ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEE RETENTION: THE CASE OF RADAR CONSTRUCTION

BY

MEKDELAWIT TESFAYE

MAY 2017

ADDIS ABABA, ETHIOPIA

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SGS/0259/2007A

A THESIS PROPOSAL SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINSTRATION

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Ass. Prof. Mohammed Mohammed. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose(s) of earning any degree.

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St. Mary's University, Addis Ababa   **May 2017**

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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ACKNOWLEDGEMENTS

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ABBREVIATIONS

CD	Career Development
ER	Employee Retention
HRM	Human Resource Management
HR	Human resource
HS	Health and Safety
TD	Training Development
PA	Performance Appraisal
RC	Reward and Compensation

ABSTRACT

Human Resource Management Practices and their impacts on employee retention are given a vast cover on the literature review. The main objective of the study was to assess the influence of Human Resource Management Practices on Employee Retention in Radar Construction. Mixed research design (qualitative and quantitative) approach is adopted. For the quantitative approach descriptive type of research is engaged as the objective of the researcher is to evaluate the existing selected HRM practices and their contribution to employee retention. Census inquiry is employed since permanent employees of the head office are selected as a whole to represent the population under the study. Total sample size is 80 and data for the study was collected through structured self-administered questionnaires. For the qualitative approach semi structured questionnaire was used for selected three HRM officials and the result was discussed. The selected HRM practices which formed the independent variables are career development, training & development, performance appraisal, reward and compensation and, health and safety while employees' retention stood as the dependent variable. This study concludes that, Radar Construction, as per the selected human resource management practices (Health and Safety, Performance Appraisal, Career Development, Reward and Compensation and Training and Development) has a good reputation on employee retention. It is also recommended for Radar Construction to review company policies and procedures implementation to ensure they are fair and can contribute to better successive employee retention.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The ability to attract, retain and develop talented employees is a key feature for successful business. The success of most, if not all, organizations depend largely on its human resource. According to Khan (2010), in an energetic business atmosphere, there is the need for an approach to achieve better performance, to originate and implement HRM practices. Successful organizations of all types and sizes have at least one thing in common i.e. they do have competent and motivated workers. This need has become even stronger as organizations are faced with the challenges presented by a fast-paced, highly dynamic, and increasingly global and competitive economy.

Appelbaum (2001), captures HRM practices as being basically concerned with the management of people within the internal environment of organizations, comprising the activities, policies, and practices involved in planning, obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate numbers and skill mix of employees to achieve the organization's objectives.

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).

People are an organization's most valuable asset and this is especially true in relatively low-tech, labor intensive industries such as construction. Unlike physical assets, people have their own individual needs which must be met and managed well if they are to contribute to organizational growth and development. People are individuals who bring their own perspectives, values and attributes to organizational life, and, when managed effectively, these human traits can bring considerable benefits to organizations (Mullins 1999).

Despite recent advances in technology and production management techniques, construction remains one of the most people reliant industrial sectors. Construction industry employs diverse

groups of employees who operate as traveling labour force, working in teams to complete objectives in a variety of workplace settings. Like any industry, construction has to compete for its workforce from the limited pool of people who are able and willing to work.

Today, however, retention of valuable employees is a challenge in the construction companies. Managers and top- level authorities are constantly met with the issue of retaining employees, and there is a wealth of evidence that worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing high rate of employee turnover (Arthur, 1994; et al). There are major challenges in attempting to retain employees which become an increasingly important aspect of building organizational capabilities to ensure sustained competitiveness (Holland, Sheehan, & De Cieri, 2007).

Such challenges are further complicated by the fact that highly skilled employees tend to change jobs for better financial rewards and improved working conditions. Many organizational leaders are well aware of these challenges, recognizing the need to retain talented and committed employees who will contribute significantly to the success and achievements of the organization; but they may lack the resources to initiate changes that will address retention problems (Buck & Watson, 2002; et al).

Available literature shows that HRM practices create competitive advantage particularly when they are in line with a firm's competitive strategy (Schuler &Jackson, 2007). According to Griffin, various theoreticians and researchers have studied about the historical development of relationship between management and employees. For instance, the Egyptians used the management functions of planning, organizing and controlling when they constructed the great pyramids. The Roman Empire Developed a well-defined organizational structure that greatly facilitated communication and control.

Radar Construction is a Grade First General Construction Company which is established as a sole proprietor in 2000 E.C. Radar Construction has undertaken construction projects such as building and road construction in different parts of the country. Over the last eight years the company's turnover has steadily increased. It has an established management team and competent staff. Based on the above facts it is the attention of the researcher to review its human resource practices in relation to employee retention.

1.2 Statement of the Problem

The current state of Construction Industry is registering remarkable performance in recent years. Construction activities have continued to flourish in the country in the last few years, mainly due to the huge infrastructure projects undergoing by government including major road, telecom, and power, condominium house building, increased real estate development, growing construction works (MOFED 2005).

Human resource management practices is a topic that have been covered by a large number of researchers worldwide for decades to analyze the relationship between HR practices on employee retention (Qureshi, 1994; Fey, 2000; Jones, et al., 2010; Waiganjo, et al., 2012; Tangthong, 2014).

According to Robbins et al, (2002) and Comm et al, (2003), HRM practices dimensions, particularly training and development, career development, compensation and benefits, and performance appraisal very important in enhancing employees' motivation, commitment and satisfaction, which will inadvertently impact their employee retention.

