Effect of HR Practices on Employee Retention: The Role of Perceived Supervisor Support

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INTRODUCTION

HRM is important in an organization because it facilitates in managing human resources and strategies that keep their employees satisfied and retained especially in textile industries. Human Resource management plays a lot of big roles in organizational affairs. Textile sector is the backbone of Pakistan and now a day, facing employee retention issue. Satisfaction level of the employees in an organization lead towards the reduction of turnover and increase in employee’s faithfulness (Ijigu, 2015; Mahmood, 2016). Employees are the vital part of an organization especially skilled, expert, and experienced employees (Bowen & Lawler III, 1995). Empowerment effects job satisfaction because it is the power that is granted to workforce so the employees can solve the problems regarding services and can meet the customer’s satisfaction by delighting them (Ashton & Ashton, 2017). Textile Organizations need to retain their expert employees through HRM strategies in order to keep them self-on track. Textile Organizations usually try to retain the desired employees to gain a competitive advantage because other companies or organizations cannot substitute your employees. The different plans and practices which are adopted by the organization in the long run for the employee’s stay in the organization is known as employee retention, it is defined by many researchers in many ways (Bibi, Ahmad, Halim, & Majid, 2018; Shivangee & Dixit, 2011). There are many ways or strategies through which textile organizations can try to retain their employees and these all ways belongs to human resource management strategies. Some of the strategies can be introduced to employees to retain them such as employee training and development, employee empowerment, performance appraisal, compensation and perceived supervisor support etc. Better understanding about the HR strategies will be provided through this study and how we can use those strategies to retain employees. Due to the importance of HR, Organizations should take some steps for employees’ retention. Helpful information will be provided by this study about HRM practices that can help in employees retention.

RESEARCH PROBLEM

Employee retention is somewhat a big problem in organization now a days. Good and skilled employees need to be retained by organizations. Many organizations do not regard their employees due to which employee switch their workplaces as soon as they find a good opportunity. In this matter, how, human resource strategies can help in retaining employees. HR department plays an important role in an organization. HRM strategies can significantly affect employee’s perception about the organization and if the supervisor is supporting their employees in a positive manner then it becomes more beneficial for an organization. For solution of this problem, the effect of Performance appraisal, Employee empowerment, Employee Training & development, Compensation and PSS on Employee Retention will be investigated.

LITERATURE AND HYPOTHESIS

HRM plays vital role in organizations. It suggests many ways for management styles and activities through strategies and offers methods for forecasting human resource requirements (Lengnick-Hall, 1988). Some of the HR strategies are discussed below:
EMPLOYEE RETENTION (ER)

Retention of employees is the need of organizations in today’s era. By selecting right people and implementing various strategies or programs to keep employees engaged and motivated in an organization, the process of retention begins (Freyermuth, 2007). The trend of employee retention has increased with the passage of time due to emerging trends, industrialization and increased employment opportunities. Employees need to be retained by organizations because of their skills, knowledge and expertise but when employees feel they are not treated the way they should be treated according to their expertise, knowledge and skills, they began to switch (Nasir & Mahmood, 2018).

EMPLOYEE EMPOWERMENT (EE)

Hunja, Ul Haq, Akbar, & Yousaf, (2011) explained empowerment as “An important and fundamental aspect for successful business growth, achievement and productivity. Meyerson & Dewettinck, (2012) in his study found that EE is mainly concerned with participation in decision making, trust and motivation. It is a mechanism through which employees are given authority in decision making (Sait & Saleh, 2013). EE is one of the HR practice which can be applied in a textile industry to retain an employee. In this way employees are empowered to take some decisions and they can help in decision making through suggesting or elaborating their idea about that specific situation. In textile industries employees do not feel that much empowered that is why when they start feeling uncomfortable resulting job resignation. Previously empowerment was defined by Huxtable, (1994) as “An authority provided by organization to its employees for daily job activities dealing”.

EMPLOYEE TRAINING AND DEVELOPMENT (T&D)

Technological advancement and market globalization appear to be current market scenario. Organizations need to look for possible ways in order to survive in such challenging situations. In this scenario, employee’s skills and knowledge became essential for continuous improvement and organizational performance (Elnaga & Imran, 2013). As quality improvement of employees is necessary, one of the ways to improve the quality of employees is beneficial training and development programs. McKinsey, (2006) in his study found that skills, knowledge and capabilities of the talented employees are the key advantages in global marketplaces. Trainings are important for all organizational members in order to develop effective capabilities, skills and knowledge (Meyer & Allen, 1997). Employee training and development implemented in textile industry helps to keep employees motivated and feel positive about the organization. Training is meant to enhance the skills of employees if training is going to be conducted repetitively after a specific period employee will become more skilled and expert because training will develop more skills in them, and they can have a chance to get promotions on the behalf of their skills. Getting promotions after some specific period will keep the employees motivated and they will not look up for other opportunities. Hafeez & Akbar, (2015) reported in his study that employee’s level of performance increase significantly as they receive repetitive training.

