HUMAN RESOURCE RETENTION PRACTICES
from the Employees’ Perspective

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Abstract

Employees retention is one of the core challenges faced by many organizations today especially in the corporate sectors of the economy. In this research, a conceptual model was developed and applied in the context of the faculty retention policy of a private university in Bangladesh. The study was conducted primarily to evaluate the current human resource retention practices of the university from the faculties’ point of view. The research identified the core elements of human resource practices, which strongly influence the decision of faculty members to remain in the organization. The result shows that university culture and policies, working environment, teamwork relationship and challenging opportunities are significantly related with the faculty retention policies practiced by the university.

Keywords: Human capital, employee retention, retention policy and practices, influencing factors.
n today’s competitive knowledge-based environment, human capital is considered to be one of the key resources for the overall success of the business. Each and every dynamic venture continuously, therefore, strives to get and retain the best talented employees for its organization (Porter, 2001). Following this fact, strategic staffing has become a vital issue, because the ability to cling on highly talented core employees can be crucial to future survival of the business (Etterre, 1997). In any event, the loss of core human capital is enormously costly, which accrues in numerous ways such as bidding up of market salaries for experienced hires to replace them, the costs of recruiting and assimilating new talents, the lost-investment in talent development and the hidden costs of lost-productivity, lost-sales opportunities and strained customers relationships (Eskildensen and Nussler, 2000).

An empirical study revealed that about 80% of global business leaders believe the human resource management (HRM) as more important today than they were before, and 68 percent believe retaining talent is more important than acquiring new blood (Accenture, 2001). Since the enactment of Private Universities Act of 1992, Bangladesh has seen a tremendous growth in private educational platforms over the recent years mainly through the emergence of a large number of universities in private sector (Ashraf et al., 2007). In the year 2000, the number of these universities was only 17, but today it has reached a total of 53 (Kabir, 2006).

For a university the core human capital is its faculties. In order to sustain and to succeed in this competitive market environment, a university should be careful to hire qualified pool of faculty members and at the same time it should have the strategic decision to retain those talented employees for a protracted time period.

The prime thrust of this paper is to identify the factors that most significantly influence employees' decisions to remain employed at a particular organization. Besides, this study has also developed a conceptual model of employee retention and tested the proposed model of employee retention in the context of a private university in Bangladesh.

Moreover, the study seeks to describe the importance of retaining critical employees and developing strategies to enhance human resource retention practices. Results of the study, however, will assist in the development of an effective human resource (HR) retention policies for the organizations.

Literature Review

There are numerous reports and research works carried out on employees retention from the employees’ perspectives. A number of studies showed that proper human resource management of an organization could ensure competitive advantage over others (Delery, 1998; Huselid, 1995; Walker 2001). The retention of the core employees is also an equally important issue for organizations. According to Lepak & Snell (1999), employees' skills and knowledge are a source of competitive value to the organization. As the compensation package is the most important motivational factors for the employees of any organization, companies often provide various pay packages for their employees to stay in their organizations. The package includes special pay premiums, stock options or bonuses, incentives, profit sharing and so on. Thus, there have been several studies that showed compensation package as an important issue for motivating employees and discussed the structure of the pay (Parker and Wright, 2001; Stein, 2000; Williams, 1999).

Selection of a person whose values, norms and ethics are congruent with those of an organization is necessary to keep him or her for a long time (Netemeyer et al., 1997; O’Reilly et al., 1991). Several empirical evidences have put forward that a high level of person-organization fit (P-O fit) is related to a number of positive outcomes. P-O fit was found to be correlated with work attitudes such as job satisfaction and organizational commitment. P-O fit was also found to predict intention of quit and turnover. So, it can be said that person-organization fit is a better predictor of employee retention.

The absolute success of any business organization greatly depends on the employee-performance which can be enhanced only through proper training. Training is considered the most effective weapon to develop human resources that help them cope with changing environment (Goldstein, 1991; Wetland 2003). Training is often needed when new human resources are appointed, promoted and transferred, and also when policies of the organization are changed and new assignments are given to the human resources. Employees are expected likely to acquire new skills and knowledge, apply them on the job, and share them with other employees (Noe, 1999). By and large, employees want good training opportunities to increase their human
capital that results into higher market values. Nowadays, companies are finding that the more training employees get, the more likely they are to stay.