A construction project relies on skilled manual labour supported by a management framework, which has to coordinate many professional, construction and supplier organizations whose irregular involvement will change through the course of the project. The fragmentation and dynamism of this process and the need to integrate a wide range of occupational cultures renders construction one of the most complex project-based industries in which to apply good human resource management (HRM) practices (Martin Loosemore, et al, 2003).

The construction industry employs skilled, semiskilled and large unskilled labor forces. However, the employment in the industry is mainly temporary in nature that is project based, and once the job is over, the workers are obliged to find other jobs. The availability and required need of skilled and experienced personnel in the field of construction industry is not balanced. There is a huge gap between the availability and supply for the required need. This has created wide ranges of opportunities and options of employment for those limited skilled workforces. Therefore, it has become a vital task of management to retain skilled and experienced personnel against the needs and interest of the organization (Martin Loosemore, et al, 2003).

The researcher, having a review of the aforementioned problems encountered in employee retention in construction companies, would like to review the current condition of Radar Construction selected HRM practices against employee retention.

This study then focuses on the influence of human resource management practices on Radar Construction employees' retention. It is the hope of the researcher to assess some of the challenges the human resource management of Radar Construction faces in serving its pool of customers.

1.3 Research Questions

The study tried to seek answers to the following basic research questions:

1. How does career development practices influence employee retention?
2. To what extent training and development opportunities influence employee retention?
3. How performance appraisal system does influences employee retention?
4. What is the impact of reward and recognition on employee retention?
5. How does health and safety practices in the workplace influence on employee retention?

1.4 Objectives of the Study

The study has general and specific objectives:

1.4.1 General Objective of the Study

The main research aim of this study is to assess the influence of human resource practices on employee's retention in Radar Construction.

1.4.2 Specific Objective of the Study

In light of the above general objective, the specific objectives include:
- ✓ To evaluate the extent to which career development practice of Radar Construction influence towards employee retention.

- ✓ To assess how performance appraisal experience of Radar Construction influence employee retention.
- ✓ To review the existing training and development practice in Radar Construction influence employee retention.
- ✓ To assess the contribution of reward and compensation programs on employee retention.
- ✓ To examine the effect of adopting health and safety in Radar Construction on employee retention.

1.5 Significance of the Study

The significance of the study is to provide constructive input to Radar Construction that may help to improve its employee retention practices.

The result of the study will have substantial contribution in the following areas:

- It is hoped that the findings would benefit Radar Construction to add on current information on HR practice on retention of skilled manpower.
- The study is expected to provide constructive inputs to the organization that may help to improve its employee's job satisfaction.
- It also helps the researcher to acquire knowledge and practical experience and for the partial fulfillment of the requirements of the master's degree in business administration.

1.6 Scope / Delimitation of the Study

To make the scope of the study manageable, the study focuses only on employees' retention process of skilled manpower practices of Radar Construction Head offices found in Addis Ababa. The assessment of the program is restricted to Radar Construction currently operating in Ethiopia. The study does not focus on such a huge test and the scope is confined to the practices of career development, training and development, performance appraisal, reward and recognition and health and safety towards retention of employees on Radar Construction only due to cost and time constraints.

1.7 Operational Definitions of Terms and Concepts

Human Resource Management Practice - in this study, HRM practice refers to such management practice as career development, training and development, performance appraisal, reward and recognition and health and safety.

Employee Retention - The maintenance of employment status by Radar Construction staff for a considerable long period of time.

Career Development - opportunity for employees to continuously be a part in the various activities of Radar Construction that develops employees.

Training and development - in this study, training and development will be used to refer to the formal activities designed by Radar Construction to help its employees acquire the necessary skills and knowledge to perform current or future jobs as provided for in the relevant policies.

Reward and Compensation – in this study, it refers to benefits that radar Construction offers to employees to retain people who are already working in the organization.

Performance Appraisal - evaluating Radar Construction employee's performance on the assigned tasks to expedite further career development;

Health and Safety – in this study, health and safety will be used to refer occupational safety and health administration to ensure safe and healthful working conditions for employees.

1.8 Limitation of the Study

This study is be limited to data collection, analysis and interpretation from Radar Construction Addis Ababa, Head Office only. This is because the majority of employees are permanent employees, who are the primary focus of this study. It, therefore, leaves contract employees. Only selected employee retention factors like career development, training and development, reward and compensation, performance appraisal and health and safety variables that influence retention will be considered. All findings are based on the information provided by the respondents, and are subject to the potential bias and prejudice of the staff members involved.

1.9 Organization of the Study

The report of the study is organized in five chapters. The first chapter contains an introduction, statement of the problem, research questions, objectives of the study, scope of the study, and operational definition of terms. And the second chapter deals with literature review. The third chapter deals with research design and methodology. The forth chapter deals with data analysis and discussion and the fifth chapter contains the conclusion and recommendation part. Finally, lists of reference materials and appendixes will attach at the end of the paper.

CHAPTER TWO
REVIEW OF THE RELATED LITERATURE

This chapter deals with the general concepts and principles of human resource practices and a general view of the performance appraisal, career development, training perspectives, reward ad recognition and health and safety practices. The researcher reviews of relevant literature and identify the elements of human resource practices that influence employee retention.

2.1. Human Resource Practices

Armstrong M (2006) defines Human Resource Management (HRM) as a strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contributes to the achievement of the objectives. HRM involves all management decision and practices that directly affects the people, or human resources, who work for the organization.

HRM practices are linked with employee's performance and turnover intentions (Huselid, M. A. 1995). It is claimed that strongly focused employees with high skills even bound their efficacy when not properly aspired to attain better performance. Therefore, the utilization of HRM practices is important for influencing employee's motivation by inspiring them to work efficiently. This means that, HRM work practices that contribute in higher motivation and development would enhance employee retention. Moreover, these practices affect negatively to the organizational turnover rate (Eisenberger, R., & Huntington, R. 1986).

