

Impact of HRM Practices on Employee Retention: A Literature Review

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Abstract—*Employees are the backbone of any organisation, The success and growth of an organization to a great extent depend upon its employees. Having a team of adroit workforce is not just sufficient to survive in the competition, it is also important to retain those employees. Human Resource Management (HRM) practices play a significant role in achieving organization's goals and also in maintaining competitive advantage of the firm. Now a days retention of talented employees is one of the biggest challenges faced by an organization. It is now considered to be one of the top priorities of business organizations to stand in the competition. The objective of the present research study is to throw light on the role of HRM practices on employee retention. The HRM practices which are covered in this research are training and development, compensation, performance appraisal and employee empowerment. The present research is completely based on the available literature.*

Keywords: *Retention, HRM practices, Training and development, Performance appraisal, empowerment, compensation.*

1. LITERATURE REVIEW

(Gul, akhbar and Jan, 2012) in their study have concluded that training and development plays, a significant impact on employee retention. Organizations should provide suitable training and development opportunities to their employees, to make them competent by gaining advance knowledge, and making them efficient to use that knowledge for the development of the organization. Training and development play a important role not only in enhancing the capabilities of the employee, but also improve the performance of the organization. Employee empowerment has a significant impact on employee retention. Therefore organizations should provide their employees with the right to take necessary decisions in their job, which are related to their work. It can be used as a strategy to retain talented workforce of the organization. On the other hand(Saifullah, 2014) in his research study concluded that compensation has a significant impact on employee retention, therefore, it should be used to retain employees, whereas training has no significant impact on employee retention on the other hand

Selection of right person for the right job should never be the primary objective of any organization. A good organization should know the strategies to attract and retain its talented workforce for a longer period of time. Employee retention is

gaining importance now days (kakar, Raziq and khan, 2015)The objective of this research study was to know how hrm practices like ; compensation, training, appraisal and employee empowerment affect employees working in banks. The study concluded that there is positive relationship between HRM practices and employee retention. The study further reported that in order to survive in this competitive environment, organizations should know how to retain its talented workforce, Employees are one of precious assets of an organization, so it is necessary to retain talented workforce, which has now adays become one of the biggest challenge. (Azeez, 2017).

Retention may be defined as the capability of the organization to retain the employees of its organizations for a longer [period of time. Employees join an organization with the hope of providing service to that organization for a quite long duration. An employee would stay with an organization if he/she found that organization suitable for his/her long term engagement, if not, then he/she will quit from there and would provide service to those organization where there are chances of getting better prospective. Companies retention strategies may be defined as the ability of the employer to meet the desired expectations of its employees, good career prospect and job satisfaction. (Bhati & Ashokkumar, 2013)

Malik (2013) in her study concluded that HR practices like compensation, training, Performance appraisal are positively correlated with employees performance. Proper implementation of HR practices can lead to reduction in the number of employee turnover and would increase the retention of employees with in the organization.. (Haider et al. 2015)

Retention management plays an important role for any organization. (Rashidi and Rahmai 2013). The aim of this study was to evaluate the factors that increases retention of employees, and the factors that reduces turnover. The study also focused to examine those factors which motivate employees to say with the organization. The study was conducted in Pakistan in the context of banking sector. Th study concluded that by proper implementation of HR practices banks can achieve maximum contribution of its employees.

(Ramlall, 2003), in his research study aimed to ascertain the factors that put significant influence on employees decision to stay with an organization and the reason to leave the organization. The aim of his study was to throw light on the importance of retaining talented workforce and also to develop the strategies to increase the retention of skilled workforce. Today, due to increasing competition, retention of employees has become one of the top priority of an organization. (Mehta, Kurbetti and Dhankhar, 2014). They reported that there are no fixed number of HR practices that increase employee retention. It is very important for the organizations to make their best employees committed to stay with the organization, since the competition is very tough and the rival organizations are doing all possible effort to attract the adroit workforce to their side.

(Dardar, jusoh and Rasli, 2012) in their research study reported that training has insignificant relationship with turnover. The objective of their research was to ascertain the relationship between training, job satisfaction on employee turnover (. Ejaz and Akhbar, 2015) concluded in their study that Performance appraisal, compensation, training and development, empowerment have a positive significant impact on employee retention. Due to growing competition in the market attracting and retaining skilled workforce has become one of the biggest challenge for the organizations. (Haider, Rasli and Yusoff, 2015) stated in their study that compensation has a positive relationship with employee retention, while training and development have a negative impact on employee retention. Proper care should be given while training the employees.

Aslam *et. al* (2015) concluded in their study that the most significant variable in their research study is reward and compensation. It has a great effect on the performance of employees. On the hand (Presbitero, Roxas and Chade, 2015) reported in their study that it is important to look beyond the traditional HRM practices for enhancing retention of talented workforce. The study was conducted in BPO's sector in Phillipines. The study further stated that implementation of effective HRM practices do not guarantee retention of skilled workforce. It has only a limited effect on employee retention. Employee retention cannot be guaranteed by providing the most attractive remuneration package or by giving the advanced training and development programs. For the retention of talented workforce, it is important that HR managers should be aware of the fact that the compatibility between employee and organizational value matters a lot and therefore they should be an integral element in implementing HRM policies while addressing employee retention.

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