A substantial number of studies found that challenging opportunity is one of the important reasons for which employees choose to leave the organization. Lack of challenge and opportunities in one’s position, and the inability to advance in one’s career were the most significant factors (Accenture, 2001). Providing employees with challenging assignments with well-defined performance measures and feedback is important for a high performance environment in which employees can achieve their personal objectives (Furnham, 2002). Employees want a job with wide-ranging responsibilities and a lot of task-varieties. It is because they want to have more job skills lest they are forced to get out of the company and to go for another job (Jardine and Amig, 2001).

Employees want to work under the supervisor who has the ability to properly distribute the duties and responsibilities among the employees, who can give right direction and who can create creative way for doing the job (Risher and Stopper, 2002). Research finding suggests that leadership enhances organizational commitment (Allen 1996; Podsakoff et al., 1996). Therefore, it appears that leadership behavior has a positive influence on turnover intention.

People often join a company or seek employment within a particular industry, because they find its culture appealing. Since people join an organization partly because they are attracted to the culture and structure, this is where retention management begins. Research has shown that employees’ retention depend on organization culture and policies.

Corporate culture is described as the invisible forces that encourage employees to exist in a business organization (Fitz-enz, 1990; Sheridan 1992). Moreover, management philosophy and style, communications protocol and policies are also significant parameters to influence the employees to work for a particular organization which create the uniqueness of each company (Furnham, 2002; Guzzo and Noonan 1994; Schein 1990). Hence, it suggested a positive link between strong organizational culture and employee commitment.

Employees work for a long time for an organization when they have strong relationships with their colleagues (Clarke, 2001). Organizations today encourage team building, project assignments involvement work with peers, and opportunities for social interaction both on and off the job (Marchington, 2000). Interactions with co-workers may serve “an effective psychological function by providing emotional support against the stresses of the organization’s socialization initiatives and uncertainties of the work setting” (Jablin, 1987, p.702). Employees who work within a team are more likely to feel an increased commitment to the work-unit’s efforts and the organization as a whole (Cohen and Bailey, 1997; Meyer and Allen, 1997). Consequently, employees tend to remain in organizations due to the strong teamwork relationship that they have established at the workplace (Clarke, 2001; Marchington, 2000).

People like a friendly place to work. The friendly-factor does not require a large investment and expense, but it does require time and thoughtful consideration. For example, many companies are providing flexible working schedules in work arrangements and are experimenting with other ways to help individuals manage their work and personal life issues (Perry-Smith and Blum, 2000; Solomon, 1999). Several studies done by Gonyea and Googins (1992), Kamerman and Kahn (1987) and Stun (1998) found that employee would stay with a company that clearly considers and cares for their priorities and problem and give importance about his or her personal and family life.

Research Methodology

A structured questionnaire was used in the survey. The respondents (faculty members) were asked to what degree the faculty retention policies practiced by the university correspond to their expectations on the 48 variables related to 9 dimensions of employee retention model. The questionnaire was sent to 60 full time faculty members of a private university located in Dhaka city, of which 54 faculty members responded resulting into 90% participation rate. The study used seven point Likert Scale with closed ended questions ranging from “strongly agree” to “strongly disagree”. The researcher assigned numeric values to those options ranging from 7 to 1. A total of forty eight questions were asked for this survey.

The statistical package for social science (SPSS, Version 14) was used to analyze...
the quantitative data. The reliability test has been conducted to verify the internal consistency of the variables obtained in the sample. The Cronbach’s alpha value is found 0.8982, which is much higher than the minimum acceptable level suggested by Nunnally (1978). Several statistical analytical techniques such as Factor Analysis, Multiple Regression Analysis, ANOVA and correlation analyses have been used to measure the level of incentives of the faculties rendered by the concerned university.

**Conceptual Framework**

This study investigated the factors affecting employee retention of the measured variables and the cause and effect relationship of among the variables. There are four HR factors and four Organizational factors have been identified which affect the employee retention. The HR factors are comprised of compensation package, person organization fit, challenging opportunity and training and development. The organizational factors included in the framework are working environment, company culture and policy, leadership behavior and teamwork relationship.

**Compensation package** is the most important motivational factors for the employees in the context of Bangladeshi organization. Companies often provide various pay packages for their employees to stay in the organization. These include special pay premiums, stock options or bonuses, incentives, profit sharing etc. Thus, it can be said that the compensation package has a strong influence on employee retention. Person organization fit means whose values, norms and ethics are congruent with those of an organization is necessary to keep him or her for a long time in the organization. Evidence say that a high level of P-O fit is related to a number of positive outcomes. So, it can be said that person-organization fit is a better predictor of employee retention.
Challenging opportunity is considered to be one of the important reasons employees would choose to leave or stay in the organization. Challenging projects and their results are important for a high performance job market milieu in which employees can achieve their personal goals and career objectives. Training and development is another dimension that the employees care for considering to be dynamic and to be competent in the job market. Hence, more training and developmental tasks motivate the employees to stay for longer in the company.

Among the organizational factors working environment is the most important variable. People like a friendly place to work. The friendly-factor does not require a large investment and expense, but it does require time and thoughtful consideration. Evidence suggest that employee will stay with a company that clearly considers and cares for their priorities and problem and give importance about his or her personal and family life. Attractive company culture and policy attract employees more to come and join the company. So this is the starting point of retention management. Empirical research show that employees’ retention depends on corporate culture and policies. So, it is postulated that there is a positive link between strong organization cultures and employee retention practices.

Leaders are the mentors who can direct the workers in the right direction. In this way, leadership enhances organizational commitment. Thus, it appears that leadership behavior has a positive influence on turnover intention of the employees in the organization. Organizations today encourage team building and group oriented project that enhance chances for more socialization both on and off the job. Teamwork increases commitment to the work unit’s efforts and provides integrated building block to the organization. Hence, employees have a propensity to stay in organizations for the strong teamwork relationship they have established at the workplace.

Data Analysis and Interpretations

Descriptive Statistics and Correlation Analyses

The mean scores computed in Table 1 are based on weighted average method. In the 7-point scale these mean values represent somewhat positive level of faculty retention practices from the employees’ point of view. Among all the factors the leadership behavior has got highest mean value of 6.088 (ð=0.961). This means faculty members are highly satisfied with that factor practices by the university and it is well accepted by all the faculty members. The notable point is that despite the higher mean value, leadership behavior has no significant correlation with faculty retention. This might be due to the lack of sufficiently

<table>
<thead>
<tr>
<th>Factor Name*</th>
<th>Variables</th>
<th>Factor Loading</th>
<th>% of Variance (Cumulative)</th>
<th>Cronbach’s Reliability Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Culture &amp; Policies (13.800)</td>
<td>1. evaluates individual job efforts</td>
<td>.605</td>
<td>28.751 (28.751)</td>
<td>.8547</td>
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<tr>
<td></td>
<td>2. provides Just-In time promotion</td>
<td>.596</td>
<td></td>
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<td></td>
<td>3. provides job freedom</td>
<td>.601</td>
<td></td>
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<td></td>
<td>4. equal chances to be promoted to the top position</td>
<td>.595</td>
<td></td>
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<td></td>
<td>5. transparent performance evaluation policy</td>
<td>.668</td>
<td></td>
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<td></td>
<td>6. encourages ethical behavior</td>
<td>.469</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>7. participates in various social works</td>
<td>.537</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>8. ensures both way communication</td>
<td>.645</td>
<td></td>
<td></td>
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<tr>
<td>Working Environment (8.398)</td>
<td>1. caring to our problems</td>
<td>--</td>
<td>7.081 (35.832)</td>
<td>.7458</td>
</tr>
<tr>
<td></td>
<td>2. encourages cross-departmental collaboration and team work</td>
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<td></td>
<td>3. maintains neat and clean working environment</td>
<td>.571</td>
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<td></td>
<td>4. Allows casual dress in the work place</td>
<td>.458</td>
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<td></td>
<td>5. Work place is spacious</td>
<td>.743</td>
<td></td>
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<td></td>
<td>6. Office of the individual Faculty is excellent</td>
<td>.741</td>
<td></td>
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<td></td>
<td>7. well-equipped recreation center</td>
<td>.525</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership Behavior (8.853)</td>
<td>1. Departmental head are cooperative</td>
<td>.841</td>
<td>5.956 (41.788)</td>
<td>.8589</td>
</tr>
<tr>
<td></td>
<td>2. Departmental head values our suggestions</td>
<td>.762</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Departmental head provides suggestion for work improvement</td>
<td>.794</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>4. Duties &amp; Responsibilities are assigned fairly</td>
<td>.782</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teamwork Relationship (2.253)</td>
<td>1. provides safe and supported teamwork environment</td>
<td>--</td>
<td>4.697 (46.485)</td>
<td>.7811</td>
</tr>
<tr>
<td></td>
<td>2. working relationships are good</td>
<td>.726</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Communication among the employees is good</td>
<td>.540</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>4. Differences of opinion are respected</td>
<td>.679</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. No one dominate over others</td>
<td>.658</td>
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</tbody>
</table>

* Number in the parentheses in the first column represent eigenvalues of the corresponding factors.
large number of samples undertaken in the study. From the characteristics of the data, it is observed that the data of training and development ($µ=4.273$, $σ=1.118$) and person-organization fit ($µ=4.746$, $σ=1.077$) are highly deviated from the mean among all other factors. This statistical evidence implies that these two factors involved in the practice of the university are not adequately designed for all the faculty members. Thus, the university should revise their training and development practices and selection policy. On the other hand, the data of working environment ($µ=5.574$, $σ=1.338$) and teamwork relationship ($µ=5.618$, $σ=1.450$) have been found less deviated from the mean. This statistics indicates that the university has been successfully maintaining good working environment and encouraging teamwork relationship which are appreciated by all level of the faculty positions.

In the table, a significant positive and strong correlation was found for the faculty retention in relationship with university culture and policy ($r = .685$, $p < .05$), with challenging opportunity ($r = .629$, $p < .05$) with working environment ($r = .584$, $p < .05$), with person organization fit ($r = .520$, $p < .05$), and also with teamwork relationship ($r = .494$, $p < .05$). This significant correlation indicates that these factors have strong influence on faculty retention policy of the university. Moreover, a positive and strong correlation was found among university culture and policy, challenging opportunity, and person-organization fit which implies the university should develop and adopt a policy that has complete synchronization among those factors.

### Table 3. Factor Analysis: HR Factors Influence Employee Retention

<table>
<thead>
<tr>
<th>Factor Name</th>
<th>Variables</th>
<th>Factor Loading</th>
<th>% of Variance (Cumulative)</th>
<th>Cronbach’s Reliability Coefficient</th>
</tr>
</thead>
</table>
| Challenging Opportunity (4.057) | 1. supports adequate research facilities  
2. higher career growth  
3. encourages creative work  
4. recognizes innovative activities | .421           | 8.453 (54.938)          | .7684                             |
| Training & Development (2.145) | 1. Provides appropriate training  
2. provides in-house educational training  
3. Organizes different workshops and seminars  
4. Evaluates work related skills | .564           | 4.469 (59.407)          | .7967                             |
| Person-Organization Fit (1.837) | 1. knowledge updated through various resources  
2. Values Norms & Culture of the organization  
3. Placement right people at right place | .305           | 3.828 (63.235)          | .6749                             |
| Compensation Package (1.669) | 1. Satisfactory Salary Package  
2. Good Vacation & Leave Policy  
3. Satisfactory Incidental Leave  
4. Good welfare Facilities  
5. Competitive Festival bonus  
6. Extra work payment is reasonable  
7. Paid study leave | .378           | 3.477 (66.712)          | .7967                             |

* Number in the parentheses in the first column represent eigenvalues of the corresponding factors.

### Table 4. Factors (HR & Organizational) for Faculty Retention of a Private University: Stepwise Regression (Faculty Retention as Dependent Variable)

<table>
<thead>
<tr>
<th>Variables</th>
<th>$B$</th>
<th>SEB</th>
<th>$R$</th>
<th>$T$</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Culture &amp; Policy</td>
<td>.500</td>
<td>.103</td>
<td>.524</td>
<td>4.847***</td>
</tr>
<tr>
<td>Working Environment</td>
<td>.388</td>
<td>.129</td>
<td>.325</td>
<td>3.003**</td>
</tr>
<tr>
<td>Challenging Opportunity</td>
<td>.213</td>
<td></td>
<td></td>
<td>1.629+</td>
</tr>
<tr>
<td>Teamwork Relationship</td>
<td>.164</td>
<td></td>
<td></td>
<td>1.469+</td>
</tr>
<tr>
<td>Constant</td>
<td>.861</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>54</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ΔR²</td>
<td>.540</td>
<td></td>
<td></td>
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<tr>
<td>$F$</td>
<td>31.003***</td>
<td></td>
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</tbody>
</table>

*** $p < 0.001$, ** $p < 0.01$, * $p <0.05$, + $p <0.1$, $n=54$

Principal Factor Analysis

Tables 2 and 3 represent the principal factor analyses, which have been tabulated separately with the respective loaded values of organizational and HR factors respectively. Both tables provide the Cronbach’s alpha values for each corresponding factors. Nunnally (1978) suggested that the reliability range from 0.50 to 0.60 is acceptable. In this study, most of the variables except one exhibit the reliability value less than .70. The tables show only independent factors whose eigenvalues are greater than one. These 8 factors account for 66.71% of the variance in the data on attitudes toward employee retention.
In Table 2, university culture and policies exhibit as the most important factor that contains more information than any of other factors loaded with the eigenvalue of 13.800. This factor alone explains 28.75% variance with eigenvalue of 4.057. Thus, every dynamic organization should develop strong HR department and the HR personnel should continuously search for duties and responsibilities, which are more appealing for their employees and assign it as per their respective positions (i.e. right people for the right job). The second most important HR factor is training & development and this factor accounts for 4.46% of variability in the data. Through training & development an employees can develop his or her skills and knowledge; and hence can give more efficient output to the organization. So this HR factor also demands notable attention to make the organization more dynamic and efficient. The other two HR factors were person-organization fit and compensation package. These two factors together clarify 7.299% of variance in the data. The HR department must select right people for right place and offer them with the best compensation package so that they will be motivated and loyal for their employers.

Multiple Regression Analysis

In the analysis, step-wise regression technique was used. Employee retention and 8 orthogonal component factors were taken as dependent and independent variables respectively. Results are shown in Table 4. In the table, only the significant variables are shown with their respective regression coefficients ($\beta$s), standard errors, B and computed student's t statistics along with their respective significance level. Results of the regression analyses revealed that out of eight control variables, four variables such as university culture and policy, working environment, challenging opportunity as well as teamwork relationship had statistically significant effects on the rating of attitude towards job retention of the employees of the concerned university of this study. These results are also consistent with the results found in the factor analyses.

The coefficients of different variables are evident in the above estimated regression equation. Stepwise regression indicates the calculated value for $R^2 = 0.549$, which means that the eight independent variables in the regression equation together explain 54.9% of the variation in the dependent variable namely faculty retention. The value for $\Delta R^2 = 0.531$ is the value of the co-efficient of determination adjusted for degree of freedom. It states that when adjusted for degree of freedom, the eight independent variables explain 53.1% of the variation in the dependent variable. These values for $R^2$ and $\Delta R^2$ further support the stepwise regression findings.

Conclusion

The finding of this study suggests that the employee retention of a private university in Bangladesh significantly depends upon four of the eight factors such as university culture and policies, working environment, challenging opportunity as well as teamwork relationship. The remaining four factors, which are compensation package, training and development, person-organization fit and leadership behavior do not have significant impact on the retention of the faculty members of a private university. Clearly, there is a need for greater analysis of the factors identified. Hence, a better understanding of the interrelationships among these variables would serve to illuminate and provide further insight for academic and practitioners. Further testing of the model in other industries, and over longer period of time would be beneficial. This study only examined the private education sector. Future research will need to confirm to what
degree the association between employee retention and the identified factors does exist for other industries. In conclusion, this study has gone a substantial way towards meeting its own objectives. Still it has a lot of scope for the improvement. The study was conducted with only 54 observations, but in order to get the best result out of this model the study must apply on larger observations.


References
The Role of Culture and Community in Developing Effective Organization

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This paper analyzes the relations between culture and communities. The interesting cultural aspects of organizations are, as we have seen, not what is unique for a single organization, but deeper and broader patterns that to some extent are part of a more general business, industrial, or community culture. Understanding of cultural manifestations in organizations, even those that are dominant and broadly shared on the local level, is that it makes us realize the management’s influence is, after all, restricted. National culture, class culture, and the cultures of professional and occupational communities put strong imprints on organization.

An important additional factor, not often addressed in either research or theorizing, that may help explain the variation in the communal nature of organizations over time and across locales are the social values and norms that get embedded in particular theories and perspectives about people and organizations, perspectives that do not simply take place but that are promulgated by interest groups with particular agendas and beliefs.

Keywords: Community, corporate culture, culture, effective organization.

Abstract