Studies show that HRM plays an important role in formulating and implementing organizational strategy. The increasingly importance of HRM in strategy has then led the HR managers to be part of the decision makers while formulating and implementing strategy Although sets of innovative HRM practices have been proposed to enhance effectiveness in organizations and to retain talented employees, the configurations of such practices are narrowly focused and these suggestions are often not theoretically grounded (Dessler, 1999). The overall purpose of HRM is to ensure that an organization is able to achieve success through its people (Armstrong, 2009).

2.2. Employee Retention Management

Retention researchers have defined retention management as a strategic, coherent process that starts with an examination of the reasons why employees join an organization (Davies, 2001; Solomon, 1999).   A number of different factors can affect employee turnover. These include the internal structure of the organization, recruitment policies and strategies, career progression opportunities, rewards and benefits, and training and development (Fitz-enz, 1990). In order to improve employee-employer relations, reduce turnover, and improve commitment levels, HRM policies need to take all of these factors into account and manage them congruently (Arthur, 1994; et al)

According to Robbins et al, (2002) and Comm et al, (2003), HRM practices dimensions, particularly training and development, career development, compensation and benefits, and performance appraisal very important in enhancing employees' motivation, commitment and satisfaction, which will inadvertently impact their employee retention.

When an employee makes the decision to leave an organization, the reason can rarely be attributed to one single factor such as a failure to be awarded a promotion or pay increase. More commonly, one event may act as a catalyst for the employee to leave, but the underlying reasons will be attributable to multiple events during the employee's time at the firm (Davies, 2001; Oh, 1997; Walker, 2001). Truly understanding how different factors interact with one another, and the impact that they have on an individual's commitment to an organization, can be very challenging.

The retention of talented employees is an advantage to an organization because employees' knowledge and skills are central to a company's ability to be economically competitive (Kyndt, et al., 2009). Employee retention becomes increasingly important to organizations because periodic labour shortages can reduce the availability of high performing employees (Jones & Skarlicki, 2003); thus, workers are searching for better employment opportunities, and firms are seeking to improve the productivity of their workforce (Leeves, 2000). However, there are challenges in attempting to retain employees (Barney, 1991; Taplin & Winterton, 2007).

Today, however, retention of valuable employees is a global challenge. Managers and top- level authorities are constantly met with the issue of retaining employees, and there is a wealth of

evidence that worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing high rate of employee turnover (Arthur, et al 1994). There are major challenges in attempting to retain employees which become an increasingly important aspect of building organizational capabilities to ensure sustained competitiveness (Holland, Sheehan, & De Cieri, 2007).

2.2.1. Performance Appraisal and Employee Retention

Performance appraisal is a process of evaluating employee's performance on the assigned tasks to facilitate further career development; it is mainly the communication between the employee and management (Hong, et al., 2012). Furthermore, performance appraisal is about increasing insight of being appreciated and being part of the team in organization (Levy & Williams, 2004). Erdogan (2002) revealed that employees are likely to perceive the appraisal process as fair, if they are accurately rated against the performance standards and fair actions are taken in accordance with the evidences of appraisal. Therefore, employees' work behavior such as employee retention can reflect in their perception of performance appraisal. It has been argued that dissatisfaction with performance appraisals affects job satisfaction, and in turn affects employee retention (Poon, 2004).

It also has been claimed that the results of performance appraisal of all employees provide insight into the effectiveness of the HR system, the developmental and training needs for the whole organization, and the setting and articulating of organizational goals for the employees (Chelladurai, 2006). Appraisals cannot be performed effectively unless the line 36 manager or person conducting them has the interpersonal interviewing skills to provide the feedback to people being appraised (Prowse & Prowse, 2009).

Some of the key components of performance appraisal are employee feedback, communication, goal setting, performance evaluation, and periodic review. Employee feedback approach helps in shaping the behavior and improves learning that drives the performance and retention (SHRM, 2010; Phoel, 2009).

Similarly, communication system motivates the employee to willingly participate in the appraisal process leading to a positive outcome of employee retention. Communication plays an important

role in the development of trust within an organization. While a number of researchers have studied the relationship of trust and communication, little is known about the specific linkages among quality of information, quantity of information, openness, trust, and outcomes such as employee involvement.

The goal setting process enables employee to stay more focus and stay in the organization if the set goal is meaningful and challenging. This motivates employees to meet the set organizational objectives in a timely fashion (Atakpa, et al., 2013). Also performance evaluation contributed to employee retention as it gives the confidence to employees that the organization is committed to accomplish the needs and development of employee that enhances performance (Tanveer, et al., 2011).

In contrast, many research finding shows that performance appraisal is meaningless if it is not linked with some reward. This reward could be an intrinsic or extrinsic reward. If reasonable rewards are not linked with performance appraisal, it would not improve performance in long-term or retain the employee (Lawler III, 2003). Another study shows that when performance appraisal outcomes were not linked with reward and recognition, employees tend to feel demotivated and intends to leave or were not willing to participate in appraisal process (Daoanis, 2012).

Performance appraisal involves the identification, measurement, and management of human performance in organizations.

1.Identification- means determining what areas of work the manager examining when measuring performance. The appraisal system should focus on performance that affects organizational success rather than performance-irrelevant characteristics such a race, age, or sex.

