HRM Practices in Improving Employee Retention in Pakistan, Where Employee Value as a Focal Point

Sapna Bai and Mehran Bhutto

Abstract—This paper contends the effectiveness of Human Resources practices in dealing with employee retention can be enhanced by improving the compatibility between employee and organizational values. We check our hypothesis on a sample of 250 employees in Fast Moving Consumer Goods (FMCG) Companies in the Pakistan. The results illustrate between the organization value fit and employee positively and the effects of mediates of Human Resources practices on retention of employees to use Structural Equation Modeling analysis. HRM practices could be used deliberately to increase the organization employee value fit to increase retention. The effects of findings for Human Resource managers of FMCG are completely discussed in developing countries.

Index Terms—Employee value fit in the organization; human resource management practices; employee retention; Pakistan.

I. INTRODUCTION

In today's aggressive business world, employee retention has turned into a noteworthy concern. Employee retention is critical for firm execution. Just in case that the organization is not ready to hold its representatives, it won't have the capacity to benefit from human resources created inside of the organization. It is essential for any business association to execute representative retention systems to oversee worker turnover adequately and productively through appropriate utilization of HRM practices, for example, remuneration, training and development, profession opportunities and work-life balance. Employee retention is considered as an all-around model of an organization's human asset system. It begins with the enlisting of right individuals and continues with honing projects to keep them drew in and focused on the organization [1]. A high worker turnover rate, notwithstanding being a costly issue, can adversely influence an organization and representatives from numerous points of view bringing about poor execution, low representative spirit, low efficiency and unfortunate environment. Studies have demonstrated that retention driven by a few key components, which should be overseen harmoniously: authoritative society, technique, pay and advantages rationality, and profession improvement systems [2].

The purpose of this research paper is to analyze the impact of HRM practices in the companies of Pakistan and also the retention of their employees so that organizations can attract quality employees, increases productivity and performance, increases morale of their employees and so that they can decrease turnover ratio to minimize turnover cost. We address the issue of employee retention for how FMCGs (Fast Moving Consumer Goods) can effectively deal with subsidiary staff turnover. In Pakistan the idea of HRM practices with Employee Commitment and Employee Retention is never done particularly in the companies segment of Pakistan. This article will focuses specifically on fast moving consumer goods companies in Pakistan. First, we see the effect of HRM practices and their impact on employee retention and our analysis refers how the organizations are more effective in retaining the best of their employees and developing their skills. Second, we believe that the results of this study will firewood the continuing debate over HRM practices on the employee value fit in the organization to employee retention investigate how international arbitration, it is important to understand the active relationship between (a) HRM practices and employee value fit in the organization and (b) employee retention and employee value fit in the organization. Finally, we will analyze in this the paper the significance of the research for the broader literature and for present debates about HRM practice and employee retention. We would test hypotheses that we develop from this analysis based on a sample of 250 questionnaire forms.

II. LITERATURE REVIEW

The linkage from using HRM practices such as remuneration, training & development, career opportunities and work life balance served as a effective tool to increase employee retention and employee performance, whereby HRM practices influences organizational performance and employee retention by affecting and adjusting employee practices, or by a human capital viewpoint, whereby HRM is primarily seen to contribute to employee skills, information and capacities, which can be conceptualized as valuable resources unique to the firm [3]. HRM practices and setups should be reliable and to fit with the organization's context, including its organizational strategy [4], [5].

The scope of HR practices such as Remuneration, training & development, Career opportunities and work-life balance are critical tools for retaining valuable employees in the organization that supported each other, good relationships with workers, employee engagement, and employee inclusion in decision making, autonomy and empowerment [6]. Found that HR practices, including remuneration,
training & development, appraisal system and performance management, positively impacted an organization’s ability to innovate, so for that motivation is connected, for instance, to occupation content, achieve the objectives, the allure of rewards and feeling of decency, and is impacted by performance management and pay frameworks, and additionally determination of suitable representatives, training and work organization.