COMPENSATION

Compensation is one of the major tools used by organization for employee retention. Compensation can by intrinsic or extrinsic. It means organization can compensate its employees through non-monetary benefits like appreciation letter or monetary benefits like allowance or cash in both forms. Number of studies have discovered compensation benefits in employee retention (Cho, Woods, Jang, & Erdem, 2006; Milman, 2003; Milman & Ricci, 2004; Shaw, Delery, Jenkins Jr, & Gupta, 1998; Walsh & Taylor, 2007). Attractive salary packages, leave policies, Incentives, Promotions etc. these are the all factors which an organization’s competitive edge against can be retaining skilled and experienced employees. Textile industries need to work on their compensation system or packages so that more and more talented employees can be retained but now a days industries are not working on the benefits of their employees due to which employees do no act loyal toward organization and they switch. Employee commitment with the organization can be maintained through compensation resulting high performance with positive attitude of employees. Walker, (2001) found in his study that any sort of appreciation either it is from colleague, customer and supervisor will foster loyalty of employees towards their workplaces. Organizations can compensate their employees through different types of rewards such as certificates of recognition, allowances, bonuses, awards etc. (Davies, 2001; Silbert, 2005).

PERFORMANCE APPRAISAL (PA)

PA is a system through which organizations review the performance of their employees. Episodic and scheduled feedback is gained through performance appraisal which helps in encouraging greater efficiencies. Many organizations conduct employee’s performance appraisal to improve their performance. Regular periodic performance review will show performance flaws and training sessions can decrease their flaws. As organizations fire their employees when they came to know about the weak performance of employees but if organizations conduct Performance appraisal as well as training and development sessions, they can retain employees. In textile industry organizations need to work on appraisal system because skills are developed by training but if on the basis on weak performance organizations fire employees than their will be loss of organization time and recruitment cost. To save this cost organizations need to train their employees but unfortunately organizations do not spend much on employees resulting employee’s turnover (Aldamoe, Yazam, & Ahmad, 2012). Lee & Lee, (2007) and 陳森, (2005) found in their studies that there is a positive relation of performance appraisal with employee retention.

PERCEIVED SUPERVISOR SUPPORT (PSS)

There is a significant contribution of PSS in employee retention. When subordinates share a positive and strong relationship with supervisors, loyalty and attachment of employees becomes greater towards their organization. Many employees feel that their supervisors are supporting and dealing with them positively. In their perception they create a good supervisor image due to which they become motivated to perform well in every task, assignment and project and serve the organization with their better services and performance (Eisenberger, Fasolo, & Davis-LaMastro, 1990). But in textile organizations supervisor want to control their employees and do not behave friendly with employees which results employee’s hesitation while communicating them. This hesitation causes many problems unsolved and employees starts to switch. Greenhaus, Callanan, & Kaplan, (1995) found that if employees have positive and open communication with their boss’s employees become more engaged and involved in their tasks. Ali, Saleem, Bashir, Riaz, & Sami, (2018) established the relationship that leadership style of supervisors have positive impact on employees burnout decisions. The bonding of subordinates and boss will help boost employees’ skills and competencies resulting stay of employees with company for longer time period (Roepeke, Agarwal, & Ferratt, 2000).

CONCEPTUAL FRAMEWORK
Performance Appraisal is a systematic process through which employee performance is evaluated. It checks the individual contribution in an organization thus helps to create a successful career (Gruman & Saks, 2011). More often it is contended that if you want to effect Performance appraisal positively on Employee retention than employees need to undergo positive Appraisal observations (Ba, 2006) but most organizations face employee turnover due to the absence of effective employee appraisal system. Performance Appraisal policies can be a factor for employee turnover. When employees relate their performance appraisal activities with performance appraisal politics then job dissatisfaction occurs and employees start thinking to switch their job which in result cause employee turnover in an organization (Poon, 2013). Therefore, we hypothesize that:

H3: Performance Appraisal has a positive impact on ER

COMPENSATION AND EMPLOYEE RETENTION (ER)

Compensation is said to be an important part in employee retention (Bibi, Ahmad, & Majid, 2018). It can be the pay resulting from employment in your organization (Dessler, 2006). As stated by the previous researchers, Compensation helps an organization in retaining employees and decreased absenteeism (Arthur, 1994; Ichikawa, Shaw, & Premusshi, 1995; Delaney & Huselid, 1996). Previous studies investigated the effect of compensation on employee retention (Chiang & Birtch, 2010; Choi & Dickson, 2009; Hinkin & Tracey, 2010; Sturman, 2001). Kosose (2011) found that significant relation exists between employee retention and compensation.