Identification of performance dimensions is the important first step in the appraisal process. If a significant dimension is missed, employee morale is likely to suffer because employees who do well on that dimension will not be recognized or rewarded. If an irrelevant or trivial dimension is included, employees may perceive the whole appraisal process as meaningless.

2.Measurement - the centerpiece of the appraisal system, entails making managerial judgements of how "good" or "bad" employee performance was. Good performance measurement must be consistent throughout the organization. That is, all managers in the organization must maintain comparable rating standards.

3.Management-is the overriding goal of any appraisal system. Appraisal should be more than a past-oriented activity that criticizes or praises workers for their performance in the preceding year. Rather, appraisal must take a future-oriented view of what workers can do to achieve their potential in the organization. This means that managers must provide workers with feedback and coach them to higher level of performance.

Though there is no rigid procedure to be followed, many writers agree that the process of performance appraisal commonly involves the following basic steps: (1) conducting job analysis; (2) establishing standards of performance; (3) communicating of performance standards to employee; (4) measuring actual performance; (5) comparison actual performance with standards; and (6) Initiating corrective action, if necessary (Aquinas, et al 2006).

Performance appraisal begins with job analysis, job description and job specification. These help in establishing the standard performance. Job analysis is performed as a basis for improvements, including: definition of a job domain; description of a job; development of performance appraisals, employee job performance standards are established based on the job description. Employees are expected to effectively perform the duties stated in the job description. Therefore, job descriptions form the broad criteria against which employees' performance is measured. (Aquinas 2006)

A standard is a value or specific criterion against which actual performance can be compared. The standards set for performance must be clearly defined and unambiguous. It should be attainable by employee and it must be clear to both the appraiser and the appraisee. For the appraisal system to attain its purposes, the employees must understand the criteria and standards against which their performance is measured. Providing the opportunity for employees to clearly understand the performance standards will enhance their motivation and commitment towards their jobs. The aim of every appraisal system must be to allow for continuous communication between management

and employees about job performance and should be geared for the total improvement of the organization as a whole. (Daoanis, 2012)

Once clear criteria and standards have been set, employees' performance and progress should be monitored in a systematic way. This is the responsibility of the immediate boss to observe the work performance of subordinates and evaluate it against the established job performance standards and requirement. The aim of performance measure is to detect departure from expected performance level. Therefore, it is essential to compare the actual performances with the predetermined performance standards. When the comparison process take place actual performance may be better than expected and sometimes it may be the opposite. If there is any deviation or not, discussion with the employee will enable to know their weakness and strengths. Weakness is discussed so that employee takes interest in improving their performance (Seidu, 2012).

When performance appraisal is properly done, it provides feedback to employees about their performance and thus organizations also benefit by ensuring the employees' effort and ability to make contribution to organizational success. But if it is poorly done it leads to disappointing results for all concerned. And there is possibility that in the year under review, performance of subordinates might not be checked by supervisor regularly. In this case, the subordinates do not know how they are performing, and it also creates problem for them to improve performance in case of any shortcomings or weaknesses. Therefore, it is necessary for supervisors to tell subordinates regularly about how they are working so that they can improve in case of any weakness (Ikramullah, Shah, Hassan, & Zaman, 2011).

The final step in performance appraisal process is the initiation of corrective action (if necessary). Corrective action can be two types. One is immediate and deals predominantly with symptoms. The other is basic and investigates the causes. Immediate corrective action is often described as "demotion or putting out fires," whereas basic corrective action gets to the source of deviation and seeks to adjust the difference permanently. Coaching and counselling may be done or special assignments may be set. (Mamoria & Rao, 2012)

2.2.2 Career Development and Employee Retention

One of the main critical issues organizations facing today is to retain their employees (Allen, 2008). Career is defined as a 'sequence of life experiences over time' (Arthur, 1989). Career development is one of the main human resource characteristics that provide the opportunity for employees to continuously be a part in the diverse activities in the organization that develops employees (SHRM, 2012). According to Zheng et al, (2001), career development is a formal approach taken by an organization to ensure that people with the proper qualifications and experience are available when needed. Career development activities includes succession planning (Cedefop, 2008), talent management (SHRM, 2012), leadership development (Day, 2007), structured career management and self-assessment (Right Management, 2009).

Succession planning means examining development needs given a firm's strategic plans. That is, the formal approach identifies the organization's future direction and challenges and then derives the competencies new leaders need. Then the organization identifies internal and external target candidates. The outcome of succession planning is the development for further growth, work shadowing, job rotation within the organization and promotion leading to employee retention (Cedefop, 2008). Retention research indicates that individuals tend to stay longer where they are experiencing personal and professional growth. Career development and succession planning synergy creates happier and more productive employees in a growth-oriented company (Right Management, 2009).

Talent Management means connection of individual and team goals to corporate goals, and providing clear expectations and feedback to manage performance. A sound talent management plan is designed to close the talent gaps. It should also be integrated with strategic and business plans (Right Management, 2009).

Leadership Development can be described as a process of expanding the capacities of individuals, groups, and organizations to increase their effectiveness in leadership roles and processes. Increased effectiveness from this perspective pertains to anything that would improve the ability of groups of people to work together in productive and meaningful ways. Thus, leadership development is inherently multilevel in that the developmental focus can be on the

individual, group or team, or the entire organization-or some combination of all three levels. (Right Management, 2009)

Structured career management improves the employee's organizational commitment and behavior resulting further employee retention (Right Management, 2009).

Self-assessment enables to establish commitment to perform better in the organization and enriches the skills of functioning in the work place. Self-assessment is increasingly important for companies that want to empower their employees to take control of their careers (Right Management, 2009).