The objective of best practice in using HRM practices such as remuneration, training & development, career opportunities and work life balance is to advance commitment and motivation which will yield both economic performance and employee development so that employees will become loyal to the organization and henceforth give the organization a competitive advantage [7].

A. Remuneration

Employees in their organizations hold different types of jobs and are employed in different occupations [8]. The importance of a job function in an organization in terms of remuneration can be measured by its comparison to other similar jobs in the job family. Job families are usually arranged by functional groups or work categories such as administration or customer services, finance, information technology (IT) or personnel, or by occupation, for example IT specialists or scientists [9]. Obviously, in many occupations compensations for the work done could be relied upon to be a prime attractor, with the possibility to inspire commitment. Customarily, pay rates and status have been low, which, some have contended [10]. A review of the HRM literature demonstrates that there is a mind-boggling accord that better compensation which incorporates pay bundles and advantages, including allowances, benefits such as company car, medical plan, pension plan, bonuses, cash incentives by and large contribute positively towards employees staying in their employments longer. Pay and performance practices vary as per nationality [11]. The measurement laid out in Pfeffer’s rundown of best practices is a remuneration strategy which sees employees recompensed high remuneration dependent upon their performance [12], however, find that the vital practices of staffing, cooperation and remuneration are positively related to knowledge-management capacity. Hence,

H1a: Better remuneration bundles are positively related to employee retention

B. Training and Development

A long-term introduction to training, learning and development is along these lines likewise viewed as vital, not just does this empower employees to keep up proficiency in their work, yet it additionally permits them to stay up to date with improvements in their field that may influence their future employability that will prompt decline worker turnover. For example, [13] researchers found that opportunities and on-the-job training for the new employees to be received and get concerned with to the new job compact turnover intention. The execution of the development practices and effective training that target the older workers and they are matched to their needs and has also been originated to influence of career satisfaction that eventually improves the retention among the older workers [14].

This has additionally offered ascend to the need of multi skill workers to perform crosswise over capacities and training them on the best way to handle diversity. Hence,

H1b: Training and development practices are positively related to employee retention

C. Career Opportunities

A third practices of HRM relate to employee retention and opportunities for career growth. A study of bank sector in India has shown that Career development has been shown to be more valuable for the development of the organization’s values and goals and objectives in relation to their observed levels of retention and that concern with the retention of employees [15]. In the study of information technology the most important element to stay in their current job, managers identified the career development is a key issue in the study of retention [16]. The study conducted on system of academic career developed in Germany that shows the career opportunities to obtain for PhDs have improved since 1950s. On other hand, career opportunities to obtain another job or become a professor for PhDs have reduced since 1980s because of a slowdown expansion of higher education [17]. The research reported greater career opportunities for male student progress into doctoral programs, and leadership positions, marking students on a path to be a leader contained by the profession [18]. Thus, the clear career development in organizations that deals in the literature Support program to manage employees and also to help develop their careers experience lower employee turnover rates. Hence,

Hypothesis 1c.Better opportunities for career opportunities are positively connected to the employee retention.

D. Work Life Balance.

The work-life balance is a HRM final practice measured in this research. The quality of life is increased as the public debate around the significance of work -life balance, to discuss a very narrowly conceived. In particular, “work” is considered as negative, especially long hours and “life” is adjusted around caring responsibilities. The Study of work life interrupts the Australia and that work-life balance is bad for the people and those in high-skill professions who work are more likely to suffer clash at specific industries, where workers found constantly for around an emotional/social commitments [19]. Work -life balance is scheduled this result depends on the fit between the job requirements and the actual number of hours the employee is derived. It pointed to the effective end of the flexible hours at work and need to apply [20]. Work–life balance has negatively related to work demands, psychological strain and turnover intentions [21]. Employers with jobs that need routine and regular interaction with constant Manning and others are less able to keep the commitment to work-life balance The jobs with integrally less flexibility provide themselves smaller for the freedom to preserve a commitment to work–life balance in individual hours needed and scheduling [22]. The study conducted in London that shows the very gendered and classed type of
work–life balance discussions and importance of the workplace policies in attaining any kind of work–life balance in the future [23]. Work–life balance has common obstacle for faculty members assumed female and male students tackled same challenges through the graduate school [18]. Hence,

**Hypothesis 1d. Best practices of work–life balance are positively connected to the employee retention.**

E. The Mediation Effect of Employee Value Fit in the Organization and Employee Retention.

To investigate that how employee value fit in the organization mediate to the effect of the HR practices on the employee retention and it is also important to know the dynamic relation in between (a) HR practices and employee value fit in the organization and (b) employee value fit in the organization and the employee retention. Overall HRM practices reflect the organization and its value and norms [24]. Such as, reinforce and influence the organization values, belief and norms through the careful requirement, retention policies and remuneration. For example as, an organization that has rewards performance appropriate to the employee’s contribution very clear determines the organization, consistency, fairness in the reward management and value equality. Like that, when an any organization has provided the superior training programs, then employees would feel that they also give importance and they are also treated as a valued member. We can say the same for the polices of work life balance that are good pointers of how an any organization referred to the importance of the life outside the halls of workplace [25]. HRM practices are the group oriented have been initiated to be strongly related to the combined values of the organization [26] [27]. So, HRM practices not tend to reflect the value of the organization, but it’s also reinforce and support these values to confirm that a nice fit between the organization and employee values. Hence, following hypothesis:

**Hypothesis 2. Strategic HRM practices (remuneration, training and development, career opportunities, work–life balance) contribute positively to the employee value fit in the organization.**

Due to HRM practices are indicators of broader organizational norms and values and their effects on the organizational outcomes are depend on the similarity of employee value fit in the organization [28]. Value congruence that can be achieved to have a high level of equality between the organization and person values [29]. Lead to higher levels of organizational attachment and loyalty of employees. Organizational and employee value similarity to be positively connected to the job performance, so that higher the similarity, the more productive and effective employees are [30] found that the personal values of the managers are highly related to the organization, they are likely to develop assenting feelings about workplace likened with persons whose values are less consistent. A number of studies have been also found the high employee value fit in the organization to lead low turnover [31], higher the job satisfaction [32] and higher the employee retention [33] according to the author that high employee value fits in the organization congruence leads towards high employee retention. So, that’s where an employee forms a self concept is closely tied to the reputation and image of the organization and under that situation, leaving the organization would be suggest deserting a part of the self. Hence, following hypotheses:

H3a: Employee value fit in the organization is positively related with employee retention.

H3b: The relation between HRM practices and employee value fit in organization positively affects employee retention.

III. METHODOLOGY

In this descriptive type of study, we have adopted non-probability ‘convenience sampling’ technique to collect responses from different employees of FMCG’s companies. To test Hypotheses from 1-3, information was utilized from an online study shape and printed type of survey of representatives in a sample of household and multi-national companies situated in various locales of Sindh, Pakistan. Respondents in the overview were chosen haphazardly from various Fast Moving Consumer Goods (FMCG’s) companies, including Pepsi, Engro Foods, Muller and Philips, Continental biscuits Limited, Olpers, Unilever and Coke, respondents were reached through their email messages and individual visits to their workplaces in organizations to pick up their consent to add to the study. Information was gathered from two types of study, an online poll was developed and pretested before being sent to numerous representatives taking part in various organizations so consequently we got 68 online filled questionaires, an aggregate of 550 printed types of questionnaires were disseminated to various workers so consequently we got 335 printed filled questionnaires with a reaction rate of 60.90%, representatives were told to finish the online questionnaire inside an endorsed time so altogether from both online review and printed type of study questionnaire forms we can gather 403 questionnaire forms all in all. Some characteristics of the employees are summarized in the (see Table I).

IV. MEASUREMENT

The survey requested that the respondents rate various things identified with HR practices, employee valur fit in the organization and employee retention. HR practices incorporate remuneration, training and development, career development and work–life balance. The measurement scale and description of items are used in the survey is summarized
in the (see Table II). The items for the four HR practices were received from [34] who created, tried and accepted the diverse measures utilized as a part of this study over a large sample of 13,729 workers in around 1000 organizations in Australia.

Remuneration depicts the degree to which the organization has reasonable and alluring compensation practices. The sample items include ‘Recognition and rewards I get from my job are sufficient/satisfy my needs’ and ‘I am satisfied with the salary I receive’.

Training and development depict the degree to which the organization offers satisfactory programs to prepare and train workers. Sample items include ‘My organization provide sufficient training and guidance to us’ and ‘My organization is committed to arrange staff training(s).

Career opportunities depict the degree to which the organization gives opportunities to workers to develop their careers in the organization. The sample items include ‘My organization put enough efforts and time in our career planning’ and ‘My organization provides sufficient opportunities for career progresses.

Work life balance depicts the degree to which the organization offers open doors for the representatives to stay included in business related exercises as well as non-business related exercises. The sample items include ‘I like to be involved in both types of activities (work and non-work)’ and ‘My work allows me to have time for social activities’.

All items were measured using 5-point likert scales where 1 = strongly disagree(SD); 2 = disagree(D); 3 = Neutral; 4 = Agree (A) and 5= Strongly agree (SA). Employee value fit in the organization is measured by requesting that respondents rate the degree to which their own qualities are good with the qualities and standards of their organizations. In the overview of this study, respondents were requested that rate the degree to which various organizational qualities are compatible with their own personal values.

Employee retention is the dependent variable and describes the turnover intention among employees. The items measuring employee retention were adapted from [34] and include items such as ‘I am likely to continue working with this organization up to 2 years’ and ‘With this organization I can see my bright future. All items were measured using 5-point likert scales where 1= strongly disagree (SD), 2 = disagree (D0, 3= Neutral (N), 4 =Agree (A) and 5= Strongly agree (SA).

Control variables. In order to test the effects of independent HRM practices (Remuneration, Training and development, Work life balance and career opportunities) using the mediating variable named “employee organization value fit” on dependent variable that is employee retention, data collected from different employees of companies is controlled by gender [35] [36], age, employment status, highest level of education and professional experience. If we talk about the mediating variable employee value fit in an organization that was locally owned by referring the norms, values of employees towards their respective organizations so there are possible chances that clashes can take place if employees norms, values are not matching with organization norms, values and vice versa.

<table>
<thead>
<tr>
<th>TABLE II: MEASUREMENT MODEL</th>
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<tbody>
<tr>
<td>Constructs</td>
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<tr>
<td>Remuneration and Reward</td>
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<tr>
<td>Training and Development</td>
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<tr>
<td>Career Development Opportunities</td>
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<tr>
<td>Work Life Balance</td>
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<tr>
<td>Employee Value Fit in Organization</td>
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<tr>
<td>Employee Retention</td>
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Note: AVE, average variance extracted; α, Cronbach’s alpha; CRC, composite reliability coefficient; PLS regression, bootstrapping, 100 resamples.

V. DATA ANALYSIS AND STATISTICS

To analysis the data we used the (PLS) partial least squares to approach (SEM) structural equation modelling aided by the WarpPLS 5.0 software [37] to test hypotheses. To analysis the data in two steps. First step is to examine the reliability and validity of constructs apply in this study we test the measurement model. The next step is to test the hypotheses of the structural models.

In this study in order to test the measurement model, we test how the loaded the items a priori construct to conduct the confirmatory factor analysis [38]. The Results are shown in Table 2. The construct, a demonstrate level of acceptance of an item, validity and reliability as by the acceptable value of the composite reliability coefficient (CRC) [37]. The standard deviation, mean and inter correlation of constructs are shown in Table III.

To test hypotheses, we tested the two structural models is given in Fig. 2. Model A is a first structural model of partial mediation that show (a) indirect and direct effect of HRM practices on the employee retention and (b) effect of partial mediation on the employee value fit in the organization. The model suggests the direct effects so that cannot be fully describe for by the employee value fit organization. The (Model B) is a second structural model that suggests the full
mediation where employee value fit organization mediates and the influence of HRM practices on the employee retention.

To determine the best model fit with data, we examined the average path coefficient (APC), goodness of fit (GoF) index [39], average r-squared (ARS) and the average inflation factor (AVIF) values [37]. The AVIF and ARS show average strength and the significant of relationship of variables in the model. The results show (Model A) partially mediation model has a good fit with data because the GoF index of global of 0.642 suggests that large effect size, which has indicated the overall model predictive validity (Fig. 3).

TABLE III: DESCRIPTIVE STATISTICS AND CORRELATION VARIABLES

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<tbody>
<tr>
<td>Remuneration</td>
<td>2.876</td>
<td>1.328</td>
<td>0.86</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Training &amp; Development</td>
<td>2.576</td>
<td>0.514</td>
<td>0.47</td>
<td>0.62**</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Career Opportunities</td>
<td>2.065</td>
<td>0.320</td>
<td>-0.27</td>
<td>0.37**</td>
<td>0.34**</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Work-life Balance</td>
<td>2.085</td>
<td>0.320</td>
<td>-0.27</td>
<td>0.37**</td>
<td>0.34**</td>
<td>1.03**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Retention</td>
<td>2.965</td>
<td>0.382</td>
<td>0.47</td>
<td>0.51**</td>
<td>0.01**</td>
<td>-0.09**</td>
<td>-0.40**</td>
<td>-0.53**</td>
</tr>
<tr>
<td>Employee Value Fit in Org.</td>
<td>2.945</td>
<td>0.321</td>
<td>-0.47</td>
<td>0.51**</td>
<td>0.01**</td>
<td>-0.09**</td>
<td>-0.40**</td>
<td>-0.53**</td>
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**p< 0.05

Model A: Partial Mediation

Based on the results of (Model A) partial mediation model, Remuneration and training has the positive and the significant correlation with the employee retention. So its support the hypothesis 1a and 1b. Career opportunities and work life balance did not find the significant in the influence employee retention that show no support for 1c and 1d. As the hypothesized, employee value fit in the organization is positive and the significant associated with the employee retention. The results have also shown three of the HRM practices considered in the study that are positively and significantly associated with employee value fit in the organization (H2). Training and Career development have the strongest effect on the employee value fit in the organization relative to the others. The results further show that strong mediation effect of the employee value fit in an organization of the relationship between HRM practices and the employee retention except the reward and remuneration, hence it support Hypothesis 3.

The results display that partially mediated model has a good fit with data because it show the significant result with direct relation and also there is a significant result with indirect relationship so the overall model show strong mediation effect.

VI. DISCUSSION AND CONCLUSION

The main objective of this research was to look beyond traditional HRM practices in enhancing employee retention in organizations in the Pakistan. The retention of employees in these organizations in developing countries has become a major issue for their competitiveness. In this study 23 questions were asked to the respondents, the findings of these questions showed that there was a good relationship between the employee retention and the HRM practices. HRM practices such as remuneration, training and development, work-life balance and career Opportunities are highly homogenous across different organizations so due to that HRM practices have been limited in their effectiveness in addressing employee retention, this research investigates the role of the fit between organizational and employee values, norms and beliefs as sources of competitiveness for national & multi-national organizations. We show that the compatibility between employee and organizational values has the potential to enhance the effects of HRM practices on employee retention. A good fit between the values of employees are found to be associated with higher retention rates. The employees are less likely to leave an organization when their own values, norms and beliefs are closely aligned with those of the organization they work for.

H1 hypothesis describe that HRM practices (Remuneration, T&D, work-life balance and career opportunities) are positively related with employee retention. A review of the HRM literature shows that better compensation which incorporates pay bundles and advantages, including allowances, benefits such as company car, medical plan, pension plan, bonuses, cash incentives by and large contribute positively towards employees staying in their employments longer so pay and performance practices vary as per different organizations [11]. [12], however, find
that the vital practices of staffing, cooperation and remuneration are positively related to knowledge-management capacity. Training and development is vital, not just does this empower employees to keep up proficiency in their work, yet it additionally permits them to stay up to date with improvements in their field that may influence their future employability that will prompt decline worker turnover, inside of this setting, firms turn out to be more dynamic in retaining employees, through compensation motivating forces [40]. In the study of information technology the most important element to stay in their current job, managers identified the career development is a key issue in the study of retention [16].

Work-life balance result depends on the fit between the job requirements and the actual number of hours the employee is derived. It pointed to the effective end of the flexible hours at work and need to apply [20].

HRM practices (Remuneration, Training & development, career opportunities and work-life balance) are positively related with employee value fit in the organization, when norms and values of employees match with organizational norms and values then employees will be satisfied and stay longer in their organization. Managerial uses of HRM practices can help positively influence employee attitudes and behaviors which leads to job satisfaction and low turnover.

HRM practices & employee value fit in the are both positively related to employee retention. [1] Discovered that the personal promises of loyalty, trust, commitment, and identification and attachment to the organization have a direct influence on employee retention. High integrity and participation of the part of the manager, empowerment, responsibility, and new possibilities/challenges are also important for employee retention. The perception and experience of the employees with regard to these factors has the greatest influence on employee retention.

VII. MANAGERIAL IMPLICATION

The findings of the study have several important managerial implications. To start with, the study highlights that superior HRM practices affect employee retention. Giving the most appealing compensation bundle or having the most exceptional training and development programs don’t as a matter of course guarantees employee retention. HR administrators ought to know that similarity among employee and organization value matters a lot and they ought to be considered as a basic component in the configuration and execution of HRM approaches intending to employee retention. Enhancing the fit amongst employee and organizational values can be a competitive advantage in the ‘war for talent’ [41].

Second, the findings propose obviously that the movement of HR frameworks starting with one country, then on to the next can conceivably prompt challenges for FMCG’s to hold employees if its HR framework is not firmly adjusted to the estimations of the workers. The workers will probably stay longer in organizations when their own values are perfect with those of the organization. Consequently, it is profitable guidance for FMCG’s to present and keep up some level of social adjustment in their HRM practices to fit in with local values so as to be effective in retaining their employees.

VIII. LIMITATION AND FUTURE DIRECTION

This study also has several limitations like as any other researchers. First the measurement and methodology in the study just focused on as FMCGs companies of Sindh province of Pakistan and data are collected for limited companies and there are also other factors which effect on the employee retention in our study due to time limitation other factors were not taken for the research. Our research is just taking four independent variable of HRM practices and just one dependent variable. The future research could examine for HRM practices with employee retention in all Pakistan FMCG’s and in the future research should be include the other factor of HRM practices which impact on employee retention such as employee performance.

REFERENCES


Sapna Bai was born in Sukkur, Pakistan, in 1990. She received the B.B.A degree in management from the Shah Abdul Latif University, Khairpur, Pakistan, in 2011, and the M.B.A. degree in human resources management from the Sukkur Institute of Business Administration, Sukkur, Pakistan, in 2016. Currently she is the project manager of Youth Skills Training Development Program of Government of Sindh, Visiting Faculty at Sistech Institute, Social Media Activities in Community World Services Asia (NGO). The current research interests include human resources, employee retention and entrepreneurship, expansion model, strategies.