Opportunities for employment are steadily growing with the increase in internationalization of market and competition (Paillé, 2013; Parameswara Rao, 2016; Schiemann, 2014; Yamamoto, 2011). Therefore, retention of the talented employees is predicted as one of the key functions of HRM (Bhatnagar, 2004; Kundu & Gahlawat, 2016). Therefore, we hypothesize that:

H4: Compensation has a positive impact on ER

PERCEIVED SUPERVISOR SUPPORT (PSS) AND EMPLOYEE RETENTION (ER)

Sucharski, & Rhoades, Eisenberger, Stinglhamber, Vandenberge (2002) and Kottek & Sharafinski, (1988) explained PSS as “the perception of employees towards their supervisors regarding their contributions worth and well-being”. Organizations who appreciate capabilities, contributions and efforts of employees are likely to have less turnover rate (Terera & Nigrande, 2014). The mentoring is used for development orientation (Kashif ur Rehman, Atif, Ijaz Ur Rehman, Muhammad, & Asad, 2011; Scandura & Williams, 2004). When employees perceive that their supervisors are committed for their wellbeing they have stronger commitment towards organization they are working for (Gibson, Porath, Benson, & Lawler III, 2007; Kwenin, Muathe, & Nzuulwa, 2013). Therefore, we hypothesize that:

H5: PSS has positive effect on ER

PERCEIVED SUPERVISOR SUPPORT (PSS), EMPLOYEE EMPOWERMENT (EE) and EMPLOYEE RETENTION (ER)

It is said that why due to Perceived supervisor support employee turnover increases? Organization support theory (OST) infers that PSS increases employee retention by perceived organization support (POS). Sense of responsibility and commitment of employees towards organization is created through POS which will result from PSS. This
sense of responsibility and commitment helps in employee turnover reduction (Eisenberger et al., 2002). Therefore, we hypothesize that:

H6: PSS has a moderating effect between EE and ER.

PERCEIVED SUPERVISOR SUPPORT (PSS), EMPLOYEE TRAINING AND DEVELOPMENT (T&D) AND EMPLOYEE RETENTION (ER)

Supervisor have responsibilities regarding instructing and evaluating the performance of the subaltern because they acts as the spokesmen of the concern, and the workers can also view the orientation of their supervisors as favorable or unfavorable for them because it indicates the support for organization (Huntington, Eisenberger, Hutchison, & Sowa, 1986; Levinson, 2009; Eisenberger & Rhoads, 2002). Therefore, we hypothesize that:

H7: PSS has a moderating effect between Employee T&D and ER

PERCEIVED SUPERVISOR SUPPORT (PSS), COMPENSATION, PERFORMANCE APPRAISAL (PA) and EMPLOYEE RETENTION (ER)

Rewards that are given by the organizations is a kind of investment and employees consider it as the appreciation and recognition for them and is contributed to perceived the support of the organization’s, employees also consider these discretionary activities as benefit for them and think that organization is caring about their human resources (Eisenberger et al., 1990; Narang & Singh, 2012). Employee contribution in HR practices showing recognition, which will be related to perceived organizational support positively such as training, promotion, salary, the security for job (Rhoades & Eisenberger, 2002). Therefore, we hypothesize that:

H8: PSS has a moderating effect between Compensation and ER

H9: PSS has a moderating effect between PA and ER

THEORY OF THE HIERARCHY OF NEEDS

Maslow’s hierarchy of needs is a psychological theory introduced in 1943 by Abraham Maslow in his paper “A Theory of Human Motivation”. Five hierarchical needs were identified by Abraham Harold in his theory of the hierarchy of needs which could also be applied to an organization (Gordon, 1965). Maslow’s theory suggests that second need is not felt by an individual until the first need is fulfilled. Figure 2 illustrates Maslow’s hierarchy of needs.

