

## Impact of Human Resources Practices on Employee Retention: Study of Community Colleges.

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### **Abstract**

*In this research paper we consider human resources practices on employees retention, particularly we emphasis on four major aspects (1) Recruitment & hiring (2) Training & development (3) Compensation & benefits (4) Evaluation & Supervision and impact of these four aspects on employees retention. The paper describes recent trends and critically assess the practices conducted by HRM in context of these major area for employees retentions .It also presents some recent evidence on this relation in IBA community colleges. We present the small piece of new information concerned to IBA community college of Khairpur, Dadu and Noshehroferoz. We collect the data from 102 respondents of such colleges including male & females. Primary and secondary sources were used for data collection.*

### **Introduction**

The business challenge is to create an environment of understanding and commitment to the direction, strategy and goals of a company. To retained the employees for organization is considered is serious issue now a days ,and on this aspect of employees HR paying more attention on designing new and attractive policies and practices so that to capture more competent and qualified serve for the organization for long time periods.

Now large academic literature has documented that Employees if they are efficient and committed to the organizational goals then they are considered most valuable asset for that organization. A big emphasis has been placed on the employee's retention through introducing new and employees interested HR policies in modern workplaces to make them available for the organization for long time period.

In this paper, going through and reviewing literature we find key factors through which employees retention can be increased through changing in HR aspects as: Recruitment with hiring, training in addition to development, compensation plus benefits, and finally evaluation and supervision.

We begin to start by reviewing literature, and focus on the study of different IBA community colleges in region, particularly focus those areas which impacts on employee's retention, and the role played by HR department for this perspective of employees.

In this paper we also present the evidences, which we collect during our study. We confirm that: Recruitment with hiring, training in addition to development, compensation plus benefits, and finally evaluation and supervision leads to prominent financial performance, superior customer satisfaction and privileged employee retention.

We present the small piece of new information concerned to IBA community college of Khairpur,Dadu and Noshehroferoz. We collect the data from 102 respondents of such colleges including male & females.

### **1) Recruitment & hiring leads to higher Employees Retention**

First, “recruiting” refers to the activities, commenced to encourage other organization’s employees to leave their existing organization in support of new one. In other words, recruiting results in the invasion of new talent kept in a firm. Conversely, “retention” refers to the actions and policies that company designs and undertakes to maintain its highly esteemed existing employees of the company. Alternatively, after workers are recruited; hired; trained and become productive, it is initiated in certain proceedings and engages them in certain type of conduct to encourage their continuing devotion to the firm. Most of companies do their best to make new employees feel welcome and assist them with boost retention from the employee’s starting day.

### **2) Training & development leads to higher Employees Retention**

Usually, training and development is considered as most important aspect of human resource management. True during fresh times as most of companies have slash support on sending workforce to conferences and look hard for cutting added expenses but foremost edge of companies are still in continuing to invest in the trend of training plus development. Training and development programs for employees have become is most preferred employee benefits to retain them.

Well-trained employees are more able and enthusiastic for their jobs; they need fewer direction and supervision that let the management feel free for discrete tasks. If Employees get satisfied they resolve the customer's quires, which boost better customer loyalty and reliability. All this happens due to the better management-employee associations. This improves employee's retention for that organization.

### **3) Compensation & benefits leads to higher Employees Retention**

The superior compensation viewpoint is to attract (catch the attention of), retain and inspire competent people. Such goals are to be fulfilled when companies use a combination of triad of compensation plan that is: Basic salary; incentive pay in cash, non-cash reward and benefits or may be the non-financial rewards.

Companies use incentives to help and keep workers motivated, satisfied, feeling rewarded and to retain them. They Offer competitive benefits that fits employees' needs fulfill their expectations, such as health insurance, life insurance and a retirement-savings plan to increase the degree of employees retention.

### **4) Evaluation & Supervision leads to higher Employees Retention**

Supervision usually refers to managerial or may be the leadership function to direct guide and supervises the productivity and progress of employees. Managers employ workforce appraisals and surveys to let them focus on job requirements, weigh up how potential worker fits the job and identify need of changes that will continue employees to be engaged and retained in related work, though better understanding and indulgence , companies can resolve their most serious and expensive problems.

