



## THE EFFECT OF HUMAN RESOURCES MANAGEMENT ON EMPLOYEES RETENTION IN IBM CORPORATION



**Tadesse Beyene  
Okbagaber**

*PhD Candidate, University of International Business and Economics  
(UIBE), Beijing, China.  
Email: [nanta121@yahoo.com](mailto:nanta121@yahoo.com)*



### ABSTRACT

#### Article History

Received: 7 October 2019

Revised: 11 November 2019

Accepted: 18 November 2019

Published: 27 November 2019

#### Keywords

Employee retention  
Compensation  
Promotion  
Supervisor-employee relations  
Training & Development  
Work experience and SET.

The study investigates HRM practices and their effect on employee retention in the International Business Machine (IBM) Corporations. Organizational success and growth depend on retaining key employees; however, nowadays, organizations are facing a notable challenge in retaining staff (Haider et al., 2015). The research used IBM's human resources management secondary data consists of 1470 sample size. Established the study's independent and dependent variables, the reliability coefficient of 0.899 and the model's adjusted r-square of 91% ( $p < 0.0000$ ). It anchored on Social Exchange Theory (SET) to examine the hypotheses and the survey supported its four hypotheses; whereas it failed to support the remaining two hypotheses. It seems rather odd to conclude that findings on the percentage of salary hike have a negative effect on employee retention, and also an insignificant contribution of an hourly rate and extent of training provided. Hence, its implication to management includes salary hike, hourly rate, and training programs should be geared to improve employee retention rather than as standalone practices. Besides, it has a theoretical contribution anchored on the SET lens. It also incorporated a new variable an extended years' of work experience, promotion, and supervisory relations have a positive and significant effect on employee retention.

**Contribution/ Originality:** This study contributes to the existing literature by investigating HRM practices and their effect on employee retention in the International Business Machine (IBM) Corporations.

### 1. INTRODUCTION

Human resources remain an irreplaceable and indispensable asset for any organization. Organizational competitiveness depends on selecting and retaining talented Human Resources (HR) and HR management practices play a critical role to ensure long-term employment. Firms deploy industry-specific HRM strategies to enhance retention (Khan, Yusoff, & Khan, 2014) and

losing experienced personnel incurs an organization to forfeit specific knowledge and skills (Yamamoto, 2011). Organizations put a system to keep an employee for a maximum period of employment. According to Biswas (2013) retention is the ability of an organization to motivate and retain employees for a more extended period. Likewise, retention is a technique adopted by businesses to maintain an effective workforce and at the same time it meets operational requirements (Mita, Aarti, & Ravneeta, 2014). Ensuring employee retention has been a complicated challenge since it depends on several factors whether to stay or leave an organization (Yusoff, Khan, Mubeen, & Azam, 2013). In a similar vein, organizational HR practices potentially contribute to attract and retain employees since they can make or break an organization's goodwill (Rasli, Norhalim, Kowang, & Qureshi, 2014). Organizational success and growth depend on retaining key employees; however, organizations are facing a notable challenge in retaining staff, nowadays (Haider et al., 2015). Thus, the study intends to address the research question; to what extent do IBM Human Resource Management (HRM) affect Employee's retention? It anticipates achieving the following research objectives, to explore the magnitude of IBM's HRM effect on employee retention; and to identify factors that significantly affect employee retention.

### 1.1. Research Background

IBM is a prominent corporation that starts operation in the late 1800s and transformed into the current brand in the early 1920s. IBM as one of the 30 companies included in the Dow Jones Industrial Average (Wall St. blog, 2019) and the world's largest employer over 380,000 employees (as of 2017). On January 2019, IBM was recognized as one of the yearly top 100 awards "best employer company in China" by Dajie.com (China's leading professional recruitment platform). It is ranked based on 1.6million employers and over 60million users' score of the platform. IBM scored beyond average on 'working environment and atmosphere', 'brand and leadership acceptance', and excellent in human resources development (IBM Career Blog, 2019). Such a corporation imputed energized the researcher to explore and learn from its HRM practices; and tests empirically whether its HR decisions have effects on employee retention.

An empirical study by Frazee (1996) on fast-growing companies studied on challenges associated on having seasoned workforce; Allen, Bryant, and Vardaman (2010) surveyed replacing new employee costs around 50 - 60% of the annual salary; and also Kaur (2017) confirmed a substantial cost needs in recruiting, and training a new employee. Likewise, CIPD (2019) confirmed four-to-fifth companies face challenges of employee retention. Organizational success and growth depend on retaining key employees; however, organizations are facing a notable challenge, nowadays (Haider et al., 2015). Several scholars have suggested research gaps associated with employee retentions. Griffith, Hom, and Gaertner (2000) suggested research needs on dimensions for employee retention because factors seem not exhaustive, and Khan et al. (2014) proposed further research on how to deploy an effective HR system that aims at improving employee retention. Thus, this study addresses the research gap, focusing on exploring the extent and influence of HR practices on employee retention.

Table 1 summarizes previous studies in determining employee retention, and it shows inconsistency in terms of assuming the dimensions. Highest frequency happened to be compensation, promotion, training and development, and management/leadership relations as key factors in assessing employee retention. This study intends to consider the above significant factors, and unlike its predecessors, explores a new factor (employee experience) effect on employee retention. Besides, this study intends to contribute to such ambivalence, as well as to examine the study's model anchoring on SET that adds its part in the existing body knowledge.

### 1.2. Significance of the Study

As depicted in Table 1, scholars considered significant ambivalence in addressing the dimensions on employee retention (Gächter, Savage, & Torgler, 2013; Ghapanchi & Aurum, 2011; Jeswani & Sarkar, 2008). This study intends to examine the factors of compensation, promotion, training, supervisor-employee relations and work experience as independent variables and its effect on employee retention as the dependent variable. Besides, this study uniquely predicted to test the impact of work experience on employee retention. It has also chosen a notable corporation (IBM) using its sample secondary HRM data. Applied quantitative study to test six hypotheses associated

with IBM's HR practices and its effect on employee retention. Furthermore, the research underpinned applying the Social Exchange Theory (SET) that is expected to have contributions to the body of knowledge. Hence, overall, it is expected to have both theoretical (testing the conceptual framework, the model and hypotheses), and managerial implications (policy and managerial decisions) for practitioners.