2.2.3 Training and Development and Employee Retention

In the present economy training and development is among one of the key human resource management practices which leads to skills, abilities, superior knowledge, positive attitude and behavior of employees resulting the organization in profit (Tangthong, et al., 2014). Among them there are several different types of trainings and development methods. On-the-job training improves work efficiency, develops interest in work, gives satisfaction and reinforces the commitment towards the organization leading to employee retention (Ameeq-ul-Ameeq and Hanif, 2013). This includes on-the job training, off-the job training, job rotation, coaching & mentoring, and employee development. On-the-job training improves work efficiency, develops interest in work, gives satisfaction and reinforces the commitment towards the organization leading to employee retention (Ameeq-ul-Ameeq and Hanif, 2013).

Alternatively, recent research found that combined effect of training and development along with career development opportunities have a significant influence on employee retention (Meathfield, 2008). These employees are motivated to train themselves in order to enhance their career opportunities and develop themselves (Meathfield, 2008). This cause employee to be motivated and retain in the organization. Mostly employees are not much interested in training and development if that training is not linked with career development (Ramlall, 2003).

Any training program is expected to pass through the four consecutive stages: identifying training needs, designing training, delivering training, and evaluating the outcomes of the training. In consistency with this idea, Desimone et al. (2002) mentioned that, HRD programs should be designed and conducted using a four phase approach consisting of: needs assessment, design, implementation, and evaluation.

Conducting Training Needs Assessment (TNA)

As stated by Casio (2003), the concept of needs typically refers to a discrepancy or gap between what an organization expects to happen and what actually occurs. In accordance with the same authors, need exists at any of at least three levels, at the organizational level, at the job or tasks level, and at the individual level. To ensure an effective human resource development effort, needs must be measured on each level. As a result, three types of assessments must be conducted: organizational analysis, task analysis, and person analysis. Each level of assessment measures has different aspects of the organization. Strategic or organizational analysis suggests where training is needed in the organization and under what conditions it will occur. Task analysis explains what must be done to perform a job or complete a process successfully. Person analysis reveals who needs to be trained, and what kind of training they need. The author has argued that, focusing only on performance deficiency in needs analysis is too restrictive and has proposed three other possible ways of looking at training needs. These include democratic needs, diagnostic needs, and analytic needs.

According to the author, democratic needs are options for human resource development that are preferred, selected, or voted by employees or managers, or both. Programs that address these needs are likely to be accepted and desired by an organization member. Diagnostic needs focus on the factors that lead to effective performance and prevent performance problems, rather than emphasizing on the existing problems. Diagnostic needs are identified by studying the different factors that may affect performance. The goal is to determine how effective performance obtained is. Analytic needs identify better ways to perform tasks. These needs are generally discovered by intuition, insight, or expert consideration. The author further pointed out that, clearly, organizations are better served if human resource development efforts consider all types of needs focusing on ways to maintain effective performance and make it even better as well as fixing what

is done poorly. This indicates that, such categorization of needs reinforces the notion that human resource development should be proactive and future oriented.

According to Desimone et al.(2002), the most important techniques employed to conduct training need assessments are interviews, questionnaires, performance appraisal results, standard reviews, and environmental scanning. With reference to how training should be viewed, there are different thoughts on the relevance and importance of training basically emanating from peoples' diverse perspective of thinking of training.

Designing the Training Program

The second step in a training program is developing the training objectives and criteria. The instructional objectives and criteria's describe the performance in terms of training. There are two advantages to developing objectives. First, the objectives provide criteria for evaluating the training program. Second, the objectives provide trainers with the specific topics and content to focus on. This ensures that, training programmers' are focusing on important topics and goals that have meaning to trainees (Sherman et al., 2001).

Bohlander et al.(2001) suggested that ,the key activities involved in designing a training program are: setting objectives, selecting the trainer, developing a lesson plan, selecting program methods and techniques, and finally preparing materials and scheduling the program. Training program objectives describe the intent and the desired result of the program. The objectives are used as the basis for determining which methods should be used to achieve the specified outcome.

Implementing the Training Program

Once training has been designed, then the actual delivery of training can begin. It is generally recommended that, the training be pilot-tested or conducted on a trial basis to ensure that the training meets the needs identified and that the design is appropriate (Mathis &Jackson 2006).

Regarding implementation of a training program, Desimone et al. (2002) stated that the primary responsibility for implementing the training program lies, of course, with the trainer. The trainer has to make appropriate decisions in arranging the physical environment and seating conditions to make the trainees feel comfortable and concentrate on the processes of the learning particularly important in on-the-job training. The authors added that most importantly, the trainer should make

every effort possible to build a friendly environment characterized by mutual respect and openness among the trainees and between the trainer and the trainees. This implies that, the trainer is highly responsible to make sure that the training environment is free from any distractions such as noise and there should be appropriate ventilation, temperature, and good lighting to deliver the training program.

According to Noe et al. (2006), to be motivated to learn, employees must be aware of their skill, strengths and weakness of the link between the training environment and improvement of their weakness. In addition, managers should make sure that employees understand why they are asked to attend training programs, and they should communicate the link between training and improvement of skill weaknesses or knowledge deficiencies.

Conducting the Training Evaluation

Evaluating a training program is perhaps the least focused but the most important aspect of any training program that help organizations justify the costs incurred for the training program. Moreover, it can also provide very important inputs for improving future training schemes if wisely and carefully managed.

