

## IMPACT OF HRM PRACTICES ON EMPLOYEE RETENTION AT BAHRIA TOWN (PVT) LTD

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### ABSTRACT

*The purpose of this research was to find out the impact of HRM practices on employee satisfaction and retention at Bahria Town (Pvt) Ltd. Employee retention is considered an essential element for the success of any organization as well as for the employees of the organization in terms of their motivation, productivity and development. In the same context, concrete efforts were made to find out the relationship between the HRM practices opted at Bahria Town (Pvt) Ltd. and their impact on employee retention. The research was explanatory in nature, based on quantitative data which was collected through a research instrument i.e. a questionnaire. The data were collected from a sample of 250 managerial level employees belonging to different departments of Bahria Town (Pvt) Ltd Karachi. The data were analyzed through Regression and Correlation tests with the help of SPSS, version 22. The findings of study have revealed that there is a significant impact of HRM practices i.e. Training & Development, Pay and Benefits practices and Performance Appraisal system on Employee retention. All three hypotheses have been accepted. The results of this research can assist management of Bahria Town (Pvt) Ltd. in further improving their existing HRM practices, with an aim to retain competent employees for long time. Other companies of construction industry may also benefit from findings of the study. The study is considered equally useful for firms of other industries, as well.*

**Keywords:** Human resource management system, employee retention, training & development, pay & benefits, performance appraisal.

**JEL Classification:** M12, O15, J28

### 1. INTRODUCTION

In today's modern business world, one of the biggest challenges faced by the organizations is retention of competent employees who are considered their backbone and are whole heartedly contributing towards achieving organizational goals. In the recent past, many organizations have engaged themselves in efforts to become employers of choice, through implementation of various HRM interventions. However, acquiring this status is not an easy task for a firm in the current labor market environment; an organization needs to outperform its competitors by attracting best candidates, developing its employees, and ensuring long term retention of people having superior talent<sup>1</sup>. The strength of competitors in the market is increasing day by day, resultantly creating immense amount of pressure over various business aspects, out of which one is employee retention. There is a positive correlation

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<sup>1</sup> Baek-Kyoo Joo and Gary N. Mclean, *Best Employer Studies: A Conceptual Model from a Literature Review and a Case Study*, (Human Resource Development Review), 2006

between the firm's overall performance and employee retention and it contributes significantly in the firms overall growth<sup>2</sup>. The importance of physical resources in business has been shifted toward human resource in 21<sup>st</sup> century and it has increased the role of human resource professionals in organizational growth and development process in different sectors of the economy. Employees play a primary role in the growth of the institution and they are recognized as an asset to the organization; therefore the major focus of the organizations is to develop and retain this valuable resource for ensuring its sustainable growth. Although a number of studies have been conducted in the recent past about employee retention, but no evident is available for any research in the construction industry of Pakistan. During last two decades, there has been tremendous growth in the construction sector. Moreover, construction sector of Pakistan is considered an essential contributor to the national economic growth. Employee retention is of paramount importance due to a number of financial, cultural and environmental benefits which go in waste if turnover rate is high. It is obvious that when employees leave an organization, they take along certain information pertaining to the clientele of company, in-depth information about existing culture, ongoing/ furnished projects and previous trends, its strength and its weaknesses which are quite vulnerable for the company and can be beneficial for the competitors. Moreover, cost and effort invested on hiring employees go in waste when they fail to stay for longer duration.

Bahria Town is considered an icon of construction industry of Pakistan which has made tremendous success in building a number of housing schemes in major cities of Pakistan, during the past two decades. One major factor behind success of this organization is its human resource. In order to understand the reasons behind loyalty of the human resource, there was a need to examine the quality of HRM practices being implemented at Bahria Town. This research has investigated Human Resource Management practices which are being implemented at Bahria Town (Pvt) Ltd. Karachi, and which are likely to be the major cause of employee retention. Bahria Town is spending a big chunk of financial resources on employee motivation to create a spirit of teamwork and comradeship. The study investigated the correlation of salient HRM Practices and their impact on the employee retention.