## 2. LITERATURE REVIEW

Organizations are continually searching for effective human practices to retain their HR and remain competitive in the business area (Agarwala, 2003). Likewise, for achieving organizational competitiveness and increase employee retentions; organizations must deploy innovative human resources management (Khan et al., 2014). Michelman (2003) expanded the knowledge that retention strategies neither should be reactive nor should it lack innovative human resources practice. Organizations that fail to pursue effective HRM suffer the loss of long-time employees that possess specific knowledge, expertise, and know-how (Yamamoto, 2011). Besides, Nair (2009) listed the expenses associated in replacing employees such as advertisement, selection process, confirming credentials, induction and placement.

Human nature is complex and cannot be treated with a single HR strategy to achieve employee retention. Yusoff et al. (2013) set of dimensions including personal factors, mentoring, career development and opportunity for growth, compensation, benefits, job titles and job markets. According to Agrela et al. (2008) organizational success and growth depend on the ability of managers to address factors associated with employee retention. Gale Group Inc (2006) advised institutions to adopt effective organizational changes that focus on enhancing employee retention. Setting contemporary retention strategies are far from traditional remuneration (Gale Group Inc, 2006) that includes compensation (Feldman, 2000) and also motivational schemes (Thomas, 2000). Scholars promulgate organizations incapacity to attract and retain competent employees has been the major challenge hampering institutional performance (Cascio, 2003).

### 2.1. Underpinning Theory and Hypotheses Development

For selecting appropriate theories, several theories have been reviewed. Some of the shortlisted and reviewed theories include Equity Theory; Institutional Theory; Contingency Theory; and Social Exchange/Norm Theory (Homans, 1958). Considering the research question and objectives, the researcher opted to anchor on the Social Exchange Theory (SET). Besides, SET seems to have an advantage over other theories since it can consider reward and cost during social interactions of the individual, group and organization.

Homans (1958) summarized the system of SET in three propositions. These are, Success Proposition – when a person is rewarded for his or her actions, he or she tends to repeat the work; Stimulus Proposition – the more often a particular stimulus result in a reward in the past, the more likely a person will respond to it; and Deprivation Proposition– the more often in the recent past a person has received a particular reward, the less valuable any further unit of that reward becomes.

As a lens of the study, it considers the five guiding principles of SET. First, social behaviour can be explained in terms of costs, rewards, and exchanges. This principle applies the economic concept of human decision-making and interaction (Emerson, 1976). Second, people seek to maximize rewards and minimize costs in the pursuit of the greatest. Here, people tend to prefer a relationship with less cost and human behave in ways to increase positively valued resources and decrease negatively valued resources (Mitchell, Cropanzana, & Quisenberry, 2012). Third, social interaction involves two parties, each exchanging a reward needed by the other person. It stipulates interdependence, people exchange with others because they gain some additional compensation for doing so, but the gain must be they value (Burns, 1978).

Table-1. Analyses of factors on employee retention.

Author(s)	Compensation	Recognition	Promotion	Training & Dev't	Organizational Culture	Fair Treatment	Work-Life Balance	Management/Leadership relations	Work Env't	Autonomy	Social Support	Participation in Decision	Job Security	Feedback or communication	Performance Appraisal	Experience
Trevor, Gerhart, and Boudreau (1997)	√		√													
(Lewis, Goodman, & Fandt, 2001)	√															
Davies, Taylor, and Savery (2001)	√			√											√	
Zingheim, Schuster, and Dertien (2009)	√															
Milkovich and Newman (2004)	√															
Moncarz, Zhao, and Kay (2009)	√															
Feldman (2000)	√															
Agarwal (1998)	√	√														
Walker (2001)	√	√														
Felicity, Kontor, and Asamoah (2013)	√			√										√		
Jeswani and Sarkar (2008)		√	√					√						√		
Meyer, Laryssa, Henryk, and Ian (2003)			√													
Herman (2005)			√													
Agarwala (2003)			√													
Prince (2005)			√													
Eyster, Johnson, and Toder (2008)			√													
Zingheim et al. (2009)					√											

Ghapanchi and Aurum (2011)	√			√	√	√										
Hewitt (2002)												√				
Hyman and Summers (2007)							√									
Gächter et al. (2013)	√		√				√						√			
Nancy, Erickson, and Yüst (2001)									√							
Messmer (2000)				√												
Montgomery (2006)				√												
Tomlinson (2002)				√												
Miller (2006)				√												
Handy (2008)				√												
Andrews and Wan (2009)								√								
Eisenberger, Fasolo, and Davis-LaMastro (1990)								√								
McNeese-Smith (1995)								√								
Brunetto and Farr-Wharton (2002)								√								
Zenger, Ulrich, and Smallwood (2000)								√								
Chung-Hsiung, Sue-Ting, and Guan-Li (2009)								√								
Christeen (2015)	√		√				√	√	√	√	√					
Abegglen (1958)													√			
Ashford, Lee, and Bobko (1989)													√			
Davy, Kinicki, and Scheck (1991)													√			

Loan-Clarke, Arnold, Coombs, Hartley, and Bosley (2010)										√					
<b>Current study</b>	√		√	√				√							√

Fourth, social exchange theory explains the development and management of interpersonal relationships. It implies a social behaviour and adaptation to a specific interpersonal relationship. Thibaut and Kelley (1959) asserted that if good outcomes are experienced in initial contacts or if these contacts lead the persons to anticipate good outcomes in the future, the interaction is likely to be repeated. Fifth, social exchanges influence the relationship between individual, groups and organizations. It infers for sustainable relationships; an exchange of reward must be equitable to efforts put in it. The persons assisting (trainer) shall be rewarded with esteem, respect or equivalent reciprocal returns (Blau, 1964).

## 2.2. Compensation

Competitive remuneration and packages of benefits are a means to achieve employee retention (James, Coulson, & Chonko, 1999; Lewis et al., 2001). A financial incentive is a significant factor influencing an employee and employer relations and an intention to stay in an organization (Milkovich & Newman, 2004). However, Zingheim et al. (2009); and Moncarz et al. (2009) contend that compensation isn't an entire factor affecting employee retention. Several institutions adhere to compensation schemes either match or excel competitive job market to retain existing and attract potential employees. Examples of compensation packages include competitive remuneration, housing, vehicle, free-education to offspring, bonuses, security and profit-sharing (Chew & Chan, 2008). Others also support that an organization remains competitive when it is attentive and flexible adjusts its remuneration and benefits based on job market trends (Vidal, Valle, & Aragón, 2007). In a similar vein, performance-based compensation fosters employee retention since reward follows after evaluating individual/group contributions (Collins & Clark, 2003). The SET reveals to support the study's hypotheses; people lean towards maximizing rewards and minimizing costs. Likewise, the theory illustrates human continue behaving positively for valued input, which appeared to be reflected using employee hourly rate and percentage of salary hike. Thus, the study hypothesizes that hourly rate and percentage of salary hike have a positive effect on employee retention (years at the company).