According to Bohlander et al., (2001) there are four levels or phases of evaluation of any training program that can serve as a general framework to evaluating any conducted training programs. These are: reaction, learning, behavior, and results. The first phase: reaction refers to getting inputs in terms of the materials, methods, facilities, content, trainers, duration, and relevance of the training program. Mostly, it is assessed at the end of the training program either through interviews or questionnaires. The second phase: learning is about evaluating how well trainees have learned facts, ideas, concepts, theories, and attitudes. Tests on the training materials are commonly used for evaluating learning, and they can be given both before and after training to provide scores that can be compared. The third phase: behavior pertains to measuring the effect of training on job performance through interviews of trainees and their co-workers and observing job performance. The last phase result: deals with measuring the effect of training on the achievement of organizational objectives. Results such as productivity, turnover, quality, time, scales, and costs are relatively concrete; this type of evaluation can be done by comparing records before and after training.

Concerning the measurement mechanism of results of a training program, Bohlander and Snell (2004) suggested that, there are three common approaches to measuring the results of the training program: cost-benefit analysis that focused on calculating the utility or benefits of the training programs as compared to its costs; return on investment that deals with the measurement of the returns of the training program relative to its investments; and benchmarking that hinges on the process of measuring one's own services and practices against the recognized leaders in order to identify areas for improvement.

2.2.4. Reward and Compensation and Employee Retention

Urichuk (1999) argues that employee turnover is due to a lack of recognition and reward, and points out that 'recognition helps in retaining the sincere employee and saves time and money to recruit new people and it also encourages other workers to do a good job. Hard to believe, yet motivation is achieved through recognition'. Recognition and reward are differentiated by Hansen, et al. (2002), who note that 'intrinsic motivation is driven by the particular behaviour of extrinsic motivation and strategic recognition needed by an organisation while implementing the reward strategy'.

According to Armstrong and Walker, the objective of the compensation system includes the attraction, motivation and retention of staff at all organizational levels. To accomplish these objectives, management has to consider a number of critical policy issues such as that pay incentives to reward individuals or group behavior. The compensation system is broad and plays a vital role. It assists in attracting and retaining good employees, and brings job satisfaction for the institution to achieve its goals. The benefits that the institution offers to employees fall within the umbrella of the compensation system. Promotion is regarded as the most important source of candidates for vacancies, in that positions will be filled by way of promotion or transfer of existing personnel. Promotions improve the morale of staff members as they know that their good work is acknowledged. Some symptoms of employee depression are that people do not feel recognized or appreciated for the work they do. They feel that their lives are out of balance and that no matter how much they do, it is never enough. Talented and valued staff members leave the organization. Others rebel, merely following rules and doing only what they are told to do.

Reward and compensation are the forms of tangible benefits and financial returns that an employee receives, however with the emerging economy and the present work environment the rewards and recognition takes in different forms. These include performance based rewards, employee recognition, non-monetary incentives, extrinsic rewards, and intrinsic rewards.

Performance based pay improves employee performance in addition to motivating and engaging employees causing to improve employee retention (Harvey-Beavis, 2003; Nazir, et al., 2013). Employee's job performance is not entirely based on pay incentives. Incentives motivate performance (Stajkovic and Luthans 2001). However, employees also have social exchange needs, and often base their commitment to the organization on their perception of how committed the organization is to them (Eisenberger, Huntington et. Al 1986).

Employee recognition-in employee recognition process, employees are praised which is a key essential as employees seek the need to be valued and respected. This process increases individual productivity, loyalty, retention and high employee satisfaction (Danish & Usman, 2010). Employee recognition programs could include several levels of recognition. From a simple Certificate of Appreciation to Employee of the month to awards given on the division and companywide level, recognition should be provided to those who exceed expectations an earn the award. Recognition awards should not be too easy to obtain, if they are easy to achieve, they lose their meaning. Employees don't only want a good salary and benefit package, they also want to be valued and appreciated for their work. They want the opportunity for advancement and involvement in the organization.

Non-monetary incentives attract, motivate and retain competent human resource in the organization (Fogleman & McCorkle, 2013; Ahmed & Ahmed, 2014). According to Sarah Gale (2002), non-monetary incentives evaluated as more valuable incentives. In her article, she emphasizes that when you pay people for doing a good job, it becomes part of their salary expectations; a non-monetary incentive, however, -whether it's a trip or a coffee- is a luxury separate from compensation that shows respect and commends accomplishments.

Extrinsic rewards increase the level of employee performance and satisfaction also found as a strong factor for employee motivation (Saeed, et al., 2013). Extrinsic reward-usually financial-are the tangible rewards given to employees by managers, such as pay rises, bonuses, and benefits. They are called "extrinsic" because they are external to the work itself and other people control their size and whether or not they are granted.

Intrinsic rewards were found to be a sustainable source of motivation for employees. However according to studies extrinsic rewards are more positive and stronger in relation to intrinsic rewards in retaining employees. It is an outcome that gives an individual personal satisfaction such as that derived from a job well done (Edirisooriya, 2014).

2.2.5. Health and Safety and Employee Retention

Maintaining Employee wellbeing and providing a safe working environment is one of the main human resource management practices because it is directly related to the organizational performance, individual well-being, profit and the service provided to the customers through the employees while contributing to the success of the organization (Turner, et al., 2008). Health and safety practices include workplace health and safety, occupational health programs, health and safety training, health and safety management, and health and safety inspection.

Implementing proper health and safety standard in the workplace improves the performance of the organization through employees by avoiding and reducing costs related disabilities, accidents, absenteeism and illness (Bratton & Gold, 2000). This results in more employee retention.

Occupational health programs allow organizations to minimize the stress level of employees with higher productivity, less absence to work improve staff determination causing to reduce labour turnover (Armstrong, 2006).

Health and safety training among employees provided special courses to deal with the health and safety areas to be careful and have safety problems. This builds the confidence and

commitment of the employee towards and organization (Armstrong, 2006) resulting further improvement in employee retention.

Safety and health management helps the organization to reduce costs, reduce risk in for employees at the workplace increasing their productivity because this practice motivates employees and keeps them in good health thereby reducing labour turnover (Health and Safety Executive, 1997).

Health and safety inspection prevents injury illness and property dame in the workplace and builds a positive health and safety culture, which enhances employee productivity, commitment and performance causing to reduce labour turnover (Armstrong, 2010).

2.3. Empirical Review

According to Robbins et al, (2002) and Comm et al, (2003), HRM practices dimensions, particularly training and development, career development, compensation and benefits, and performance appraisal very important in enhancing employees' motivation, commitment and satisfaction, which will inadvertently impact their employee retention.

Edger and Geare (2005); and Paauwe and Richardson (1997) examined the impact of human resources management practices on employee satisfaction, employee commitment, employee retention, employee presence, social climate between workers and management, employee involvement, employee trust, employee loyalty, organizational fairness. The researchers indicated that these outcomes and HRM practices can lead to better organizational performance such as profits, increase in productivity, service quality, customer satisfaction, development of products/services and future investments.

Erdogan (2002) revealed that employees are likely to perceive the appraisal process as fair, if they are accurately rated against the performance standards and fair actions are taken in accordance with the evidences of appraisal. Therefore, employees' work behavior such as employee retention can reflect in their perception of performance appraisal. Similarly, communication system

motivates the employee to willingly participate in the appraisal process (Shodhanga, 2013; Obisi, 2011) leading to a positive outcome of employee retention.

The study conducted by Shefali and Thakr (2007) focuses on performance appraisal as one of the practice of human resource management. The researchers identified some weaknesses and strengths of the system. They stated that many private organizations have tailored their appraisal systems efficiently manage the performance of human resource management in the era of intense competition; however, many changes have not been made in the system. The only changes that have been made by the organizations were the introduction of self-appraisal system according to the observations taken by the researchers.

A lack of training and development and career opportunities are some of the major reasons for voluntary turnover. Irshad (2009) in his study finds that training and career development was found motivating factor which leads to retention and career development. Besides, Philips & Connell (2003) concluded that development opportunities for individual employee is vital for the organization in order to enhance employees' proficiencies and improve their chances of getting higher posts. Employee training is also an inference of management dedication to build a life-long relationship with the employees thereby influencing their turnover decisions (Wright, McMahan and McWilliams,1994).

Saraswathi (2010) has undertaken a comparative study on HRM practice in few public organizations. The researcher evaluated the human resource management practice in terms of performance appraisal, motivation, training, promotion, career planning, rewards and employees' welfare in the study areas. After comprehensive study, the researcher found that the good human resource management practice was prevalent in the organizations, however, the extent of HRM practice prevailing in the organizations seems to be different.

Rotundo (2002) in his study contends that reward systems should be a weighty domain of innovation for employer. Recognition and rewards include a diverse range of formal and informal, financial and non-financial incentives given to individual employees or groups of employees or to an entire staff. They include such things as employee of the month awards, company sponsored sport teams and social events, prizes, clothing, and so on. The findings by Johnson (2007) which

shows that two-thirds of respondents in the research reacted for lack of recognition which was the major factor in driving them to leave their organization.

2.4. Conceptual Framework

The reviewed literature leads to formulate a research model. So, the conceptual framework of the study is

Figure 1. Proposed conceptual framework
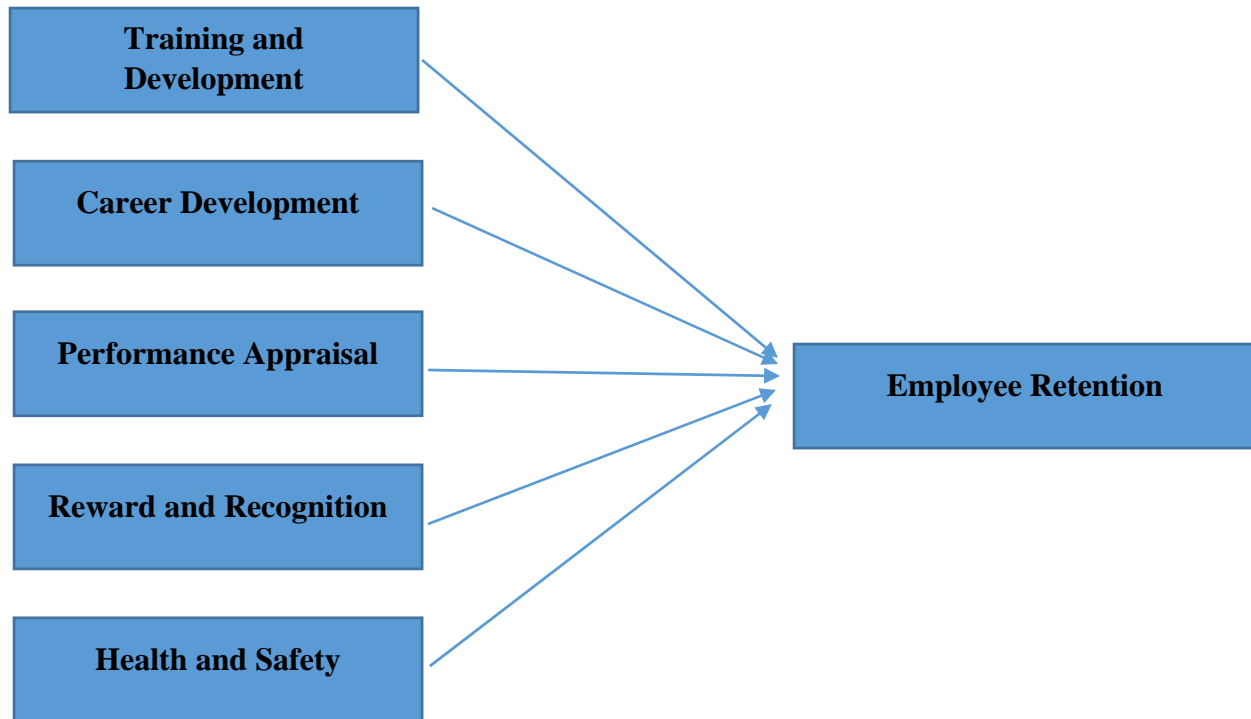
Independent Variable   **Dependent Variable**

