had access to work life policies and also these employees articulated considerably with lower intent to renounce their profession (Grover and Crooker, 1995).

In today's dynamic environment, the major concern of the management in business is Workplace flexibility. The one thing becomes very clear that money alone is not enough; employees are

willing to trade a certain amount of money for reduced work hours in their schedules. It is argued by the researchers that reduced work hour options should have the potential of win-win situation for both individuals and organizations, there should be a fit between the schedule the person needs and the actual number of hours worked. Distress and fatigue from excessive time on job can lead to decline in performances of the employee and also it affects the safety level. A large amount of time at work is not a good predictor of productivity and it is observed that periods of time away from work can be extremely beneficial to the quality and productivity of a person's work. The employee willingness to opt for reduced – hours schedules is not simply a matter of scheduling it involves redesigning work arrangements which leads to change in organization culture and careers, viable reduced-hours career options require simultaneous changes in the areas of compensation, assignments and promotions. So it is more cost-effective and productive for management to design the work arrangements to fit the human than it is force the human to fit the system (Barnet & Hall, 2001).

THEORETICALFRAMEWORK



Methodology:

This study examined the relationship of career development, supervisor support, work environment, rewards and work-life policies with employee retention among the employees of banking and educational sector in Pakistan (Bahawalpur)

For developing the theoretical framework the secondary data was gathered from the previous research articles and journals while the primary data was collected through the questionnaires.

Research Variables: After the literature survey, the variables were considered which were described in the theoretical framework. Employee retention was the dependent variable, which was going to be checked for relationship with career development, supervisor support, working environment, rewards and work-life policies that were considered as independent variables.

Data Collection: The data was collected through questionnaires; the questionnaires were got filled from the employees of The Islamia University of Bahawalpur and the Bahawalpur branches of HBL, Bank Alfalah and ABL.

The sample size was 110 whereas 101 (92%) respondents provide the feedback. Among them 45 (45%) from IUB, 20 (20%) from ABL, 14 (14%) from HBL and 22 (21%) from Bank Alfalah.

The data collected through questionnaire was analyzed through SPSS statistical software. The frequencies and crosstab techniques were applied. The findings of the analysis are given below.

Data Analysis:

By using Descriptive statistic technique frequencies distributions were used to determine the demographics characteristics of the respondents. SPSS 13.0 version of software was used for data analysis. We collected the data from 101 respondents. 55(54.5%) respondents were married and 46(45.5%) were unmarried. Other demographic details are given in appendix.

“Chances of Promotion” question was related to career opportunity. We collect the data from 101 respondents. 52(51.5%) respondents were agreed and 18 (17.8%) respondents were strongly agreed. It means in the organization the chances of promotion are available. According to the cross tabulation analysis between chances of promotion and willingness to retain with organization, 38 employees were willing to retain with organization among the 48 employees those were agree and 17 out of 17 were willing to retain with organization among them who were strongly agree about the chances of promotion. “Complaint Ignorance by supervisor” question was related to supervisor support. (29.7%) respondents were disagreed and (10.9%) respondents were strongly disagreed. According to the cross tabulation analysis between

complaints ignorance by supervisor and willingness to retain with organization; 20 employees were willing to retain with organization among the 23 employees those were disagreed and 9 out of 11 were willing to retain with organization among them who were strongly disagreed about the complaints ignorance by supervisor. “Help by Colleagues” question was related to working environment. (56.4%) respondents were agreed and (30.7%) respondents were strongly agreed. It means in the organization the working environment is good. According to the cross tabulation analysis between Helps by colleagues and willingness to retain with organization; 37 employees were willing to retain with organization among the 50 employees those were agree and 28 out of 28 were willing to retain with organization among them who were strongly agree about the helps by colleagues. It means that working environment strongly affects the employee retention. “Allocation of rewards regarding Work” question was related to rewards. (51.5%) respondents are agreed and (9.9%) respondents were strongly agreed. It means in the organization the rewards are allocated according to work. According to the cross tabulation analysis between allocation of rewards regarding work and willingness to retain with organization; 39 employees were willing to retain with organization out of 44 employees those were agreed and 10 out of 10 were willing to retain with organization among them who were strongly agree about the allocation of rewards according to work. “Too much Work Burden” was related to work-life policies. (45.5%) respondents were agreed and (32.7%) respondents were strongly agreed. According to the cross tabulation analysis between too much work burden and willingness to retain with organization; 39 employees were willing to retain with organization out of 43 employees those were agreed and 18 out of 28 are willing to retain with organization among them who were strongly agree about the too much work burden.