*Hypothesis 1: Hourly rate (HourlyRate) has a positive effect on employee retention (YearsAtCompany).*

*Hypothesis 2: Percentage of salary hike (PercentSalaryHike) has a positive effect on employee retention (YearsAtCompany).*

## 2.3. Promotion/Career Development

Employee wants an opportunity for ladder growth to meet his/her competitive advantage (Eyster et al., 2008; Prince, 2005). Flexible job, along with career development, has a significant role for employee incentive (Eyster et al., 2008). Similarly Meyer et al. (2003) stated that institutional commitment could only be secured through active career development. On the other hand, an organization that fails to adopt a promotional opportunity may push its employees to seek outside opportunities (O'Herron & Simonsen, 1995). Likewise, career development has been observed as a potential determinant to enhance employee commitment and to stay in an institution (Arnold, 2005; Herman, 2005). According to SET, the social exchange implies the development and management of interpersonal relationship that inclined for adaptation and owning social behaviour. Thibaut and Kelley (1959) expressed that if good outcomes are experienced in initial contacts or if these contacts lead the persons to anticipate good outcomes in the future, the interaction is likely to be repeated. Hence, an employee who has experienced promotion or knows their organization implements a system of promotion (career development) likely increases employee retention. The study hypothesizes that the earlier years since last promotion has a positive effect on employee retention.

*Hypothesis 3: Years since last promotion (YearsSinceLastPromotion) has a positive effect on employee retention (YearsAtCompany).*

## 2.4. Training & Development

Human resource practices that implement practical training & development programs improve employee retention and organizational commitment (Paul & Anantharaman, 2003). Montgomery (2006) stressed a training system that is perceived as a value-adding that fulfil employees needs are desirable in boosting employee retention. Likewise, Roberts, Outley, and Estes (2002) stressed

training strategy reinforces employee to work in an organization for a more extended period. Hence, an organization need to give due attention to the skills and professional development of its employees as a critical strategy to improve retention. Barringer, Jones, and Neubaum (2005) studied organizations that relied on training and development experience a rapid growth. Besides, organizations that institutionalize policies and procedures of training and development contributed to a better staff retention (Miller, 2006). Based on SET, social behaviour can be explained in terms of reward, cost and exchange. The institute is providing training to see social changes in the behaviour, performance and practices of employees. The individual, group and institution must be a valued opportunity. Thus, a subsequent training program should be geared with employee promotion, salary hike and other human resources decisions to bring about better employee retention. Therefore, this study hypothesizes that a firm with higher frequencies of training per year contributes to higher employee retention. Thus:

*Hypothesis 4: Number of training since last year (TrainingTimesSinceLastYear) has a positive effect on employee retention (YearsAtCompany).*

### 2.5. Management/Leadership Relations

Management/leadership creates an enabling environment and working relations for their employees. Senior managers who support and encourage subordinates contribute to higher employee retention (Zenger et al., 2000); and an excellent management support impacted better retention (Kaye & Jordan-Evans, 2002). Similarly, a participatory management style motivated for higher employees retention (Kroon & Freese, 2013); and healthy and supportive employee-subordinated relations contributed for employee retention (Andrews & Wan, 2009). In line with SET, successful social interaction, and employee-supervisory relationships depend on level and understanding of interdependence. The social exchange of employee-supervisor can be prone to supportive and/or unhealthy working relations. Thus, the longer years an employee working under the supervision of a manager can be considered a healthy work relation that contributes to better employee retention. Moreover, employees who experience harsh work relationship with a supervisor are less likely to stay in an organization. Hence, the study hypothesizes that a higher year of working with a supervisor has a positive effect on employee retention.

*Hypothesis 5: Years with the current supervisor (YearsWithCurrentManager) has a positive effect on employee retention (YearsAtCompany).*

### 2.6. Work Experience

Employees with less experience are most likely to switch jobs rather than those seasoned employees. Seasoned employees are accustomed and adapt to organizational culture and work relations. Maertz and Campion (2004) found that there is a considerable evidence to impact retention that a meaningfully employee-supervisory relationship, with people, or groups and their organizations. In line with SET, people tend to continue services in an organization when they feel is rewarding to contribute to an organization. Employee's successful service/manufacturing in an organization energizes employee to continue for a more extended period. Thus, this study hypothesizes that an experienced employee (more years of work experience) positively influences the capacity to stay and work for a more extended period in an organization. Thus, this study hypothesizes that:

*Hypothesis 6: Total Working Years (TotalWorkingYears) has a positive effect on employee retention (YearsAtCompany).*

### 2.7. Conceptual Framework

Organizational success and competitiveness rely on attracting and retaining human resources. The factors for employee retention depend on sound Human Resources Management practices. This study predicts that the effects of compensation, promotion/career development, training, supervisor's relations and employee experience as independent variable (IV) on employee retention (DV). Compensation is measured using employees' evaluations on their hourly pay as well as the percentage of increment. The assessment was made on IBM's HR practices on promotion/career development, and training and its effect on employee retention. Measurement was considered to assess the effect of supervisor's relations and its impact on employee retention. Unlike previous

studies, this study assumed the effect of employee experience (novice employees are prone to switching jobs rather than seasoned) on employee retention. Likert scale measurements were applied to collect data from 1470 sample size. Therefore, the hypothesized conceptual framework and model of the study:

Hence, the predicted model:

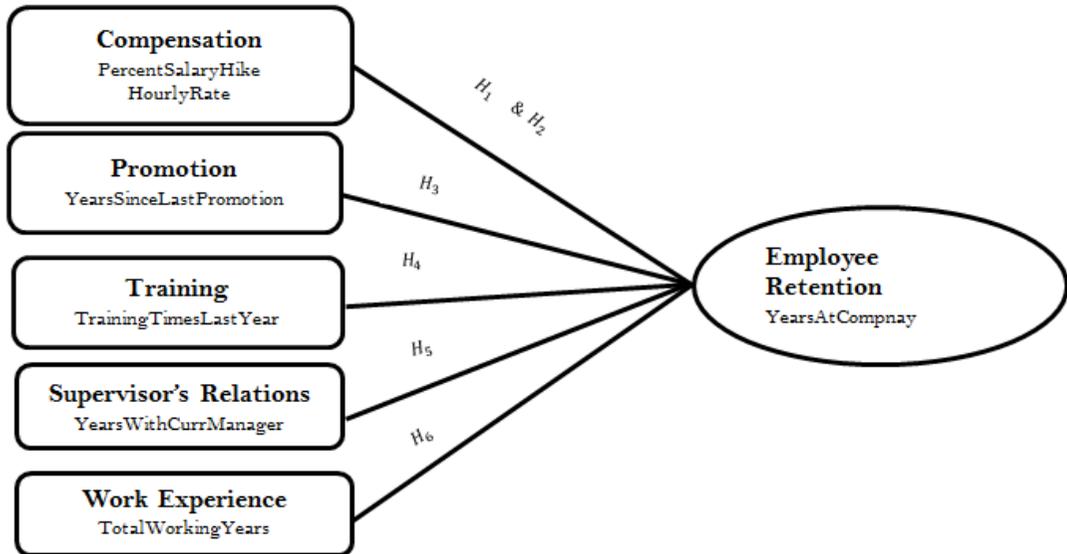


Figure-1. Conceptual framework.

$$\begin{aligned}
 \text{YearsAtCompany}_i &= \beta_0 \\
 &+ \beta_1 \text{PercentSalaryHike}_i + \beta_2 \text{HourlyRate}_i + \beta_3 \text{YearsSinceLastPromotion}_i \\
 &+ \beta_4 \text{TrainingTimesLastYear}_i + \beta_5 \text{YearsWithCurrManager}_i \\
 &+ \beta_6 \text{TotalWorkingYears}_i + \epsilon_i
 \end{aligned}$$

### 3. METHODS

The research design is the process of turning a research question into a research project (Robson, 2002). The study adopts a quantitative exploratory research design using survey-based secondary data. A secondary survey data provides sufficient dataset to answer the research question and to meet research objectives (Saunders, Lewis, & Thornhill, 2009). Thus, it used cross-sectional secondary-survey of the IBM's Human Resources Management (HRM) dataset. The data source is the official website of IBM.

The questionnaire-based dataset can be collected by independent researchers as well as interviews undertaken by organisations and governments (Saunders et al., 2009). The corporation used a survey questionnaire to assess its HR practice consisting of respondents' demographic factors as well as 23 elements out of which this study used the seven parts of the data interconnected to its hypotheses. The survey used categorical variables (Gender, agreement and disagreement, yes and no), and the rest elements used five-scale Likert Measurement (1 = "Disagree strongly", 5=" Agree strongly"). Using a simple random method, the study consists of 1470 sample size (n=1470). Both the STATA/MP version 14 and SPSS version 21 statistical packages were used for interpreting and analysing the data.

### 4. FINDINGS AND ANALYSIS

#### 4.1. Respondents Demographics

One thousand four hundred seventy respondents participated in the survey where the majority were female (60%). Forty-seven percent of the respondents ranged between the age of 29 to 38, and

the mean age of the sample was 39.9 years old. The samples educational distributions were Ph.D., MA/MSc., and Bachelor degree 3.3%, 27.1% and 38.9% respectively. The marital status of the respondents was married, single, and divorced 45.8%, 32%, and 22.2% respectively. See Table 2, respondents' demographic characteristics.

Table-2. Sample demographics.

Demographics	Frequency	Percentage
Sex		
Male	588	40
Female	882	60
Marital status		
Single	470	32
Married	673	45.8
Divorced/widow	327	22.2
Age category		
18 - 28	258	17.6
29 - 38	691	47.0
39 - 48	348	23.7
49 - 58	168	11.4
59 & above	5	0.3
Qualifications		
Certificate	170	11.6
Diploma	282	19.2
Degree	572	38.9
MA/MSc. Degree	398	27.1
PhD & above	48	3.3

4.2. Reliability

Reliability means “predictability, stability, dependability and consistency” (Kerlinger, 1979). Reliability is measured using Cronbach alpha ( $\alpha$ ) that determines the extent of relations of each item with all other items on the test (Gay, 1992). Thus, the SPSS computed reliability coefficient ( $\alpha$ ) of the study's seven variables (YearsAtCompany, YearsSincePromotion, TrainingTimesLastYear, HourlyRate, YearsWithCurrManager, PercentSalaryHike, TotalWorkingYears) resulted in 0.899. This test indicates a good standard of reliability that is supported with the viewpoint of, the higher the degree of consistency and stability in an instrument, the higher the reliability (Moser & Kalton, 1989).

4.3. Pearson's Correlations Matrix

Correlation analysis shows relationships for each set of dependent variables (Hair, Black, Babin, Anderso, & Taham, 2006). It shows statistical relationships of DV & IV variables; very high correlation when correlation (r) is closer to +1 and -1 (Asuero, Sayago, & Gonzalez, 2006). Table 3 shows the matrix of Pearson's Correlations Coefficient using the STAT run.

Table-3. Correlation matrix of DV and IV.

	Yearsatco~y	Yearssince~n	yearswithc~r	percentsal~e	totalwork~s	hourlyrat	trainingti~r
Yearsatco~y	1.0000						
Yearssince~n	0.9499	1.0000					
yearswithc~r	0.7413	0.7260	1.0000				
percentsal~e	0.7425	0.7527	0.9139	1.0000			
totalwork~s	0.8296	0.8384	0.9241	0.9621	1.0000		
hourlyrat	0.5779	0.5706	0.7937	0.8235	0.8071	1.0000	
trainingti~r	-0.0345	-0.0402	-0.0397	-0.0442	-0.0381	-0.0156	1.0000

4.4. Regression Analysis

4.4.1. ANOVA Test

It shows an analysis of variance (ANOVA) whether there is a statistically significant variance between the means of six IV and DV that shows the constructs are independent of each other. Thus, it tests the survey's statistical significance and measures the p-value. Table 4 shows the SPSS computed result of the p-value (Sig. = .000) that depicts the model's capacity and statistical significance to examine the study. It approves the means of the Dependent Variable (DV) where YearsAtCompany and the Independent Variables (IV) including TrainingTimesLastYear, HourlyRate, YearsSinceLastPromotion, YearsWithCurrManager, PercentSalaryHike, TotalWorkingYears shows statistically significant.

Table-4. Analysis of variance (ANOVA).

ANOVA						
	Model	Sum of squares	df	Mean square	F	Sig.
1	Regression	410.261	6	68.377	2466.787	.000 <sup>b</sup>
	Residual	40.553	1463	.028		
	Total	450.814	1469			

Source: Researcher, 2019.

a. Dependent Variable: YearsAtCompany.

b. Predictors: (Constant), TrainingTimesLastYear, HourlyRate, YearsSinceLastPromotion, YearsWithCurrManager, PercentSalaryHike, TotalWorkingYears.

Table-5. R-square.

Model Summary

Model	R	R Square	Adjusted R square	Std. error of the estimate
1	.954 <sup>a</sup>	.910	.910	.16649

Source: Researcher, 2019.

a. Predictors: (Constant), TrainingTimesLastYear, HourlyRate, YearsSinceLastPromotion, YearsWithCurrManager, PercentSalaryHike, TotalWorkingYears.

Table-6. Regression Coefficient.

.reg yersat company yearssincelastpromtion yearswithcurrmanager percentsalary > hike totalworkingyear hourlyrate trainingtimeslastyear						
Source	ss	df	MS	Number of obs	=	1,470
Model	410.26075	6	68.3767917	F(6,1463)	=	2466.79
Residual	40.5528552	1,463	.027718971	Prob >F	=	0.0000
Total	450.813605	1,469	.306884687	R-squared	=	0.9100
				Adj R-squared	=	0.9097
				Root MSE	=	.16649
Yearsatcom~y	Cof.	Std. err.	t	P> t	[.95 & Cof. interval]	
Yearssince~n	.9483743	.0180292	52.60	0.000	.9130038	.98374
yearswithc~r	.1328186	.020494	6.48	0.000	.0926179	.1730194
percentsal~e	-.1433338	.0253881	-5.65	0.000	-.1931347	-.0935328
totalwork~s	.1121292	.0284365	3.94	0.000	.0563485	.1679099
hourlyrate	-.0000419	.0040094	-0.01	0.992	-.0079066	.0078229
trainingti~r	.001446	.003376	0.43	0.668	-.0051762	.0080663
_cons	-.558664	.0191771	-2.91	0.004	-.0934839	-.0182488

Source: Researcher, 2019.

4.4.2. R-Square

The R-square confirms whether every Independent Variable in the model explains the variation in the dependent variable. It shows the variability of the response data around its mean (meaning how the data fitted the regression line). Thus, Table 5 shows the SPSS computed model summary indicating the adjusted  $r^2 = 91\%$ , where the data variation fit the regression line and the

extent of the strength of the correlations of the DV and IV variables. The simple model is capable of explaining the causes of 91% of the variation in DV (Employee Retention) are associated with the study's IV (predictors).

#### 4.5. Hypotheses Testing

Table 6 shows the study's regression coefficient and here is the summary of the hypotheses testing:

*H<sub>1</sub>: The study failed to support H<sub>1</sub>. The effect of hourly rate was found to be statistically insignificant on employee retention. Although it requires further investigation, the management should assess the hourly rate competitiveness with the job market or industrial average. In accordance to SET, people tend to maximize their reward and look for valuing their efforts even in opportunities outside the corporations. The result supports, the empirical study of Biswas (2013) which questions compensation fairness and competitiveness with other available opportunities.*

*H<sub>2</sub>: The study supported H<sub>2</sub>.  $\beta_2$  a unit hike of the percentage of salary has statistically significant (p-value of .000) and calculated -14.3% effect on employee retention, keeping other variables constant. Surprisingly, a single unit of PercentSalaryHike increases has 14.3% negative impact on employee retention, contradictory to the predicted hypothesis and normally it is expected to have positive outcome to retention. It needs further qualitative study, why  $\beta_2$  showed a negative effect on employee retention? However, it may be due to employees' incorrect perceptions/dissatisfaction on the salary increment system that may urge improvement in HR decisions. In line with SET, the social exchange influence individual, group and organization who may view the percentage of salary hike in terms of equity (fairness). The result contradicts to Feldman (2000) rewarding individual contribution energizes retention.*

*H<sub>3</sub>: The study supported H<sub>3</sub>. The HRM practice for a unit increment of employee promotion was found statistically significant to affect 94.8% ( $\beta_3$ ) on employee retention. It seems IMB has well-established promotion system that has a 94.8% effect on employee retention, leaving other variables unchanged. Viewing in terms of SET, employees who have excelled in their current position and promoted are likely to improve performance and enhance employee retention. It supports findings of Prince (2005) & Eyster et al. (2008) a dynamic career growth and promotion system positively influence employee retention.*

*H<sub>4</sub>: The study failed to support H<sub>4</sub>. The effect of training on employee retention was calculated statistically insignificant. Further research may need to confirm; the frequencies of training should have been tied up to promotion as well as salary increment to affect employee retention. Using SET lens, training programs must be trainee-valued to bring about desired changes in upgrading skills and results, that need to be tied up for promotion and compensation. Thus, SET views the social behaviour in terms of reward, cost and exchange. The result contradicts previous assertions training increases organizational commitment, loyalty and retention (Messmer, 2000; Moncarz et al., 2009).*

*H<sub>5</sub>: The study supported H<sub>5</sub>. Keeping other variables constant, a 13.2% ( $\beta_5$ ) of employee's retention was caused due to a unit increase of a healthy relationship with their supervisors measured in number of years with the current manager. An employee works longer with a manager if the work relations are healthy, that creates a conducive work environment. According to SET, establishing a healthy interdependence of employee-supervisor relations contributes to employee retention. The study strengthens findings, meaningful employee-supervisor relationships improve employee retention (Maertz & Campion, 2004).*

*H<sub>6</sub>: The study supported H<sub>6</sub>. It indicated 11.2% ( $\beta_6$ ) of employee retention was resulted due to a unit increase of work experience measured total working years, keeping other variables constant. An inexperienced employee is prone to switching jobs rather than a seasoned employee. Acquiring years of work experience helps to adapt to the company's policies, culture and system. Viewing with SET, HR continues to work for an organization if he/she feels rewarding and contributing to the institutional goal. Hence, the longer the work experience unlikely to be tempted to shifting jobs. No other study was accessed on this variable.*

In sum, two of the predicted IVs were found to be statistically insignificant (HourlyRate and TrainingTimes). The other four IVs (TotalWorkingYears, YearsWithCurrManager, YearsSinceLastPromotion, and PercentSalaryHike) were found to be statistically significant with the p-value of .000 at a 95% confidence interval. Hence, the study's simple model:

$$\begin{aligned} \text{YearsAtCompany}_i &= -0.0558 - .143\text{PercentSalaryHike}_i + .948\text{YearsSinceLastPromotion}_i \\ &+ .132\text{YearsWithCurrManager}_i + .112\text{TotalWorkingYears}_i + e_i \end{aligned}$$

## 5. LIMITATIONS AND FUTURE RESEARCH DIRECTION

The study has two significant limitations. First, the study targeted a single company and using cross-sectional study. It seems crucial to conduct a future research to confirm the results as well as to assess the impact of employee retention using a time series data. Besides, a prospective study can be suggested to determine the effect of employee retention on various companies using a comparative study. Secondly, limiting to quantitative, it misses to find out the opportunity to ask the justifications for the results. Therefore, future qualitative studies may help to assess the reasons why training, percentage of salary hike, and hourly rate have not effect or negative effect on employee retention.

## 6. CONCLUSIONS

The study's r-square of 91% confirms the model's appropriateness to assess the effect of HRM practices on employee retention. The study's results endorse previous studies on the impact of promotion and employee-supervisor relations on employee retention (Eyster et al., 2008; Maertz & Campion, 2004; Prince, 2005). On the other hand, it dissents findings related to the effect of training on employee retention (Messmer, 2000; Moncarz et al., 2009). For existing studies on employee retention, this research considered to integrate independent variables on compensation, promotion, training, work experience and employee-supervisor relations. The effect of compensation on employee retention indicated mixed results. A unit increase in the percentage of salary increment showed a reduction in employee retention by 14.3%, keeping other variables constant.

Moreover, the effect of hourly pay and training provided on employee retention was statistically insignificant. Unlike the previous study, the study analysed a single additional unit of year on work experience has 11.2% effect on employee retention. It suggests managerial implications including training, percentage of salary hike and hourly rate should be geared to improve employee retention rather than as standalone practice. It recommended also a qualitative study to assess root causes of HR decisions negatively impacting or becoming insignificant contributor on employee retention.

**Funding:** This study received no specific financial support.

**Competing Interests:** The author declares that there are no conflicts of interests regarding the publication of this paper.

## REFERENCES

- Abegglen, J. C. (1958). *The Japanese factory: Aspects of its social organization*. Glencoe, IL: The Free Press.
- Agarwal, N. (1998). Reward systems. *Canadian Psychology*, 39(1-2), 60-70. Available at: <https://doi.org/10.1037/h0086795>.
- Agarwala, T. (2003). Innovative human resource practices and organizational commitment: An empirical investigation. *International Journal of Human Resource Management*, 14(2), 175-197. Available at: <https://doi.org/10.1080/0958519021000029072>.
- Agrela, R., Carr, R., Veyra, V., Dunn, C., Ellis, D., Gandolfi, A., & Troutman, L. (2008). Retention issues and solutions: Tools to ensure the university of California becomes an employer of choice. Retrieved from: <http://www.ucop.edu/cucsaldocuments>.
- Allen, D. G., Bryant, P. C., & Vardaman, J. M. (2010). Retaining talent: Replacing misconceptions with evidence-based strategies. *Academy of Management Perspectives*, 24(2), 48-64. Available at: <https://doi.org/10.5465/amp.2010.51827775>.
- Andrews, D. R., & Wan, T. T. (2009). The importance of mental health to the experience of job strain: An evidence-guided approach to improve retention. *Journal of Nursing Management*, 17(3), 340-351. Available at: <https://doi.org/10.1111/j.1365-2934.2008.00852.x>.
- Arnold, E. (2005). Managing human resources to improve employee retention. *The Health Care Manager*, 24(2), 132-140. Available at: <https://doi.org/10.1097/00126450-200504000-00006>.

- Ashford, S. J., Lee, C., & Bobko, P. (1989). Content, cause, and consequences of job insecurity: A theory-based measure and substantive test. *Academy of Management Journal*, 32(4), 803-829. Available at: <https://doi.org/10.2307/2565669>.
- Asuero, A. G., Sayago, A., & Gonzalez, A. (2006). The correlation coefficient: An overview. *Critical Reviews in Analytical Chemistry*, 36(1), 41-59.
- Barringer, B. R., Jones, F. F., & Neubaum, D. O. (2005). A quantitative content analysis of the characteristics of rapid-growth firms and their founders. *Journal of Business Venturing*, 20(5), 663-687. Available at: <https://doi.org/10.1016/j.jbusvent.2004.03.004>.
- Biswas, S. (2013). Attrition in India to top world charts in 2013; one in four employees to change jobs. The Economic Times. Retrieved from: <https://economictimes.indiatimes.com/jobs/attrition-in-india-to-top-world-charts-in-2013-one-in-four-employees-to-change-jobs/articleshow/20469780.cms>.
- Blau, P. M. (1964). *Exchange and power in social life*. New York: John Wiley & Sons.
- Brunetto, Y., & Farr-Wharton, R. (2002). Using social identity theory to explain the job satisfaction of public sector employees. *International Journal of Public Sector Management*, 15(7), 534-551. Available at: <https://doi.org/10.1108/09513550210448571>.
- Burns, J. M. (1978). *Leadership*. New York: Harper and Row.
- Cascio, W. (2003). *Managing human resources: Productivity, quality of work life, and profits* (6th ed.). Boston: McGraw-Hill, Irwin.
- Chew, J., & Chan, C. C. (2008). Human resource practices, organizational commitment and intention to stay. *International Journal of Manpower*, 29(6), 503-522. Available at: <https://doi.org/10.1108/01437720810904194>.
- Christeen, G. (2015). Retaining professional workers: what makes them stay? *Employee Relations*, 37(1), 102-121.
- Chung-Hsiung, F., Sue-Ting, C., & Guan-Li, C. (2009). Applying structural equation model to study of the relationship model among leadership style, satisfaction, organization commitment and performance in the hospital industry.
- CIPD. (2019). Resourcing and talent planning survey. Retrieved from: <https://www.cipd.co.uk/knowledge/strategy/resourcing/surveys>.
- Collins, C. J., & Clark, K. D. (2003). Strategic human resource practices, top management team social networks, and firm performance: The role of human resource practices in creating organizational competitive advantage. *Academy of Management Journal*, 46(6), 740-751. Available at: <https://doi.org/10.2307/30040665>.
- Davies, D., Taylor, R., & Savery, L. (2001). The role of appraisal, remuneration and training in improving staff relations in the Western Australian accommodation industry: A comparative study. *Journal of European Industrial Training*, 25(7), 366-373. Available at: <https://doi.org/10.1108/eum0000000005837>.
- Davy, J. A., Kinicki, A. J., & Scheck, C. L. (1991). Developing and testing a model of survivor responses to layoffs. *Journal of Vocational Behavior*, 38(3), 302-317. Available at: [https://doi.org/10.1016/0001-8791\(91\)90032-h](https://doi.org/10.1016/0001-8791(91)90032-h).
- Eisenberger, R., Fasolo, P., & Davis-LaMastro, V. (1990). Perceived organizational support and employee diligence, commitment, and innovation. *Journal of Applied Psychology*, 75(1), 51-59. Available at: <https://doi.org/10.1037/0021-9010.75.1.51>.
- Emerson, R. M. (1976). Social exchange theory. *Annual Review of Sociology*, 2(1), 335-362.
- Eyster, L., Johnson, R., & Toder, E. (2008). Current strategies to employ & retain older workers. Retrieved from: [http://www.urban.org/uploadedPDF/411626\\_olderworkers.pdf](http://www.urban.org/uploadedPDF/411626_olderworkers.pdf).
- Feldman, D. C. (2000). The Dilbert syndrome: How employee cynicism about ineffective management is changing the nature of careers in organizations. *American Behavioral Scientist*, 43(8), 1286-1300. Available at: <https://doi.org/10.1177/00027640021955865>.
- Felicity, A., Kontor, E., & Asamoah, D. (2013). Effect of human resource management practices on employee retention: Perspectives from the mining industry in Ghana. *International Research Journal of Arts and Social Sciences*, 2(2), 30-48.
- Frazer, V. (1996). Why do employees feel free to steal? *Personnel Journal*, 75(7), 21-21.
- Gächter, M., Savage, D. A., & Torgler, B. (2013). Retaining the thin blue line: What shapes workers' intentions not to quit the current work environment. *International Journal of Social Economics*, 40(5), 479-503. Available at: <https://doi.org/10.1108/03068291311315359>.
- Gale Group Inc. (2006). Employee retention gives key competitive advantage. Retrieved from: <https://indstrvs.com/tag/employee-retention/>.
- Gay, L. R. (1992). *Educational research: Competencies for analysis and application* (4th ed.). New York: Merrill Publishing Co.

- Ghapanchi, A. H., & Aurum, A. (2011). Antecedents to IT personnel's intentions to leave: A systematic literature review. *Journal of Systems and Software*, 84(2), 238-249. Available at: <https://doi.org/10.1016/j.jss.2010.09.022>.
- Griffeth, R. W., Hom, P. W., & Gaertner, S. (2000). A meta-analysis of antecedents and correlates of employee turnover: Update, moderator tests, and research implications for the next millennium. *Journal of Management*, 26(3), 463-488. Available at: [https://doi.org/10.1016/S0149-2063\(00\)00043-X](https://doi.org/10.1016/S0149-2063(00)00043-X).
- Haider, M., Rasli, A., Akhtar, C. S., Yusoff, R. B. M., Malik, O. M., Aamir, A., . . . Tariq, F. (2015). The impact of human resource practices on employee retention in the telecom sector. *International Journal of Economics and Financial Issues*, 5(1S), 63-69.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate data analysis*. Englewood Cliffs: Prentice-Hall.
- Handy, L. (2008). *The importance of the work environment variables on the transfer of training*. Unpublished PhD Thesis, Department of Education, University of North Carolina State University, Carolina, USA.
- Herman, R. (2005). HR managers as employee-retention specialists. *Employment Relations Today*, 32(2), 1-7.
- Hewitt, P. (2002). High-performance workplaces: The role of employee involvement in a modern economy.
- Homans, G. C. (1958). Social behavior as exchange. *American Journal of Sociology*, 63(6), 597-606.
- Hyman, J., & Summers, J. (2007). Work and life: Can employee representation influence balance? *Employee Relations*, 29(4), 367-384.
- IBM Career Blog. (2019). IBM recognized as one of the best employers in China 2018. Retrieved from: <https://careers.ibm.com/>.
- James, A. R., Coulson, K. R., & Chonko, L. B. (1999). Salesperson perceptions of equity and justice and their impact on organizational commitment and intent to turnover. *Journal of Marketing Theory and Practice*, 7(1), 1-16. Available at: <https://doi.org/10.1080/10696679.1999.11501815>.
- Jeswani, S., & Sarkar, S. (2008). Integrating talent engagement as a strategy to high performance and retention. *Asia Pacific Business Review*, 4(4), 14-23. Available at: <https://doi.org/10.1177/097324700800400402>
- Kaur, R. (2017). Employee retention models and factors affecting employees retention in IT companies. *International Journal of Business Administration and Management*, 7(1), 161 - 174.
- Kaye, B., & Jordan-Evans, S. (2002). Retention in tough times: Here's what 25 global talent leaders say about keeping good people-especially now. *Talent Development*, 56(1), 32-37.
- Kerlinger, F. N. (1979). *Behavioural research: A conceptual approach*. New York: Holt, Rinehart and Winston.
- Khan, F., Yusoff, R., & Khan, A. (2014). Effect of human resource practices on job satisfaction in Pakistan. *Sains Humanika*, 1(1), 53 - 57.
- Kroon, B., & Freese, C. (2013). Can HR practices retain flexworkers with their agency? *International Journal of Manpower*, 34(8), 899-917. Available at: <https://doi.org/10.1108/ijm-07-2013-0169>.
- Lewis, P., Goodman, S., & Fandt, P. (2001). *Management challenges in the 21st century*. New York, NY: Southwest Publishing Company.
- Loan-Clarke, J., Arnold, J., Coombs, C., Hartley, R., & Bosley, S. (2010). Retention, turnover and return—a longitudinal study of allied health professionals in Britain. *Human Resource Management Journal*, 20(4), 391-406. Available at: <https://doi.org/10.1111/j.1748-8583.2010.00140.x>.
- Maertz, J. C. P., & Campion, M. A. (2004). Profiles in quitting: Integrating process and content turnover theory. *Academy of Management Journal*, 47(4), 566-582. Available at: <https://doi.org/10.5465/20159602>.
- McNeese-Smith, D. (1995). Job satisfaction, productivity, and organizational commitment. *Journal of Nurse Association*, 25(9), 17-26.
- Messmer, M. (2000). Orientations programs can be key to employee retention. *Strategic Finance*, 81(8), 12-15.
- Meyer, J., Laryssa, T., Henryk, K., & Ian, G. (2003). *Best practices: Employee retention*. Toronto: Tomson - Carswell.
- Michelman, P. (2003). Why retention should become a core strategy now. *Harvard Management Update*, 8(10), 1-4.
- Milkovich, G., & Newman, J. (2004). *Compensation* (8th ed.). Burr Ridge: Irwin McGraw-Hill.
- Miller, D. (2006). Strategic human resource management in department stores: An historical perspective. *Journal of Retailing and Consumer Services*, 13(2), 99-109. Available at: <https://doi.org/10.1016/j.jretconser.2005.08.012>.
- Mita, M., Aarti, K., & Ravneeta, D. (2014). Study on employee retention and commitment. *International Journal of Advanced Research in Computer Science and Management Studies*, 2(2), 154-164.
- Mitchell, M. S., Cropanzana, R. S., & Quisenberry, D. M. (2012). Social exchange theory, exchange resources, and interpersonal relationships: A modest resolution of theoretical difficulties. In K. Törnblom & A. Kazemi (Eds.), *Handbook of Social Resource Theory: Theoretical Extensions, Empirical Insights, and Social Applications* (pp. 99-118). New York: Springer.