Hierarchy of need’s different levels are discussed below:

PHYSIOLOGICAL NEED

Biological needs including relatively constant body temperature, food, water and oxygen. These are the strongest psychological needs that would come first in the person's search for satisfaction. So, if the employees are not earned enough to buy the food, cloth for them they may not retain in the organization and move to other organizations

SAFETY NEED

The need of security become active when psychological needs are no longer controlling thoughts and are completely met. There is little awareness regarding need of security in adults except periods of disorganization in the social structure or times of emergency. The workers need safety at the workplace, so they can work efficiently. If they feel not safe, they cannot work efficiently. Organizations need to provide cohesive environment to employees for employee satisfaction and retention.

NEED FOR LOVE, AFFECTION AND BELONGINGNESS

The next comes need of love when psychological and safety needs are satisfied. Maslow states that people seek to overcome feelings of alienation and loneliness. It includes sense of belonging, receiving and giving of love and affection. Organizational environment plays an important role in this regard. If the supervisor is supporting and communicating positively with his subordinates, the subordinates feel positive and motivated. They feel a sense of belonging and affection towards their workplace.

NEED FOR ESTEEM

The need for esteem become dominant when psychological need, safety need and need of love is satisfied. Need of esteem includes both needs a person gets from others and self-esteem. Humans have a high level of self-respect and a strong need to get respect from others. If this need is not fulfilled an individual feel frustrated, week and low but if this need is fulfilled an individual feels valuable and self-confident. Organizations need to make their employees feel worthy and confident so they can work efficiently. It can be achieved by employee empowerment and supervisor support because through employee empowerment and supervisor support an employee’s point of view is valued.

NEED FOR SELF-ACTUALIZATION

When all four needs are fulfilled, need for self-actualization become activated. Self-actualization was defined by the Maslow as “A need of person which he or she wanted to be”. An individual feel restless, tense, on edge when they think a specific person can do a specific task e.g. music must be made by musician, poetry can be only written by poet and an artist can paint only etc. It is very easy to know about the restlessness of an individual if one of the four needs (psychological, safety, love and self-esteem) is not fulfilled. Organizations need to be fair regarding compensations so the employees will be assured that they can achieve higher level posts in organization.

METHODOLOGY

The basic purpose of this study is to investigate the impact of HRM practices on employee retention. Another purpose is to reveal the relationship between employee retention and HRM practices. Both the theoretical and empirical results of this study have important contribution in literature of this field.
Sampling and Data

Employees from different departments of textile industries participated in this research. Data is collected from employees of textiles industries from all over the Pakistan (n=310). “Convenience sampling” sampling technique is adopted from (Balci, 2004). Compensation items were adopted from (Tessema, Soeters, Tessema, & Soeters, 2007). Items of employee retention were adopted from (Knydt, Dohcy,s & Michielsen, 2009). Perceived supervisor support items were adopted from (Eisenberger et al., 1986). Performance appraisal, employee empowerment and training & development items were adopted from (Delery & Doty, 1996).

Data Analysis

Five-point Likert scale was used to measure HRM practices, PSS and employee retention items. It was used in an item as “1: strongly disagree” and “5: strongly agree. Data was analyzed through SPSS 22.0. To find the reliability of the scales Cronbach alpha reliability value was computed. Reliability value of HRM practices scale is 0.831, 0.912 for perceived supervisor support scale and 0.950 for employee retention scale.

Linear regression was used to determine the linear relationship between HRM practices and employee retention. Process by Hayes, (2017) have been used to compute the moderation effect of PSS between HRM practices and employee retention.

Hypothesis Testing

Table 1 gives a summary of standard deviation and mean of the variables, which were within the permissible range which proofs that data was normal.

<table>
<thead>
<tr>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
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</thead>
<tbody>
<tr>
<td>PSS</td>
<td>310</td>
<td>3.8404</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.83198</td>
</tr>
<tr>
<td>EE</td>
<td>310</td>
<td>3.5526</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.78419</td>
</tr>
<tr>
<td>T&amp;D</td>
<td>310</td>
<td>3.0046</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.76985</td>
</tr>
<tr>
<td>Comp</td>
<td>310</td>
<td>3.3057</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.82129</td>
</tr>
<tr>
<td>PA</td>
<td>310</td>
<td>4.0132</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.78213</td>
</tr>
<tr>
<td>ER</td>
<td>310</td>
<td>3.6976</td>
</tr>
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<td></td>
<td></td>
<td>.88432</td>
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<tr>
<td>Valid N (listwise)</td>
<td>310</td>
<td></td>
</tr>
</tbody>
</table>

Regression analysis examined the relationship between HRM practices and ER. Results shown in table 2 indicates statistically significant effect of HRM practices on ER (R=.876, R²=.853, p=.000). Therefore, H1= Employee Empowerment has a positive impact on Employee Retention, H2= Employee training and development has a positive impact on Employee Retention, H3= Performance Appraisal has a positive impact on Employee Retention, H4= Compensation has a positive impact on Employee Retention and H5= PSS has positive effect on Employee Retention are accepted.