“Conflict between Work and Personal Life” was also related to work-life policies. (34.7%) respondents were disagreed and (30.7%) respondents were strongly disagreed. According to the cross tabulation analysis between conflict between work and personal life and willingness to retain with organization; 24 employees were willing to retain with organization out of 31 employees those were disagreed and 16 out of 26 are willing to retain with organization among them who were strongly disagree about the conflict between work and personal life.

Conclusion:

In this study 11 questions were asked to the respondents, among which there were eight positive question and four negative questions. The findings of these questions showed that there was a good relationship between the employee retention and the HRM practices. The frequencies and cross tabs relating to the working environment and career development opportunities were showing the higher values. So to improve the employee's retention towards the organization the management should focuses to improve the HRM practices and their qualities.

Suggestions and Recommendation:

In today's environment the human resources is also important as the financial assets, technologies, etc. So organizations have to consider the human resource because these are very important for betterment of the organization. And as the results of this research shows that the better(friendly) working environment, career development opportunities, rewards are more important factors that affect the retention of employees with organization; should be focused and try to improve them.

Limitation of Research:

There are many other factors which may affect the level of employee retention but to time constraint other factors are not taken for research. The sample size was also limited. In the study no intervening or moderating variables are considered.

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Appendix:

Time spent in organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 Year	6	5.9	6.3	6.3
	1-2 Years	14	13.9	14.7	21.1
	2-3 Years	21	20.8	22.1	43.2
	3-4 Years	22	21.8	23.2	66.3
	More than 4 Years	32	31.7	33.7	100.0
	Total	95	94.1	100.0	
Missing	Missing	6	5.9		
Total		101	100.0		

Qualification of Employee

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachlors	21	20.8	20.8	20.8
	Master	65	64.4	64.4	85.1
	M.phil	11	10.9	10.9	96.0
	Doctor	4	4.0	4.0	100.0
	Total	101	100.0	100.0	

Language of Employee

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Urdu	28	27.7	28.0	28.0
	Punjabi	32	31.7	32.0	60.0
	Saraiki	35	34.7	35.0	95.0
	Any Other	5	5.0	5.0	100.0
	Total	100	99.0	100.0	
Missing	Missing	1	1.0		
Total		101	100.0		

Marital Status of Employee

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	55	54.5	54.5	54.5
	Unmarried	46	45.5	45.5	100.0
	Total	101	100.0	100.0	

Age of Employee

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-25	18	17.8	18.4	18.4
	26-30	36	35.6	36.7	55.1
	31-35	25	24.8	25.5	80.6
	36-40	9	8.9	9.2	89.8
	Above 40	10	9.9	10.2	100.0
	Total	98	97.0	100.0	
Missing	Missing	3	3.0		
Total		101	100.0		

Chances of Promotion * willing to retain with Organization Cross tabulation

		willing to retain with Organization		Total
		Yes	No	
Chances of Promotion	Strongly Disagree	1	1	2
	Disagree	2	2	4
	Uncertain	14	5	19
	Agree	38	10	48
	Strongly Agree	17	0	17
Total		72	18	90

Complaint Ignorance by supervisor * willing to retain with Organization Cross tabulation

		willing to retain with Organization		Total
		Yes	No	
Complaint Ignorance by supervisor	Strongly Disagree	9	2	11
	Disagree	20	3	23
	Uncertain	17	2	19
	Agree	22	10	32
	Strongly Agree	4	1	5
Total		72	18	90

Help by Colleagues * willing to retain with Organization Cross tabulation

			willing to retain with Organization		Total
			Yes	No	
Help by Colleagues	Disagree	4	3	7	
	Uncertain	3	2	5	
	Agree	37	13	50	
	Strongly Agree	28	0	28	
Total		72	18	90	

Allocation of rewards regarding Work * willing to retain with Organization Cross tabulation

			willing to retain with Organization		Total
			Yes	No	
Allocation of rewards regarding Work	Strongly Disagree	2	1	3	
	Disagree	14	7	21	
	Uncertain	7	5	12	
	Agree	39	5	44	
	Strongly Agree	10	0	10	
Total		72	18	90	

Too much Work Burden * willing to retain with Organization Cross tabulation

			willing to retain with Organization		Total
			Yes	No	
Too much Work Burden	Strongly Agree	2	0	2	
	Agree	10	2	12	
	Uncertain	3	2	5	
	Disagree	39	4	43	
	Strongly Disagree	18	10	28	
Total		72	18	90	

Conflict between Work and Personal Life * willing to retain with Organization Cross tabulation

			willing to retain with Organization		Total
			Yes	No	
Conflict Between Work and Personal Life	Strongly Agree	7	0	7	
	Agree	21	0	21	
	Uncertain	4	1	5	
	Disagree	24	7	31	
	Strongly Disagree	16	10	26	
Total		72	18	90	