### **1.1. Problem Statement**

In today's global business environment, acquiring and maintaining the most valued and competent human resource is quite difficult task for business leaders. As such, sufficient amount of money is allocated or expended on

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<sup>2</sup> Michael Armstrong, *Armstrong's Handbook of Human Resource management Practice*, Replika Press Private Limited (2009), 31

development and goodness of the employees. Moreover, the labor market is found more volatile in term of job opportunities because of overburdened business activities round the globe. Although, in Pakistan many construction businesses have developed over time and implemented strategies for longer retention of their employees, but the rate of turnover is still on the higher side. Through this study an effort was made to find out the impact of existing HRM practices on employees' retention. For the purpose of this research only three HRM practices i.e. Salary and Benefits, Training and Development and Performance Appraisal were considered.

## **1.2. Research Objectives**

- To examine impact of chosen HRM practices on Employee Retention.
- To find out the correlation of HRM practices with Employee Retention.
- To determine causes of varying impact of the HRM practices on Employee Retention.
- To propose suitable measures for further improving Employee Retention.

## **2. LITERATURE REVIEW**

### **2.1. Significance of Employee Retention**

According to Armstrong, Human Resource Management (HRM) is referred to as a rational and strategic approach to managing the most valued resource of an organization i.e. its employees working in individual and collective capacity for contributing to achieve a set of organizational goals<sup>3</sup>. HRM practices are a set of activities that are considered essential to keep employees satisfied and extract optimum productivity<sup>4</sup>. A number of researchers and practitioners have recorded a positive relationship between human resource management practices, employee retention and organizational performance. Hence, for achieving better performance through employees and ensuring their lasting retention, managers are required to develop skilled and talented employees who are capable of performing assigned tasks quite effectively<sup>5</sup>. In this research a positive relationship between HRM practices and

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<sup>3</sup> Michael Armstrong, *Essential Human resource Management Practice: A Guide to People Management*, Kogan Page Publishers (2010), 11

<sup>4</sup> Patrick Wright and Wendy Boswell, *Desegregating HRM: A Review and Synthesis of Micro and Macro Human Resource Management Research*, (Journal of Management), 2002.

<sup>5</sup> Kelly Klein, *Investigating the Use of Human Resource Management Best Practice in New Zealand Firms*, (Otago Management Graduate Review), 2 (2004), 44-45

employees' satisfaction and retention is reported. It is also Identified a positive impact of HRM practices on employee satisfaction which ultimately leads to enhanced organizational performance and long term retention.<sup>6</sup>

In order to have deep understanding of the entire Human Resource Management, we need to view it from strategic perspective. As per strategic perspective, HRM individuals are to work for the development of employees and strive for wellbeing of entire organization. There are five essential components of HRM, including hiring, training and development, compensation management, leadership development/succession planning, appraising and rewarding employees with respect to their productivity. According to Oya Erdil & Ayue Gonsel<sup>7</sup>, reliability of various interventions for long-term employee retention relies on selection and induction of only capable employees having best suited credentials for the jobs. This is to make sure that all selected employees possess desired skills as well as cultural compatibility as per company's ideology and philosophy. All HRM practices are meant to motivate employees for better performance and their long term retention<sup>8</sup>.

In today's modern era, almost all leading organizations take employee retention as a challenge; retention of key employees is viewed as one of the most perplexing phenomenon because of the dynamics of business and global trends which are changing with the enormous pace with each passing day. Due to enhanced employee mobility, it is becoming more troublesome for corporate leaders to retain best employees, whose performance is directly linked with the profitability of businesses<sup>9</sup>. In the current business scenario, managers and researchers have shown serious concern about the employees' retention because it is considered an important factor for the financial performance of organization and has been influenced by diverse variables including employee development, career planning and development. Companies who are able to retain their high performers in the prevalent volatile business environment are seen as better employers. This phenomenon is explained in a way that is used to retain key employees whom the organization wants to keep longer than the competitors<sup>10</sup>. It is the responsibility of managers to keep competent

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<sup>6</sup> Sohel Ahmad and Roger Schroeder, (2003), *The impact of human resource management practices on operational performance: recognizing country and industry differences*, (Journal of Operations Management), 21, 1 (2003), 23-24.

<sup>7</sup> Benish Hussain Janjua and Amir Gulzar, *The Impact of Human Resource Practices on Employee Commitment and Employee Retention in Telecom Sector of Pakistan: Exploring the Mediating Role of Employee Loyalty*, (Journal of Business and Management), 16, 1 (2014), 77.

<sup>8</sup> Terry Wagar and Kent Rondeau, *Retaining Employees in Small and Medium-Sized Firms: Examining the Link with Human Resource Management*, (Journal of Applied Management and Entrepreneurship), 11, 2 (2006), 6.

<sup>9</sup> Karunesh Saxena and Pankaj Tiwari, *A Study of HRM Practices in Selected IT Companies of India*, (AIMS Journal of Management), 1, no.3 (2009), 21

<sup>10</sup> Eugene Johnson, *The Practice of Human Resource Management in New Zealand: Strategic and Best Practice?*, (Asia Pacific Journal of Human Resources), 38, 2 (2000), 71

employees for longer duration and make sure that they contribute to the best of their abilities and help organization in achieving its objectives<sup>11</sup>.

This has now been demonstrated by some researches that today's advanced business associations, be it small or large, have understood that they can outsmart their competitors only if they are able to hold their key employees for longer duration<sup>12</sup>. Since today's workers are more mobile, learned and more competitive, retaining them according to the organizations' need is not an easy task. For their respectful survival in relevant industry, businesses are required to be adaptable, financially strong and more productive than their adversaries. The greater part of the above endeavors will prove to be useless if employees are not happy and end goal of long term employee retention is not successfully achieved<sup>13</sup>.

For an organization that believes in maintaining a winning edge through its human resource, it is pertinent to implement HR practices that are benchmarked by other players. Such an organization views its human resource as an inevitable for achieving lofty targets. In this type of organization, employees are considered the most valued resource due to their unique abilities either individually or collectively with reference to the attainment of organizational goals<sup>14</sup>. As mentioned employee retention can be ensured by implementing modern HR practices and procedures, through which enhancement of employees' skills can be made possible. Moreover, by opting latest interventions, HR professionals/business leaders can significantly contribute in motivating and retaining competent employees. Similarly, professional abilities of individuals, their attitude towards work and organization commitment can be enhanced by following contemporary HR practices considered to be the best in relevant industry<sup>15</sup>.

According to a study in Pakistan<sup>16</sup>, salient HR Practices that have impact on employee motivation and retention include recruitment and selection, training and development, performance appraisal, pay and rewards, and employee relations. He further found that there was a significant positive relationship between these practices and firm's

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<sup>11</sup> Freyermuth, *Retaining Employees in a Tightening Labor Market*, RSM McGladrey

<sup>12</sup> Alfred Walker, *Web-based Human Resources*, McGraw Hill Professional, (2001), 43.

<sup>13</sup> Bard Kuvaas, *An Exploration of How the Employee–Organization Relationship Affects the Linkage Between Perception of Developmental Human Resource Practices and Employee Outcomes*, (*Journal of Management Studies*), 45, 1 (2008), 7-8

<sup>14</sup> Michael Armstrong, *Armstrong's Handbook of Performance Management*, 4th Edition, New Delhi: Kogan page (2009), 77-78

<sup>15</sup> Christopher Collins and Kevin Clark, *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, no. 6 (2003), 744-745

<sup>16</sup> Muhammad Aslam Khan, *Effects of human resource management practices on organizational performance—an empirical study of oil and gas industry in Pakistan*, (*European Journal of Economics, Finance and Administrative Sciences*) 2010

performance. In another study conducted by Ghana, it was concluded that HRM practices including, recruitment and selection, performance appraisal, compensation, and training and development were positively related to organizational performance and employee retention.<sup>17</sup>

## 2.2. Training and Development

Training and development is an important and indeed an integral part of the human resource practices and cannot be neglected at any cost. It helps in keeping employee skills current and further leads to gaining and sustaining competitive edge in the relevant industry. Defined training and development to be an effort which is completely planned by the top management to facilitate their employees in learning latest skills, abilities and competencies related to their jobs<sup>18</sup>. According to Goyal and Chhabra<sup>19</sup>, training and development is a continuous process of improving the knowledge, skills of the employees and enhancing their competencies and abilities in order to fulfill the requirements of desired effective performance needed for present situations and for future also. According to the current HR practices prevailing in the organizations, training and development process has become necessity in the workplace of every good and successful organization and clear evidences are there to show that without training and development, employees can never excel as they lack firm grip over their duties and responsibilities<sup>20</sup>. Employee training refers to those programs which are responsible for providing workers with updated information, latest skills, and professional or career related development opportunities<sup>21</sup>.

“Training and development is considered to be the most common HR practice”<sup>22</sup>. Training and development is all about learning a set of skills, actions or behaviors. The purpose of this change in behavior or skills is to enhance the employees’ retention. Training also prepares employees for potential jobs or roles. On the other hand, development not only increases the performance of the employees for a particular role but ensures continuity of job with present

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<sup>17</sup> Rosemond Boohene and Ernesticia Lartey Asuinura, *The Effect of Human Resource Management Practices on Corporate Performance: A Study of Graphic Communications Group Limited*, (International Business Research), 4, no. 1 (2011), 268-269.

<sup>18</sup> Bawuro, Faiza Abubakar; Danjuma, Ibrahim; Ibrahim and Abdullateef Kola, *Value of Training and Development during Recession to Employees: Evidence from Nigeria*, (The International Journal of Business & Management), 4, 4 (2016) 204.

<sup>19</sup> Sonal Goyal and Nidhi Chhabra, *Benefits of employee training for developing economy*, (Global Journal for Research Analysis), 4, no. 10 (2016), 11

<sup>20</sup> Ojoh James and Okoh Lucky, *Impact of Training on Employees Job performance: An Empirical Study of Selected Organizations in Warri, Delta State*, (Journal of Policy and Development Studies), 9, no. 3 (2015), 113

<sup>21</sup> Amir Elnaga and Amen Imran, *The effect of training on employee performance*, (European Journal of Business and Management), 5, no. 4 (2013), 139

<sup>22</sup> Shay Tzafir, *A universalistic perspective for explaining the relationship between HRM practices and firm performance at different points in time*, (Journal of Managerial Psychology), 21, 2 (2006), 112-113

employer. While training is focused at present job, development looks after future job requirements of employees. It is used to increase potential of workforce which leads to their career development and long term retention. States that; “Training and development refers to any effort to improve current or future employees’ skills, abilities, and knowledge”<sup>23</sup>. It has a significant positive affection job satisfaction of employees<sup>24</sup>. Training and development results in attainment of required level of advanced knowledge, skill sets, capabilities, job related attitudes, and behavior of employees. These desired behaviors ultimately lead to high job satisfaction, enhance productivity to employee retention for longer period of time. Moreover, it strengthens the organization by improving financial as well as non-financial performance of the organization<sup>25</sup>. These characteristics are not only helpful in increasing job satisfaction and employee retention but also pave the way towards achievement of organizational objectives which is the ultimate aim of every organization in this competitive world.

Numerous studies, conducted to explore and explain the importance of training and development with respect to enhancing employee abilities, found to have positive correlation with the job satisfaction and retention. The impact of HRM practices on job satisfaction and retention of employees of manufacturing companies at Bangladesh have been explored<sup>26</sup>. They found a close association between employee retention and Training & Development. Training and development is also found to be a key determinant, creating job satisfaction amongst the employees of public sector organizations of Pakistan. Such employees continue their employment with existing employer.

### **H1: There is a positive relationship between training and development and employee retention**

#### **2.3. Pay and Benefits**

Employee retention has the strongest link with effective pay, benefits and rewards system. It is the overall compensation system that provides financial or non-financial benefits to the employees. While performance based rewards have greater impact on employee satisfaction, basic pay and flexible benefits have no less importance. Although compensation is not merely limited to only money paid to an employee on monthly or weekly basis, pay plays a major role in employee satisfaction and their retention. Pay and benefits have a natural motivational effect

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<sup>23</sup> K. Aswathappa, *International HRM*, (Tata McGraw-Hill) New Delhi (2008), 38.

<sup>24</sup> Mercedes Ubeda Garcia, *Training and business performance: The Spanish case*, (International Journal of Human Resource Management), 16 (2005), 1694-1695.

<sup>25</sup> Nguyen Ngoc Thang and Dirk Buyens, Thang, N. N., and Buyens, D. *What we know about relationship between training and firm performance: A review of literature*, Paper presented at the 7th International Conference on Ethics and Quality of Work-life for Sustainable Development, Bangkok, Thailand (2008), 9

<sup>26</sup> Mir Mohammed Nurul Absar, Mohammad Tahlil Azim, Nimalathasan Balasundaram and Sadia Akhter, *Impact of Human Resources Practices on Job Satisfaction: Evidence from Manufacturing Firms in Bangladesh*, (Economic Sciences Series), LXII (2010), 33-34.

and therefore the employees who perform better are paid more than the average performing employees is vital to enhancing organizational performance<sup>27</sup>.

Financial benefits are the motivators that lead to productive impetus both for organization and the employees<sup>28</sup>. Through acknowledgment of workers genuine endeavors for achieving organizational goals, only those rewards are attractive which have high valence from employee perspective. When employees feel esteemed and respected, they bring about more positive vitality and endeavors to perform all the more effectively and vanity<sup>29</sup>. According to equity theory of motivation, if compensation and rewards are perceived to be paid on the basis of equity, merit and justice, employees will remain motivated and continue to perform better and stay with existing employer<sup>30</sup>. Based on above literature, following hypothesis was formulated:

**H2: There is a positive relationship between ‘pay & benefits’ and employee retention.**

#### **2.4. Performance Appraisal**

Performance appraisal, being a segment of overall performance management system of an organization, has a unique significance in HRM practices. An effective performance appraisal system leads to employee development and motivation. Performance of employees is evaluated on certain assigned parameters on which the appraisal is based. Organizations that manage to fairly evaluate employee performance and reward superior performance are found to have higher retention rate. The HR practices that require high-involvement of the employees and managers are always helpful in enhancing the abilities, motivation and opportunities for all the individuals, though they be the managers, supervisors or employees<sup>31</sup>. HR practices that are responsible for increasing motivation of employees are counted as attractive compensations, rewards monetary as well as non-monetary, and goal orientation and performance appraisal<sup>32</sup>.

Performance appraisal is also known as upward and downward communication between employee and employer.

However, if employees are not suitably rewarded for superior performance, they are likely to get dissatisfied. It is

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<sup>27</sup> Aon Hewitt, *Managing performance with incentive pay*, (Journal of personnel Management), 7, no. 1 (2009), 25

<sup>28</sup> Tahira Nazir, Syed Fida Hussain Shah and Khalid Zaman, *The Relationship between Job Satisfaction and Remuneration in Pakistan: Higher Education Institutes Perspectives*, (Academia Arena), 5, 2 (2013), 40.

<sup>29</sup> Rizwan Qaiser Danish and Ali Usman *Impact of Reward and Recognition on Job Satisfaction and Motivation: An Empirical study from Pakistan*, (International Journal of Business and Management) 5, no. 2 (2010), 161-162

<sup>30</sup> Stephen Robbins, Timothy Judge, *Organizational Behavior*, 10th edition, Pearson, Prentice Hall (2009), 84.

<sup>31</sup> Muhammad Zahid Iqbal, Saeed Akbar and Pawan Budhwar, *Effectiveness of performance appraisal: An integrated framework*, (International Journal of Management Reviews), 17, 4 (2015), 523-24.

<sup>32</sup> Arunima Shrivastava and Purang Purang, *Performance Appraisal Fairness & Its Outcomes: A Study of Indian Banks*, (Indian Journal of Industrial Relations), 51, 4 (2016), 12-13.

argued that goals-setting has a positive linkage with the employee retention<sup>33</sup>. However, if goals are made participative by involving employees, this will definitely be a healthy tool to get employees motivated for achieving better performance and long term employee retention. If employees are evaluated properly and rewarded in time and equitably, their motivation increases which leads to better retention. It is concluded that incentives and other reward systems improve employee performance and satisfied workers prefer to stay in existing organization. In many studies it is found that higher motivation, supervision support, fringe benefits, working environments and training had positive impact on organizational loyalty and their retention.<sup>34</sup>

Participative goal setting is a part of participative management in which the employees are encouraged by their supervisors and the managers to come up with new ideas or share their own views while identification of new opportunities, goal setting for themselves and for their organization<sup>35</sup>. The supervisors evaluate their employee's performance and provide them with periodical reviews or feedback to identify the need for improvement in knowledge skills or abilities after regular intervals of time<sup>36</sup>.

**H3: There is a positive relationship between performance appraisal and employee retention.**

### **3. RESEARCH METHODOLOGY**

#### **3.1. Sample Size and Sampling Technique**

The sample size was taken of 250 employees, based on confidence interval i.e. 95 percent with the error estimation of 5 percent. A non-probability convenient sampling technique was used for accessing respondents. In this research, the managerial level employees pertaining to junior/middle and senior of Bahria Town (PVT) Ltd. Karachi were the target population.

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<sup>33</sup> Sven Asmus, Florian Karl, Alwine Mohnen and Gunther Reinhart, *The impact of goal-setting on worker performance - empirical evidence from a real-effort production experiment*, (Procedia, CIRP) 26, (2015), 129.

<sup>34</sup> Malik Ikramullah, Jan-Willem Van Prooijen, Muhammad Zahid Iqbal and Faqir Sajjad Ul-Hassan, *Effectiveness of performance appraisal: developing a conceptual framework using competing values approach*, (Personnel Review), 45, 2 (2016), 344.

<sup>35</sup> Grace Shing-Yung Chang and Peter Lorenzi, *The Effects of Participative Versus Assigned Goal Setting on Intrinsic Motivation*, (Journal of Management), 1983

<sup>36</sup> Khan, N., Ahmed, S. F., Ibrahim, M., and Shahid, M. K., *Impact of on- job training on performance of Telecom Industry.*" (2012)

### 3.2. Research Instrument

A well structures questionnaire was used as a research instrument for collecting primary quantitative data from selected sample of respondents. A questionnaire survey method is more appropriate for collecting quantitative data as it is convenient for the respondents. Questionnaire was divided into two parts, out of which first part contained basic personal information about respondents including education, age, length of service and role i.e. mid-level manager or senior level manager, where the second part is based upon dependent factor i.e. employee retention and the question are asked about three identified independent factors subsequently.

### 3.3. Data Collection Method

This study was based on primary data which was collected through a questionnaire which was filled by employee of Bahria Town (Pvt) Ltd. Karachi. Questionnaire was used as an instrument for collecting primary data. The questions asked were based on Likert Scale of 1 to 5, where “1” refers to “Strongly Disagree” and “5” refers to “Strongly Agree”.

### 3.4. Data Treatment

In order to get the research results, the quantitative data collected through questionnaire was integrated by applying correlation and regression analysis tools with the help of Statistical Package for Social Sciences (SPSS) software. For graphical representation of the quantitative data, Tables and Bar charts have been used.

## 4. DATA INTEGRATION AND ANALYSIS

### 4.1. Hypotheses Testing

To test hypothesizes, a well-known factual apparatus, i.e. SPSS Ver.22 was used over the data set extracted through structured questionnaire. The theme of the exploration was "**Impact of HRM practices on employee retention**" so regression technique was used to discover whether any regressor was statistically significantly impacting on the regressed.

*Table 4.1: Mean and Standard Deviation*

	Mean	Std. Deviation
Training and Development	3.52	.817
Pay and Benefits	3.76	.780
Performance appraisal	3.45	.826
Employee retention	3.62	.708
Valid N (list wise)	250	

Table 4.1 gives mean and standard deviation values of the four variables, i.e., Training & Development, Compensation & benefit, Performance Appraisal and Employee Retention. Mean and standard deviation shows the magnitude of the responses of the variables under study. We can see that “Compensation” has the highest average value of 3.76 with std. deviation of 0.78 showing agreement with the notion that compensation plays an important role in employee retention, while “performance Appraisal” has a mean value of 3.45 which is lowest in all four variables with standard deviation of 0.82 that is highest among all. It shows that people are indifferent over performance appraisal, i.e., overall they have mixed opinion over performance appraisal process. Never the less there is not a big difference in values among all the four variables. The table shows that people value more to compensation than any other factor, while there is high variation in response to performance appraisal that questions its efficacy in the context of our region.

Table 4.2: Correlation

		<b>Training Development</b>	<b>Pay &amp; Benefits</b>	<b>Performance appraisal</b>	<b>Employee Retention</b>
Training Development	Pearson Correlation	1			
	Sig. (1-tailed)	.000			
	N	250			
Pay & Benefits	Pearson Correlation	.538**	1		
	Sig. (1-tailed)	.000	.000		
	N	250	250		
Performance Appraisal	Pearson Correlation	.620**	.476**	1	
	Sig. (1-tailed)	.000	.000	.000	
	N	250	250	250	
Employee retention	Pearson Correlation	.533**	.641**	.496**	1
	Sig. (1-tailed)	.000	.000	.000	.000
	N	250	250	250	250
** Correlation is significant at the 0.01 level (1-tailed).					

Pearson correlation test result shows that employee retention has statistically significantly positive association with all the other variables under study. Respondents believe that Salary & Benefits has comparatively high association with employee retention than any other variable. This also shows the dynamics of the third world countries, where monetary benefits come superior to any other motivating factor.

#### 4.2. Regression Test

Regression model predicts the dependency of dependent variable (regressand) over a single or a set of independent variables (regressors).

Regression process has the following components:

The unknown coefficients =  $\beta$

The independent variables = X

The dependent variable = Y

The equation of Regression model is:

$$Y = f(X, \beta)$$

Table 4.3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.690 <sup>a</sup>	0.476	0.470	0.51584
a. Predictors: (Constant), Performance appraisal, Compensation, Training Development				

Model Summary gives the R, R Square, Adjusted R Square and the standard error of the estimate. These values conclude how well a regression model fits the data. The “R” denotes the “multiple correlation co-efficient”. The value of R is 0.690 and this value indicates a good level of prediction. The value of R Square is 0.47 and this value tells that this model explains 47.6 percent variation of all independent variables in the dependent variable. The value of adjusted R Square is 0.470 and the standard error of the estimate is 0.51584.

Table 4.4: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59.442	3	19.814	74.463	0.000 <sup>b</sup>
	Residual	65.458	246	.266		
	Total	124.900	249			
a. Dependent Variable: Employee retention						
b. Predictors: (Constant), Performance appraisal, Compensation, Training Development						

F-test in regression tells us whether a set of variables are jointly significant. In our study the value of F-Statistics is 74.463 which are quite good and statistically significant at significance level of p-value less than 0.01. Hence, we can say that overall the explanatory power of the model is quite good.

Table 4.5: Regression test

Coefficients						
Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.995	0.179		5.546	0.000
	Training Development	0.157	0.054	0.181	2.884	0.004
	Pay and Benefits	0.423	0.051	0.466	8.318	0.000
	Performance appraisal	0.139	0.052	0.162	2.691	0.008
a. Dependent Variable: Employee retention						

According to our analysis, the co-efficient table shows the “Sig” values in the last column which predicts us the significance of the variables and shows that whether variables are useful or not. In case of first variable i.e. Training & Development, the p-value is 0.004 which is less than 0.01, that means this variable is a useful variable and it creates positive impact on employee retention. The p-value of second independent variable i.e. “Compensation & Benefits” is 0.000 which is less than 0.01; that means this variable is also a useful variable and it creates positive impact on employee retention. The p value of third independent variable “Performance appraisal” is 0.008 which is less than 0.01; it means this variable is also useful hence it shows that there is positive impact of performance appraisal over employee retention.

Table 4.6: Summary of Result (Hypotheses Testing)

Hypothesis	Statement	Result
H 1	Training and Development has a positive impact on employee retention in Bahria Town (Pvt) Ltd.	Accepted
H2	Pay and Benefits policies have positive impact on employee retention in Bahria Town (Pvt) Ltd.	Accepted
H3	Performance Appraisal has a positive impact on employee retention in Bahria Town (Pvt) Ltd.	Accepted

## 5. DISCUSSION

The results obtained through data analysis have been further analyzed, in the order of hypothesis, in the ensuing paragraphs.

### 5.1. Training & Development

The results in respect of Training & Development (table 4.2) indicate that r value is 0.533 which shows a moderate and positive relationship between Training & Development and Employee retention at Bahria Town (Pvt) Ltd. Karachi and it is significant as p-value is 0.004 which is less than 0.01, which also suggests that the organization is

showing moderate interest over this factor as the employee considers this being somehow motivation for staying at Bahria Town (Pvt) Ltd. Karachi. Planning similarly allows relates the opportunity to learn new aptitudes and hone existing capacities they pass on to the occupation. Having the ability to create in a position and like the business they are doing is imperative to an individual and their point of view of the affiliation. By putting the best possible get ready in a specialist, they will develop a more unmistakable sentiment self-regard as they end up being more productive to the association. The association, also, will build specific focal points from get ready and working up its authorities, including extended gainfulness, reduced delegate turnover, and decreased prerequisite for reliable supervision.

Relationship of these two variables is moderate as well as the suitable co-efficient table's value i.e. is 0.004 which is lower than p-value is 0.01. This value describes that it is a useful variable and it creates a positive impact on employee retention at satisfaction at Bahria Town (Pvt) Ltd. Karachi. This means that H1 is accepted. This significant value shows that in this organization the emphasis is being given to training & development which is appreciated by employees.

## **5.2. Pay and benefits**

With reference to second variable i.e. compensation and benefits, the results in table 4.2 indicates that r value of 0.641, which gives a strong and positive relationship between compensation and benefits and employee retention and the p-value of Employee retention is 0.000 which is less than 0.01 and shows that it is significant in the research model, because of which the same hypothesis is accepted. This result is compatible and in line with the literature review.

Notwithstanding pay and wages, benefits make up your remuneration bundle, and it's conceivable to enhance what you can offer your workers without spending more cash. The better your pay bundle, the more probable you will hold key workers. Pay is the reward given to representatives as a byproduct of their administrations rendered and it is regularly the foundation of a beneficial workforce. The quality and execution of your organization's ability pool is typically specifically subject to how well you execute your pay arranging techniques.

So, findings and literature review correlate with each other, hence it is proved that suitable compensation helps out to retain key employees. When employees are being paid well they prefer to stay for longer period in organization, thus H2 with N = 250 is accepted which means there is a significant positive impact of compensation and benefits over employee retention at periodic review meetings on employee satisfaction at Bahria Town (Pvt) Ltd. Karachi .

### **5.3. Performance appraisal**

As per results the r value is 0.496 which gives a moderate and positive relationship between Performance appraisal and Employee Retention with the co-efficient value 0.008 which is less than 0.01 and is considered significant, thus H3 is accepted. Performance appraisal is a procedure intended to assess, oversee and in the long run progress Workers' execution. It ought to permit the business and its representative to transparently examine desires of the association and the representatives' accomplishments particularly for future improvement of the worker. It is critical to evaluate workers and build up their abilities, improve execution and disperse rewards. Thus, findings and literature review correspond with one another. H3 with  $N = 250$  is accepted which means there is a significant positive impact of performance appraisal over employee retention at Bahria Town (Pvt) Ltd.

## **6. CONCLUSION AND RECOMMENDATIONS**

The study was meant to investigate the impact of Human Resource Management practices on employee retention at Bahria Town (Pvt) Ltd. As we know, employees are considered an asset of any organization, they need to be valued and respected. For the development and retention of this asset "Human Resource Management practices" play a significant role. Following three HRM practices were considered for this study:

- Training Development
- Pay and benefits
- Performance appraisal

The findings illustrate that generally employees are satisfied with existing standard of HRM practices, as all of the above factors have significant positive relationship with employee retention. The impact of training and development on employee retention is quite stronger and compared to the influence of remaining two variables. In order to maintain requisite level of employee retention, Bahria Town (Pvt) Ltd needs to pay attention on 'salary and benefit plan' because in Pakistani culture financial compensation is more attractive than nonfinancial benefits. There are chances that employees having better job opportunities outside may get lured by better salary offer and leave present employer. Besides, performance appraisal has comparatively low scores and there is a need to review existing performance appraisal system. Bahria town may conduct a local survey and seek views of employees for improving existing performance appraisal system. There being no end to perfection, continuous efforts are required to review all HRM practices, from time to time, for ensuring employee motivation and retention.

## 7. SUGGESTIONS FOR FUTURE RESEARCH

This study was limited to construction industry and due to excessive official commitments; the researchers could examine only three HRM practices of merely one organization of the industry. There is a lot of scope to further study more HRM practices of other players of the huge construction industry of Pakistan. A similar research can also be undertaken for other industries.

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