

## INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEE RETENTION IN RETAIL INDUSTRY

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### Abstract

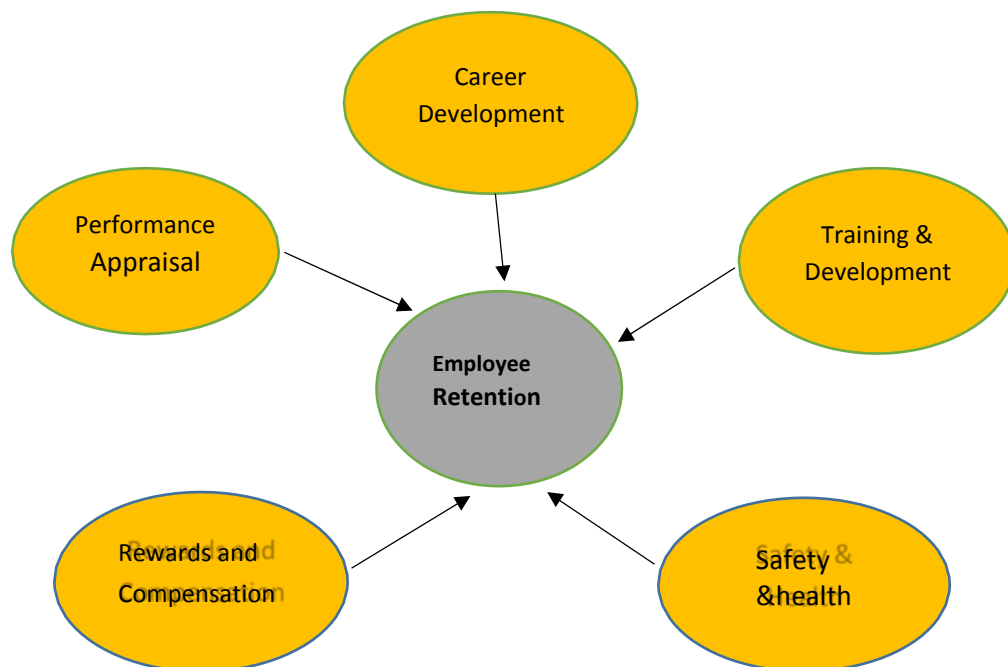
This study seeks to establish the influence of human resource management practices on employee retention. This study proves that three human resource practices such as career development, reward and recognition, and health and safety have a positive and significant impact on employee retention. This research did not find any significant influence of training and development nor performance appraisal on employee retention. However when training and development is linked with career development, there is a positive and significant influence on employee retention. Also when performance appraisal is linked with reward and compensation there is a positive and significant influence on employee retention.

**Key Terms:** Human Resource Management Practices, Career and Development, Training and development, Performance Appraisal, Reward and compensation, Health and Safety, Employee Retention.

### Introduction

The influence of human resource management (HRM) practices and policies on employee retention is an important study in the fields of human resource management. Organizations have witnessed the importance of human resource management practices on employee retention (Singh, 2010). The purpose of this research paper is to analyze the factors influencing employee retention due to the human resource management practices implemented by the organizations in retail industry.

### Conceptual Framework



### **Research Aims and Objectives**

- To examine the effect of career development on employee retention.
- To examine the effect of practicing performance appraisal on employee retention.
- To examine the effect of training and development on employee retention.
- To examine the effect of reward and compensation on employee retention.
- To examine the effect of adopting health and safety in organizations on employee retention.

### **Career Development:**

Employees value companies with development opportunities and clear, defined career paths. Companies that take a blind eye to the employees quest for growth risk losing high-performing individuals. To support the career progression of retail workers, companies must offer professional training and development opportunities that can help them to expand their skills and further their experience in the company.

To entice long term stay in retail companies, employers must craft innovative career paths that offer both upward and lateral movement accompanied by competitive wages. Retail wages continue to be a concern because they are not as competitive as they should be so any increase in remuneration improves employee's happiness.

### **Performance Appraisal:**

Employee recognition plays a huge part in improving employee retention and happiness. People are emotional beings that need to be acknowledged for their contributions to the workplace. One way of showing appreciation to your retail workers is by awarding them with patches. You can create custom patches in different styles using various manufacturing techniques depending on your choice and use case.

Patches can be used to award employee accolades and achievements like employee of the year or month. If you add a financial incentive with certain types of patches that will be even more appreciated. Your employees will feel honored and recognized for the work they do whilst also promoting your retail brand to potential customers and employees.

Another way of showing appreciation for your retail staff is through celebrating their personal work anniversaries and birthdays by either offering a day off or giving them end-of-year bonuses or vacations.

### **Training and development**

As part of providing continuous feedback on performance, you can help employees identify areas for professional growth, such as the need to learn new skills. Up skilling your employees is especially important today as technology continues to change how we work. When people up skill, they gain new abilities and competencies as business requirements evolve.

Make it a priority to invest in your workers professional development. Give them time to attend virtual conferences, provide tuition reimbursement or pay for continuing education. Succession planning which can be a highly effective method for advancing professional development and building leadership skills.

### Rewards and compensation

Every person wants to feel appreciated for the work they do. And in today's "anywhere workforce" an employer's gratitude can make an especially big impact. So be sure to thank your direct reports who go the extra mile and explain how their hard work helps the organizations. Some company's setup with formal rewards systems to incentivize great ideas and innovation, but you can institute compelling recognition programs even if you have a small team or limited budget.

### Health and safety

Employee safety will continue to be a top concern in retail sectors. To safeguard the health and wellbeing Human resource should conduct routine research and implementation new and updated safety measures as necessary. This includes basic measures such as cleaning all workspaces on a regular basis, ensuring employees have all the cleaning supplies they need during their shift, medicines, clinic doctors, good food etc. This practice will improve the health and safety of the employee.

### Demographic Analysis

The study engaged 254 employees from 14 Retail organizations in Chennai. Majority of the respondents were female 56.7%, male 110%. Most of the employees are aged between 18 - 45 years constituted 37% followed by aged group 26-35 years with 34%. 91% of staffs were professional level staff while 9% only represents secretary level staff.

Variable		Frequency	Percent	Cumulative Percent
Age Group	18-23	106	41.7	41.7
	24-29	86	33.8	75.5
	30-35	47	18.5	94.0
	36 and above	15	6.0	100
Gender	Female	144	56.7	56.7
	Male	110	43.3	100
Marital Status	Single	134	52.8	52.8
	Married	108	42.5	95.3
	Divorce	12	4.7	100
Length of service	0-6months	44	17.3	17.3
	6months – 1 year	40	15.7	33
	1-2 years	55	21.7	54.7
	>2 years	115	45.3	100
Monthly Income	Mrf 4000-6000	99	39.0	39.0
	Mrf 7000-8000	67	26.4	65.4
	Mrf 9000-11000	50	19.6	85.1
	>Mrf 12000	38	15.0	100
Job Position	Executive	24	9.4	9.4
	Junior	121	47.6	57
	Others	54	21.3	78.3
	Senior	55	21.7	100
Department	Administration	26	10.2	10.2

	Customer Service	121	47.6	57.8
	Human Resource	15	5.9	<b>63.7</b>
	Others	92	3.6	<b>9.5</b>
<b>Education Level</b>	Bachelors	23	9.0	<b>9.0</b>
	High. Second	91	35.8	<b>44</b>
	Masters	5	2	<b>46</b>
	Others	26	10.2	<b>56.2</b>
	Secondary	109	42.9	<b>99.1</b>

### Socio-demographic Profile of the Participants

#### Reliability

For this research reliability is measured using Cronbach's Alpha and inter-item correlation. Cronbach's alpha measures the internal consistency, while the inter-item correlation addresses the correlation between individual items that should exceed or be greater than 0.3 (Assan & Diallo, 2013). Cronbach's alpha coefficient is widely used to measure reliability, if the Cronbach's alpha value is 0.70 it ensures the reliability of the internal consistency of the questionnaire (Ringim, et al., 2012).

	Pilot Test (sample of 20)	Actual Sample of 254
<b>Cronbach's Alpha</b>	<b>0.933</b>	<b>0.956</b>
<b>Cronbach's Alpha Based on Standardized Items</b>	<b>0.933</b>	<b>0.956</b>

The constructs for this research has a standardized Cronbach's alpha of 0.956 and according to Flynn, Schroeder and Sakakibara (1994) the Cronbach's alpha range between 0.60 to 0.99 for the variables of the questionnaire used for research indicates that the instrument is reliable (Ringim, et al., 2012).

Variables	Number of Items	Cronbach's Alpha (N=254)	Cronbach's Alpha (Pilot Test) (N=20)
Career Development	5	0.886	0.883
Training and Development	5	0.769	0.530
Performance Appraisal	5	0.854	0.620
Reward and Compensation	5	0.809	0.551
Health and Safety	5	0.858	0.822
Employee Retention	5	0.931	0.911

#### Hypothesis

**H1:** Improved career development practices have a significant and positive influence towards employee retention.

**H2:** Increasing training and development opportunities has a significant and positive influence on employee retention.

**H3:** The combined effects of training and development along with career development opportunities have a significant and positive impact on employee retention.

<b>H4:</b> Effective performance appraisal has a significant and positive influence on employee retention.
<b>H5:</b> If performance appraisal and reward recognition are combined, there is a significant and positive impact on employee retention.
<b>H6:</b> There is significant and positive impact of reward and recognition on employee retention.
<b>H7:</b> Improved health and safety practices in the workplace have a positive and significant influence on employee retention.

## Conclusion

The main purpose of this research is to examine the impact of human resource management practices on employee retention in Retail industry. The following conclusions are derived from the findings

There is a positive and significant influence of career development on employee retention. Even though career development is not often practiced among the organizations where samples were taken, it was perceived as one of the key factors that plays an important role in retaining employees in the organization.

There is no significant influence of training and development on employee retention. This is evident in past research as well. Many research shows that if training and development only takes place without linking it to other rewards, especially career development, employees don't see the value of training even though it increases productivity and overall performance.

This research concluded that training and development combined or linked with career development opportunities will retain employees in the organization. Therefore it is important to provide training and development with further career development plan, similarly practice performance appraisal by providing proper feedback on a timely manner so the employees could benefit with the rewards and compensation packages that come when performed well. This will help the organization to save cost in recruitment. This study concludes, by adapting these human resource management practices in the organization talent can be retained and at the same time the organization can achieve the set goals being competitive and successful.

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