- Moncarz, E., Zhao, J., & Kay, C. (2009). An exploratory study of US lodging properties' organizational practices on employee turnover and retention. *International Journal of Contemporary Hospitality Management*, 21(4), 437-458. Available at: <https://doi.org/10.1108/09596110910955695>.
- Montgomery, J. (2006). *The relationship between training and retention in a volunteer organization*. PhD Dissertation, Auburn University, Auburn, Alabama.
- Moser, C. A., & Kalton, G. (1989). *Survey methods in social investigation* (2nd ed.). Aldershot, London: Gower.
- Nair, S. (2009). Employee retention. Retrieved from <https://www.articlesbase.com/human-resources-articles/employee-retention-995426.html>.
- Nancy, G., Erickson, A., & Yust, B. L. (2001). Sense of place in the workplace: The relationship between personal objects and job satisfaction and motivation. *Journal of Interior Design*, 27(1), 35-44. Available at: <https://doi.org/10.1111/j.1939-1668.2001.tb00364.x>.
- O'Herron, P., & Simonsen, P. (1995). Career development gets a charge at sears credit. *Personnel Journal*, 74(5), 103-106.
- Paul, A. K., & Anantharaman, R. N. (2003). Impact of people management practices on organizational performance: Analysis of a causal model. *The International Journal of Human Resource Management*, 14(7), 1246-1266.
- Prince, J. B. (2005). Career-focused employee transfer processes. *Career Development International*, 10(4), 293-309. Available at: <https://doi.org/10.1108/13620430510609136>.
- Rasli, A., Norhalim, N., Kowang, T., & Qureshi, M. (2014). Applying managerial competencies to overcome business constraints and create values evidence from small technology-based firms in Malaysia. *Journal of Management Information*, 3(1), 99-121.
- Roberts, N., Outley, C., & Estes, C. (2002). Innovation and resourcefulness: Recruit and retain a diverse staff in the 21st century. *Parks & Recreation*, 37(4), 39-45.
- Robson, C. (2002). *Real-world research* (2nd ed.). Oxford: Blackwell.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students* (5th ed.). New York: Pearson Education.
- Thibaut, J. W., & Kelley, H. H. (1959). *The social psychology of groups*. The New York: John Wiley & Sons.
- Thomas, K. (2000). *Intrinsic motivation at work - building energy and commitment*. San Francisco: Berrett-Koehler.
- Tomlinson, A. (2002). High technology workers want respect. *Survey Canadian Human Resources Reporter*, 15(3), 2.
- Trevor, C., Gerhart, B., & Boudreau, J. (1997). Voluntary turnover and job performance: Curvilinearity and the moderating influences of salary growth and promotions. *Journal of Applied Psychology*, 82(1), 44-61. Available at: <https://doi.org/10.1037//0021-9010.82.1.44>.
- Vidal, M. E. S., Valle, R. S., & Aragón, M. I. B. (2007). Antecedents of repatriates' job satisfaction and its influence on turnover intentions: Evidence from Spanish repatriated managers. *Journal of Business Research*, 60(12), 1272-1281. Available at: <https://doi.org/10.1016/j.jbusres.2007.05.004>.
- Walker, J. (2001). Perspectives: Zero defection? *Human Resource Planning*, 24(1), 6-10.
- Wall St. blog. (2019). IBM becomes best performing dow stock of 2019. Retrieved from: <https://247wallst.com/investing/2019/03/24/ibm-becomes-best-performing-dow-stock-of-2019/>.
- Yamamoto, H. (2011). The relationship between employee benefit management and employee retention. *The International Journal of Human Resource Management*, 22(17), 3550-3564. Available at: <https://doi.org/10.1080/09585192.2011.560871>.
- Yusoff, R. M., Khan, F., Mubeen, A., & Azam, K. (2013). A study about factors influencing university performance. *Journal Technology*, 64(2), 146-149.
- Zenger, J., Ulrich, D., & Smallwood, N. (2000). The new leadership development: It's about results for your company. *Training & Development*, 5(3), 22-27.
- Zingheim, P. K., Schuster, J. R., & Dertien, M. G. (2009). Compensation, reward and retention practices in fast-growth companies. *World at Work Journal*, 18(2), 22-39.

*Views and opinions expressed in this article are the views and opinions of the author(s), Journal of Asian Business Strategy shall not be responsible or answerable for any loss, damage or liability etc. caused in relation to/arising out of the use of the content.*