

The Impact of Human Resource Management Practices on Employee Retention

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Abstract

Human resource management practices become the major issues for all organizations because the human workforces are the great assets of both manufacturing and services sectors. Effective HRM practices bring the organizational benefits, including profitability, reputation, and employee retention. Employees' retention is the significant business problem for all companies. The current study focuses on the HRM practices, and its impact on employees' retention at cement manufacturing factories in Myanmar. The results show that HRM practices have a significant direct impact on employees' retention.

Keywords— Human Resource Management Practices, Employees' Retention, Cement Factories, Myanmar

I. INTRODUCTION

Human resource management is an essential consequence of beginning and growing a business [1]. The practices, procedures, and policies that influence employee behavior, performance, and retention are referred to as human resource management (HRM). Talent acquisition, training and development, rewards and recognitions, performance management, and health and safety are the five important Human Resource Management practices. Talent acquisition has a statistically significant impact on the intention to stay [2]. Talent acquisition plays an essential role in retaining talented staff in every organization. HRM practices include training and development, in which companies spend on the growth of their employees' knowledge, skills, abilities, and other essential capabilities in order to increase production [3]. The intention of an employee to stay in the organization is strongly linked to training and development. The reward and recognition policies have a big influence on whether employees would like to stay [4]. When employees are satisfied with the regular incentive and recognition package provided by the organization, they are more certain to

choose to stay in the job and enhance extra-role performance.

Performance appraisal has a strong connection to the intention to stay [5]. A lack of performance appraisal has a negative impact on employee motivation and contribute to employee turnover intentions [6]. Therefore, performance appraisal is an important part of HRM practices that might influence employee retention. The safety literature defines safety climate as a collection of beliefs and expectations that employees have about their workplace's safety [7]. Organizations have used human resource practices to improve their performance, productivity especially in terms of retention. A well-structure HRM practices assist to keep the employee in the organization and also lower the turnover rate.

HRM practices are an organization's most valuable asset because they are the source of competitive advantage. Once employees are satisfied with the job, they will be more committed to their work and the organization, and their performance, productivity, and desire to stay with the organization will all grow. Employees typically leave due to job dissatisfaction, a lack of supervisory help and

feedback, a lack of training and development, and inefficient pay [8]. Employee retention is critical for the firm's economic success since an organization may devote more time to creating and less time to training them [9]. Employees may have a positive or negative attitude toward individual work duties, products or services, colleagues or management, or the organization in the workplace. Employee retention is critical for every organization's long-term growth and success. Organizations today must compete not only with external competitors, but also with internal employee retention.

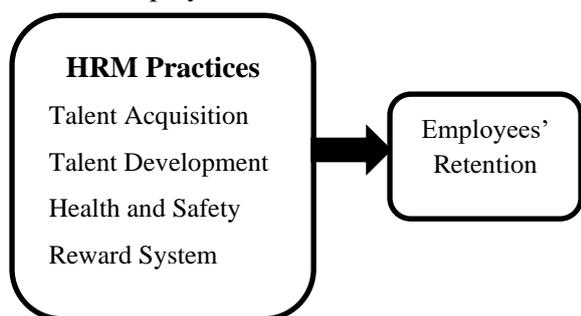


Figure (1): Conceptual Framework

II. MOTIVATION OF THE STUDY

Most of the organizations are incorporating HRM practices into their operations because of the positive impact HRM practices have on employee retention. Retention is a complex aspect of an organization's human resource practices. Employee retention is one of the most difficult challenges that any organization has, resulting in a higher employee turnover rate. Both excessively high and low turnover rates have a negative impact on the organization's success and productivity [10]. Employers must develop a workplace that supports performance, productivity, and retention in order to face the challenge of achieving a competitive edge. Employee retention depends on management/leadership abilities and human resource strategies.

Myanmar, being a developing country, is taking a long time to adapt to Human Resource Management practices in the workplace. Manufacturing industries get a significant competitive advantage in the current environment by implementing effective human resource practices. The implementations of

excellent HRM practices can assist the employee retention effectively. This article highlights in manufacturing sectors that use HRM practices and how their employee retention is influenced by it.

III. OBJECTIVES OF THE STUDY

- i. To define the employees' perception on HRM practices, and
- ii. To analyze the impact of HRM practices on employees' retention among the employees at Cement Manufacturing Industry in Myanmar.

IV. STATEMENT OF METHODS

The purpose of current study is to analyze the impact of HRM practices on employees' retention at Cement manufacturing industries in Myanmar. The quantitative research method is carried out to accomplish the research objectives. The conduct organizations are cement manufacturing industries where a minimum of 200 staff are employed. The researcher selected randomly three factories and send the request letter to get an allowance of research. A total of 700 employees are working at selected industries. The sample size is calculated using Yamane's formula (known population size). A total of 255 employees need to take part in current study. The sample random sampling method is used to select the sample from the population frame. The data are collected using the self-administered questionnaire which composed of (1) socio-demographic factors, and (2) HRM practices and employees' retention questions. The second part is developed from previous related articles. Talent acquisition, training and development, health and safety at work, and reward system are independent variables, and the employee's retention is dependent variables. The data are analyzed using the SPSS software.

V. RESULTS

The collected data are transferred from the hard-copy questionnaire to Microsoft Excel sheet, and then, code and enter the statistical software (SPSS-version 25). The frequency tables, descriptive statistics, and inferential tests are used.

Table (1) shows that 61.2% of respondents are male, and 38.8% are female workers. Over half of the respondents (62.7%) aged 24 to 29 years, 31% aged 30 to 35 years, and only 6.3% aged between 36 and 41 years.

| | | Frequency | Percent |
|--------|----------------|-----------|---------|
| Gender | Male | 156 | 61.2 |
| | Female | 99 | 38.8 |
| Age | 24 to 29 years | 160 | 62.7 |
| | 30 to 35 years | 79 | 31.0 |
| | 36 to 41 years | 16 | 6.3 |

Table (1): Personal Factors of Respondent

Table (2) presents the descriptive statistics of HRM practices and employees' retention. The average mean score of HRM practice is 0.382, and standard deviation score is 0.76. The took part employees have positive perception on the HRM practices (talent acquisition, talent training, health and safety policy at work, and organizational reward system). However, the respondents point out the organization is weak in employees' training and monetary reward systems. The cement factories need to emphasis in planning staff training and development programs, including the health and safety training at work.

Table (2): Descriptive Statistics

| | Mean | Std. Deviation |
|--|-------------|----------------|
| Talent Acquisition | | |
| Selecting the right people for the right positions. | 3.91 | 0.63 |
| Forecast the human resource needs. | 3.76 | 0.74 |
| Providing relevant and adequate job information. | 3.94 | 0.67 |
| Fair recruitment | 3.91 | 0.74 |
| Transparent planning and recruitment | 3.90 | 0.77 |
| Talent Training | | |
| Identifying needs for training | 3.95 | 0.74 |
| The right person at the right job after the training. | 3.92 | 0.68 |
| Plan for the training programs. | 3.75 | 0.79 |
| Training includes general problem-solving skills, social skills, and broad information | 3.77 | 0.78 |
| Encouraged to participate in various seminars | 3.84 | 0.74 |
| Health and Safety at Work | | |
| Effective occupational health and safety policy | 3.84 | 0.73 |
| Implement occupational health and safety policy | 3.81 | 0.84 |
| Proper channels for reporting safety concerns | 3.85 | 0.79 |
| Committee for safety and health training | 3.55 | 0.88 |
| Comprehensive training regarding work place health and safety issues | 3.65 | 0.83 |
| Rewards System | | |
| Fair rewards and recognition | 3.82 | 0.77 |
| Monetary rewards for performance are fair | 3.84 | 0.75 |
| Satisfied with the monetary rewards | 3.75 | 0.82 |
| Excellent monetary rewards | 3.86 | 0.74 |
| Fair non-monetary rewards | 3.82 | 0.79 |
| Average HRM practice | 3.82 | 0.76 |

Table (3) shows the correlation between HRM practices and employees’ retention. According to results, HRM practices (talent acquisition, talent development, health and safety and reward system) have positive significant impact on the employees’ retention (Pearson’s $r = .590, .655, .658, \text{ and } .807$ respectively). The results approved that the employees’ retention will increase when the organization provides effective HRM practices.

Table (3): Pearson’s Correlation between HRM practices and Employees’ Retention

| Correlations | | | | | | |
|--------------------|---------------------|-----------------|--------------------|--------------------|-------------------|---------------|
| | Retention | | Talent Acquisition | Talent Development | Health and Safety | Reward System |
| | Pearson Correlation | Sig. (2-tailed) | | | | |
| Retention | 1 | | | | | |
| Talent Acquisition | .590** | .000 | 1 | | | |
| Talent Development | .655** | .000 | .647** | 1 | | |
| Health and Safety | .658** | .000 | .549** | .715** | 1 | |
| Reward System | .807** | .000 | .594** | .719** | .719** | 1 |

| Health and Safety | Pearson Correlation | | | | 1 | .695** |
|-------------------|---------------------|--|--|--|---|--------|
| | Sig. (2-tailed) | | | | | .000 |
| Reward System | Pearson Correlation | | | | | 1 |
| | Sig. (2-tailed) | | | | | |

** . Correlation is significant at the 0.01 level (2-tailed).

VI. DISCUSSION AND CONCLUSION

The findings of current study concluded that the employees have positive perception on organizational HRM practices at cement manufacturing factories in Myanmar. The HRM practices have a direct significant impact on the employees’ retention. The employees will stay in the current working organization for long time when they perceive positive organizational HRM practices. The HRM practices become the primary causes of employees’ motivation, satisfaction and also the retention. Employees’ retention reduces the extra business costs, and increase the profitability. Kakar, Palwasha, Abdul Raziq, and Faisal Khan supported the findings of current study. The authors found that the positive impact of HRM practices on employees’ retention. The employers and managers need to emphasis on implementing effective HRM practices to achieve employees’ retention.

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