Table 2: Relationship between HRM practices, PSS and Employee Retention

<table>
<thead>
<tr>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Sig. (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>.876</td>
<td>.853</td>
<td>.853</td>
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Process by Andrew F. Hayes has been used to measure moderating effect. Results shown in Table 3 depicts that there is statistically significant effect of EE and PSS on ER (p=.0000, R=.9280 and R²=.9320) but there is no moderation effect of PSS between EE and ER (R² change=.0000). Therefore, H6 is rejected.

Results for Moderating effect of PSS with T&D and ER are shown in table 4. There is statistically significant effect of T&D and PSS on ER (p=.0000, R=.9237 and R²=.8532). The value .0023 of R² change depicts 2.3% change between relationship of T&D and ER due to PSS. Therefore, H7 is accepted.

Results for Moderating effect of PSS between compensation and ER are shown in table 5. There is statistically significant effect of compensation and PSS on ER (p=.0000, R=.9133 and R²=.8342). The value .0017 of R² change depicts 1.7% change between relationship of compensation and ER due to PSS. Therefore, H8 is accepted.

Results for Moderating effect of PSS between PA and ER are shown in table 6. There is statistically significant effect of PA and PSS on ER (p=.0000, R=.9218 and R²=.8497). The value .0021 of R² change depicts 2.1% change between relationship of PA and ER due to PSS. Therefore, H9 is accepted.

Table 3: Moderating effect of PSS between EE and ER

<table>
<thead>
<tr>
<th>R</th>
<th>R²</th>
<th>P</th>
<th>R²-Change</th>
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<tbody>
<tr>
<td>.9280</td>
<td>.9320</td>
<td>.0000</td>
<td>.0000</td>
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Table 4: Moderation effect of PSS between T&D and ER

<table>
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<th>R</th>
<th>R²</th>
<th>P</th>
<th>R²-Change</th>
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<tr>
<td>.9237</td>
<td>.8532</td>
<td>.0000</td>
<td>.0023</td>
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Table 5: Moderaing effect of PSS between Compensation and ER

<table>
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<th>R</th>
<th>R²</th>
<th>P</th>
<th>R²-Change</th>
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<tr>
<td>.9133</td>
<td>.8342</td>
<td>.0000</td>
<td>.0017</td>
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</table>

Table 6: Moderation effect of PSS between PA and ER

<table>
<thead>
<tr>
<th>R</th>
<th>R²</th>
<th>P</th>
<th>R²-Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>.9218</td>
<td>.8497</td>
<td>.0000</td>
<td>.0021</td>
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</table>

Note: Confidence level for every output is 95%

Conclusion

As discussed earlier, organizations need to retain their employees based on their skills, knowledge and competencies in order to meet emerging trends. HRM strategies can significantly affect employee’s perception about the organization and if the supervisor is supporting their employees in a positive manner then it becomes more beneficial for an organization. In this study effect of HRM practices on ER is studied. The study results showed that EE, T&D, compensation, PA and PSS has a strong and significant effect on ER. Also, the moderating effect of PSS between T&D, compensation, PA and ER exist except EE. PSS do not necessarily contribute towards ER and EE in an organization because it can relax employees regarding tasks completion and meeting deadlines. Therefore, organizations should apply HRM practices to retain employees in order to meet emerging trends and enhanced organizational performance.

Managerial Implications

This research provides guidelines for textile industry managers to implement proper HRM practices in organizations for ER. Our results demonstrated that EE, T&D, Compensation, PA and PSS has a strong and significant effect on ER because employees have some positive expectations toward their organization where they work about perks. Organizations should implement these HR Practices to keep employees motivated and positive towards work, this will decrease employee turnover and increase retention of skilled and motivated employees in an organization. According to a survey in Textile industries of Pakistan organizations are reluctant to implement
proper human resource practices which causes high employee turnover. Organizations need to implement proper human resource practices like EE, T & D, Compensation, PA and PSS in order to grow and increase ER.

References:


