Strategies to Retain Employees in Organizations: How Textile & Telecoms Deal with Their Workforce

Aamir Saifullah
Assistant Professor, Indus University, Karachi, Pakistan

Abstract:
Training employees has been known to motivate employees and increase satisfaction levels. Facilities to upgrade their skills leads to the fact that their sense of belonging at the firm increases and the loyalty factor is further capitalized on. This is usually very critical for companies that have high-security concerns with relation to their nature of business or for those companies which have to work on severe deadlines. Furthermore, a company should also be committed to train their employees positively and efficiently so that they are satisfied and this will in turn lead to their employees being motivated and stay in the company for further more years to come. The purpose of this research is how to measure or gauge the impact of HR strategies on the retention of staff in an organization. The sources from where the information will be gathered are from the current employees of the organization. Multiple linear Regression model will be used by SPSS quantitative software. Regression is used to show the impact of training and compensation on employee retention. It was seen that compensation had a significant effect on employee retention, whereas training did not.

Keywords: Compensation, Employee Retention, Regression, Training

CHAPTER 1

1. Introduction

1.1. Background of the Study
From the angle of developing a workforce for an organization it is essential that the employees are well-trained, organized and have the necessary loyalty inside them to work for their employer. This is usually very critical for companies that have high-security concerns with relation to their nature of business or for those companies which have to work on severe deadlines. From the employee’s angle, retention to one organization is only possible when skill sets they possess are valued, they are appreciated for their efforts and are rewarded accordingly whether they be in the form of salary based incentives or bonuses. This was considered widely recognized and many researches were conducted on this that it was important for employers to empower as well as train their employees to an extent that they should not lose performance levels over a certain period of years which would in the long run affect the overall performance of the company. (Mak and Sockel, 1999). To successfully retain your employees is essential so that the knowledge and time spent on training the employees does not go to waste but should be further dealt with efficiently and effectively. (Cappelli, 2000). Losing employees or turnover may lead to weakening your company against competition who would try their level best to decapitate your performance and work towards exploiting your loop holes (Cappelli, 2000).

Training employees has been known to motivate employees and increase satisfaction levels. Facilities to upgrade their skills leads to the fact that their sense of belonging at the firm increases and the loyalty factor is further capitalized on. (Bushardt, Fretwell et al., 1994), this allows a company to toughen up and strengthen the competitiveness that they possess and allow to create new strategies thanks to a more motivated and empowered work force (Hughey and Mussnug, 1997; Burden and Proctor, 2000). Losing employees or turnover may lead to weakening your company against competition who would try their level best to decapitate your performance and work towards exploiting your loop holes. To increase job satisfaction, may HR generalists confirm this fact that one the job training is considered very essential due to the fact that it allows an employee to increase their abilities to conduct job related tasks. This in turn effects turn over and reduces it to a significant level (Mak and Sockel, 1999).

Furthermore, a company should also be committed to train their employees positively and efficiently so that they are satisfied and this will in turn lead to their employees being motivated and stay in the company for further more years to come (Mak and Sockel, 1999;
From the employee’s angle, retention to one organization is only possible when skill sets they possess are valued, they are appreciated for their efforts and are rewarded accordingly whether they be in the form of salary based incentives or bonuses. This was considered widely recognized and many researches were conducted on this that it was important for employers to empower as well as train their employees to an extent that they should not lose performance. Losing employees or turnover may lead to weakening your company against competition who would try their level best to decapitate your performance and work towards exploiting your loopholes. This was considered widely recognized and many researches were conducted on this that it was important for employers to empower as well as train their employees to an extent that they should not lose performance levels over a certain period of years which would in the long run affect the overall performance of the company (Elizur, 1996), and ultimately to an increase in organizational competitiveness.

1.2. Purpose of the Study
The purpose of this research is how to measure or gauge the impact of HR strategies on the retention of staff in an organization. To add to this, this research will discover the fact that how those workers and employees who were receiving benefits from compensation, training etc were different from those who were not.

1.3. Research Question
“What strategies lead to employee retention?”

1.4. Hypothesis
- H₁: Compensation has an impact on Employee Retention.
- H₂: Training has an Impact on Employee Retention.

CHAPTER 2

2. Literature Review
Huselid (1995)’s research examines the relations between high performance practices of work and the performance of the organization overall. The research comprises of relationships amongst HR work techniques and performance levels of organizations in Europe. Answers and results based on a sample of one nation which comprised of thousands of organizations which indicated that the HR practices had a significant impact both economically and statistically on the intermediate results of both productivity as well as turnover. From the employee’s angle, retention to one organization is only possible when skill sets they possess are valued; they are appreciated for their efforts and are rewarded accordingly. This is usually very critical for companies that have high-security concerns with relation to their nature of business or for those companies which have to work on severe deadlines. From the employee’s angle, retention to one organization is only possible when skill sets they possess are valued, they are appreciated for their efforts and are rewarded accordingly whether they be in the form of salary based incentives or bonuses. This was considered widely recognized and many researches were conducted on this that it was important for employers to empower as well as train their employees to an extent that they should not lose performance levels over a certain period of years which would in the long run affect the overall performance of the company. Support for the predictions that the impact of High Performance Work Practices is in part contingent on their interrelationships and links with competitive strategy was limited.

Sheridan (1995) this study investigated the retention rates of 904 college graduates hired in six public accounting firms over a six-year period. Organizational culture values varied significantly among the firms. The variation in cultural values had a significant effect on the rates at which the newly hired employees voluntarily terminated employment. The relationship between the employees’ job performance and their retention also varied significantly with organizational culture values. The cultural effects were stronger than the combined exogenous influences of the labor market and the new employees' demographic characteristics. The cultural effects are estimated to have resulted in over six million dollars' difference in human resource costs between firms with different cultural values. Implications for research on person-organization fit are discussed.

Spencer (1986) This study investigates the relationship between the extent to which employees have opportunities to voice dissatisfaction and voluntary turnover in 111 short-term, general care hospitals. Results show that, whether or not a union is present, high numbers of mechanisms for employee voice are associated with high retention rates. Implications for theory and research as well as management practice are discussed.

Gering J, Conner J (2002) A sound retention strategy should incorporate a business plan, a value proposition, progress measures, and management influences. The business plan will indicate whether a healthcare organization will achieve a return on investment for its effort. A value proposition will showcase an organization’s strengths and differentiate it from its competitors. Measuring progress toward meeting retention goals at regular intervals will help keep an organization on track. The best managers require accountability, rewarding employees for their successes and taking corrective action as necessary. Retention rate targets must be at a level that will achieve a competitive advantage in the server market.

Mak, Sockel (2001) It is widely recognized that the relationships between organizations and their IS departments, are changing. This trend threatens to undermine the retention of IS workers and the productivity of IS operations. In the study reported here, we examine IS employees’ motivation and intent to remain using structural equation modeling. A survey was conducted among existing IS
employees and analyzed with LISREL VIII. Results showed that latent motivation has an impact on latent retention, with job satisfaction and perceptions of management on career development as indicator variables for the former, and burnout, loyalty, and turnover intent as indicator variables for the latter. Implications for management in developing strategies for the retention of IS employees are provided.

CHAPTER 3

3. Research Method

3.1 Sources of Information
The sources from where the information will be gathered are from the current employees of the organization. Other sources that will be used are the surveys and research already been presented by different researchers and analyst.

3.2 Sampling Technique and Procedure
The sampling technique we will be using in our research will be random Sampling. 200 individuals will be selected to gauge the factors and their effects on the Employee Retention.

3.3 Sample Size
The research will be done on a sample size of 200 obtained from the textile sector and the telecom sector.

3.4 Method of Data Collection
Primary Data: Primary research will be conducted through survey questionnaires designed for collection of data.

3.5 Instruments of Data Collection
Questionnaires based on likert scale (1-5). Where 1 being the highest level of disagreement and 5 being the lowest level of disagreement. Questions for each actor will be gauged at an average of those questions and cumulated to one value for each factor (Training & Compensation) and employee retention.

3.6 Variables

![Diagram of Variables]

3.7 Statistical Instrument to Be Used
Multiple linear Regression model will be used by SPSS quantitative software. Regression is used to show the impact between 2 variables. Regression is used when cause and effect is to be found between two variables. Here Multi regression is used because there is more than one independent variable.
Equation of MLR:  
\[ Y_i = \alpha + \beta_1 X_{i1} + \cdots + \beta_p X_{ip} + i \]
CHAPTER 4

4. Results and Discussion

4.1. Summary of Tables

Table 1 is the model summary which shows the stats for the variables and data in the model. The value of R in the model summary represents the interdependence of the independent variable on the dependent variable. R in table is 0.334 which means that interdependence is 33.4%. The difference between R square and adjusted R square is used to see if there is a sample error or not. The cutoff for it is 5%. In this case the difference between R square and adjusted R square is 0.09 which equals to 0.9% and is less than 5% hence it means that there is no sample error in our data.

Table 2 is the ANOVA table which is used to tell the fitness of the model, whether the model is fit for the research or not. The F value should be greater than 4 to be significant and here the F value is 12.309 which is greater than 4 hence it is significant and the sig value is also less than 0.05 which shows that the model is fit.

Table 3 is the coefficients table which examines the effect of the independent variable on the dependent variable. The t value should be greater than 2 to be significant and in the table it can be seen that for the variable compensation, the t value is 4.77 which is greater than 2 hence the value is significant and the sig value for the variable compensation is less than 0.05 which means that compensation is significant with employee retention. The t value for training is less than 4 as it is 1.69 thus it is insignificant. The sig value for training is also greater than 0.05 which means that training is insignificant with employee retention and has no impact on it. Standardized beta coefficient tells the magnitude of impact. Beta value for compensation is 0.396 which means that compensation has an impact of 39.6% on employee retention.

4.2. Hypotheses Assessment Summary

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Statement</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>Compensation has an impact on Employee Retention</td>
<td>H₁ is rejected</td>
</tr>
<tr>
<td>H₂</td>
<td>Training has an impact on Employee Retention.</td>
<td>H₀ failed to reject</td>
</tr>
</tbody>
</table>

The statistical results showed that the sig value for compensation is less than 0.05 which brought us to the conclusion that the variable compensation is significant which means it has an impact on employee retention and it is the cause of employee retention. Hence we say that for hypothesis 1, the null hypothesis has been rejected since hypotheses 1 has been accepted. For the second variable training, the results showed that the sig value is greater than 0.05 which means that the variable is insignificant and training has no impact on employee retention. Hence we say that since training has no impact on employee retention, hypothesis 1 has been rejected and the null hypothesis has been failed to reject.

CHAPTER 5

5. Conclusion, Limitation, and Future Scope

5.1 Conclusion

The research aimed to find out the strategies which lead to employee retention. Two strategies that were tested in this research to see whether they cause employee retention were: compensation and training. Both these variables were tested through regression and the results showed that for the variable compensation the sig value was less than 0.05 which meant that it is significant and it does impact on employee retention. For the variable training, the sig value was greater than 0.05 which means that it is insignificant and doesn't have any impact on employee retention. This brings us to the conclusion that compensation should be used for employee retention whereas training shouldn't be used as it is not the cause of employee retention. Null hypothesis for hypothesis 1 has been rejected, whereas null hypothesis for hypothesis 2 has failed to reject.

5.2 Limitation

The limitation of this research was the sample. The sample was less and only if it was broader it could have given a clearer picture of the scenario. The knowledge of the respondents was also a limitation since some were not able to understand the relationship between employee retention and the independent variables of the research. Lastly it was difficult collecting the sample as approaching so many organizations is not easy as they are busy with their own work.
5.3 Future scope of study
The future of the research is that other strategies mentioned in human resource books can be identified that are supposed to cause employee retention and then those strategies are to be tested the same way as in this research to see whether practically those strategies are effective in retaining employees or not. Other than this interviews of HR professionals and from organizations it could be known what the strategies that they suggest or practice are in practical life in their organization to retain the employees.

6. References

7. Annexure
Output Statistics

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Mode 1</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>.334*</td>
<td>.112</td>
<td>.103</td>
<td>.74536</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Training, Compensation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table: 1

<table>
<thead>
<tr>
<th>ANOVA*</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>13.677</td>
<td>2</td>
<td>6.838</td>
<td>12.309</td>
<td>.000*</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>108.891</td>
<td>196</td>
<td>.556</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>122.568</td>
<td>198</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Dependent Variable: employee retention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Predictors: (Constant), Training, Compensation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table: 2
<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.457</td>
<td>.371</td>
<td>6.623</td>
</tr>
<tr>
<td></td>
<td>Compensation</td>
<td>.535</td>
<td>.112</td>
<td>.396</td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>-.206</td>
<td>.122</td>
<td>-.140</td>
</tr>
</tbody>
</table>

a. Dependent Variable: employee retention

*Table: 3*