An effective managerial relationship requires the supervisor not only to be a content specialist, but to accept the responsibility of supervision in a better way. In turn poor supervision has negative impact both for individual employee and organization. If the role is not clear for employees how they do their best for organization so make sure that employees know what you expect from them. It may seem basic; otherwise they can't perform up to standard.

### **Literature Review**

Employees' retention is the ability of any organization to retain its human resources. Employee's retention for an organization is more important than the hiring of new employees. The employees who are working in the organization are the valuable assets of the organization. A huge amount of money is spent on their orientation and training. The research finds that when employee is leaving the organization the organization not only lose the employee but also lose the customers, clients, knowledge of products. (Irshad\*)

(Jackson, 1999) The research has been conducted at Range Complex Fire Department (RDFD) in order to identify why employees of RDFD left their jobs. The questionnaire is a tool used to collect the data. The research findings reveal that the employees of RDFD left the job because of three reasons; work schedule, lack of promotional opportunities and job satisfaction. These were the main reasons why employees leave job because they do not find time for their families due to tough work schedule. They are not given opportunities which help in their career development.

According to Arthur significance of employee's retention next to training may lie in tactical approach to be utilized. Companies can attain their goal through the employees by using some strategic approaches like commitment; effort to develop a connection between company and employees. Training is connected with employee's commitment which minimizes the cost of turnover directly or indirectly. Commitment of employees is connected with HR practices; selection, recruitment, performance evolution and reward. Which increase the level of commitment for organization which in return helps to retain employees? (WHAT IMPACT DOES TRAINING HAVE ON EMPLOYEE COMMITMENT AND, 2007)

The research finding reveals; employees whether in public or private organization can be retained through the intrinsic and extrinsic rewards. Turnover means when employees are leaving the organization and they must be replaced by the new. Losing employees is harmful for the organization especially in service industry because it is not just the matter to lose employee but also the customers who are satisfied with the employees. The retention becomes very important and complex too for those employees who are extra efficient in their work because they will easily move from one job to another. (Chipunza, 2009)

(Shoaib, 2009) The research reveals the positive link between career development opportunities, rewards, supervisory support which help organization to retain the employees which are the backbone of the organizational success.

(Chandranshu Sinha, 2012) The research result indicates the research findings of the two engineering manufacturing companies of India. The research indicates the following factors are very important for the retention of the employees; superior subordinate behavior, job flexibility, employees motivation, career development, compensation and rewards and trainings.

The research revealed the good fit between the employee and the HR practices. Employees play a good role in the (Shoib, 2009) accomplishment of the organizational goal. In order to achieve organizational goal organization has to provide them better work environment, career opportunities, rewards. (Narang, 2013)

(Waleed Hassan, 2013) The research has been conducted at telecommunication sector where it was concluded the results through questionnaire that training is very important for every employees the training is great encouragement for employee's growth and loyalty. They get opportunities to career development and professional skill development.

(Bidisha Lahkar Das1, 2013) The employees are very useful assets of the organization now days the face the most difficult task not only to hire qualified employees but also retain them. Retaining help them in long-term growth and also add to their goodwill.

(Narang, HRM Practices – Its Impact on Employee Retention, 2013) There is a saying by Aristotle

“Employee Pleasure in the job puts perfection in the work”. The employees are the precious assets of the organization the “best” employees are most desirable which are very difficult to retain. It is the challenge for the organization to keep them within the organization. In order to keep employees in the organization certain HRM practices are playing very crucial role. The employees are supplementary to the inclination towards the career development, rewards and desire to work in an enthusiastic environment where they obtain support and sharing behavior of their colleagues. Therefore organization needs to promote a great care of its employees in order to accomplish organizational targets.

## Methodology

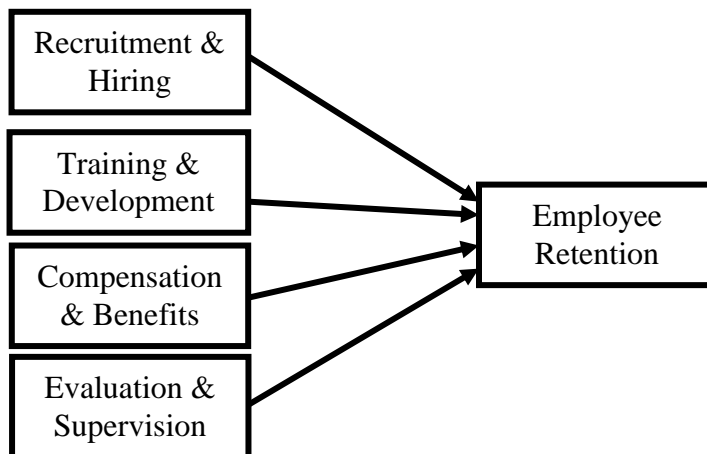
The research utilizes the primary with secondary sources for collection of data.

Primary data included the Questionnaire, consisted of 03 demographics and 21 research variables using a five point scale:

- |   |                   |   |                |   |         |
|---|-------------------|---|----------------|---|---------|
| 1 | Strongly Disagree | 2 | Disagree       | 3 | Neutral |
| 4 | Agree             | 5 | Strongly Agree |   |         |

Secondary data included different published research papers and reports for quoting the work related to our title.

## Research Model



## Hypothesis:

- H<sub>1</sub> Recruitment together with Hiring is significantly related with Employee Retention.
- H<sub>2</sub> Training together with Development is significantly related with Employee Retention.
- H<sub>3</sub> Compensation together with Benefits are significantly related with Employee Retention.
- H<sub>4</sub> Evaluation together with Supervision are significantly related with Employee Retention.

**Diagnostic Test**

$$ER = \alpha + \beta_1 R\&H + \beta_2 T\&D + \beta_3 C\&B + \beta_4 E\&S + \mu$$

**Results & Discussions**

**Model Summary**

Model	R	R square	Adjusted R square	Std error the estimate
1	0.429 <sup>a</sup>	0.148	0.1766	0.90794678

a. Predictors: (Constant), Training and Development

Adjusted R square is measured which shows over fitness of the model, rest is an error term. In this case adjusted R square is 0.1766 which shows modest fitness of the model i.e. training and development as an independent variable, employee’s retention as dependent variable rest of the independent variables has insignificant relationship with employee’s retention.

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.388	1	18.388	22.305	0.000 <sup>a</sup>
	Residual	81.612	99	.824		
	Total	100.000	100			

a. Predictors: (Constant), Training and Development

b. Dependent Variable: Employees Retention

From the table of ANOVA we can concluded that regression proportion is very much low as compared to residual which states that there are some other variables which can predict employees retention except training and development but the model is significant at 0.000 level.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.499E-16	0.090		.000	1.000
	Training and Development	.429	0.091	0.429	4.723	0.000

a. Dependent Variable: Employees Retention

By looking at the result of standardized coefficient Beta for training and development have positive and significant relationship with employee’s retention; strength of the relation is moderate between training and development and employees retention.

Excluded Variables<sup>b</sup>

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics	
					Tolerance	
1	Recruitment and Hiring	-.185 <sup>a</sup>	-1.975	<b>0.051</b>	-.196	0.911
	Compensation And Benefits	.066 <sup>a</sup>	.707	<b>0.481</b>	.071	0.951
	Evaluation and Supervision	-.077 <sup>a</sup>	-.841	<b>0.402</b>	-.085	1.000

a. Predictors in the Model: (Constant), Training and Development

b. Dependent Variable: Employees Retention

All above three variables were excluded from analysis because they are not predicting the dependent variable employees' retention significantly, because of their insignificant value.

**Limitations**

The study is limited to the consideration of sample size that is the employees of IBA Community Colleges, especially in Sindh in the year of 2015.

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