The conceptual framework was developed by looking at some of the factors that would influence employee retention. The factors influencing employee retention can be very many and the majority of the literature review concentrated on career development, performance appraisal, training and development, reward and compensation and health and safety as major contributors. The overall objective of this research was to assess selected human resource practices (career development, performance appraisal, training and development, reward and compensation and health and safety) on employee retention. The research has sought to model employee retention as a function of the five aforementioned factors.

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

Research methodology is a set of structured set of guidelines or activities to assist in generating valid and reliable research results (Mingers, 2001, p.242). This section of the research presents the elements of research design and methodology that would be applied in the study. This section covers research design, research questionnaire, area of study, population of the study, sample size and sampling technique, sampling procedure, data collection methods and instruments, procedure for data collection and data analysis.

3.1. Research Design

The role and purpose of research design is to serve as a tool for researchers to have a better understanding on the determinants of employee retention in Radar Construction. Research design is utilized to avoid invalid inferences and observations.

The choice of research design centers on the nature of the research, the setting, the possible limitations and the underlying paradigm that informs the research project.

Based on the overall research aim and specific research questions, the research involved a mixed methods study relating to human resource factors influencing employee retention.

3.2. Sample and Sampling Techniques

Since the study is concerned with Radar Construction, the participants of the study are solely employees of Radar Construction. The study has focused on the population who are currently working in Radar Construction Head Office only. Currently Radar Construction has more than 12 projects in different parts of the country and it has about 170 permanent employees all over the projects and head office in total. And the total number of Radar Construction employees at the head office are 80.

Total sample size is 80 respondents for the self-administered questionnaires. Census inquiry is employed since permanent employees of the head office are selected as a whole to represent the population under the study. In addition, document review and interview was done on some key informants. Furthermore, the researcher has received permission from Radar Construction to undertake this research, thus questionnaires has been distributed and document review and interview is made with full knowledge of the management.

3.3. Source of Data

Hair, Wolfinbarger, Ortinau and Bush (2008:129) define a targeted population as consisting of the complete group of elements (people or objects) that are identified for investigation based on the objectives of the research.

The data for this research has been taken from a body of both primary and secondary sources. Primary data has been obtained through the administration of questionnaire and interviews to respondents from the employees under population, about HR practices of training and development, performance appraisal, career development, recognition and compensation, and health and safety towards employee retention on issues related to what they experienced and observed.

The rest of the data for this research has been obtained from a body of secondary sources. To get secondary data all relevant documents related to HR practice on HR practices of training and development, performance appraisal, career development, recognition and compensation, and health and safety reports of the Radar Construction was used. In addition to the aforementioned sources, the researcher refered different books, published and unpublished documents, journals, articles and research papers to get information on theoretical frame work of the study.

3.4. Data Collection Method

Gerber-Nel, Nel and Kotze (2005:88) identify three primary data collection methods, namely, observation, experiment and survey. Of these methods, this study used the survey research. Surveys can be divided into four major types: personal interviews, telephone surveys, mail surveys and self- administered surveys. Thus, for this research personal interviews and self- administered surveys are adopted.

3.4.1 Questionnaire

A questionnaire was used to gather opinions of the employees. According to Zikmund (2003), questionnaires are a simple yet effective research tool. They are cost-effective. The questionnaire is collected from various sources and modified accordingly.

Since the research aimed to discover held personal attitudes and beliefs, the questionnaire allows respondents to express their inner beliefs, attitudes, and perceptions freely.

Open-ended items and close-ended items were included in the questionnaire to determine the context of the research by asking general questions like age, gender, years of service and, education. The questionnaire for this study consisted of total 46 questions that were developed based on main 5 independent variables and 1 dependent variable, each variable different questions. The questionnaire has both classification and target questions. Since majority of the respondents prefer to remain anonymous identification question was voluntary not necessary. The questionnaire is formatted in English language, kept simple and easy to answer with a likert scale of 5 so that the response rate could be increased. Those are 5- strongly agree, 4- agree, 3- neither agree nor disagree, 2- disagree and 1- strongly disagree. A copy of the questionnaire, is available in Appendix I.

3.4.2. Semi-structured Interview

Semi-structured interviews are the most practical data collection technique in qualitative research and allowed the chance to unveil concealed issues (Fontana & Frey, 2000). The literature review informed the construction of the main eight interview questions for three Human Resource Experts of Radar Construction. Interviews focus more on the assessment of human resource management practices on individual's understanding in the organization. The interview was conducted in working hours at their offices independently. Approximately 20-25 minutes were spent on each interview. The data maintained during the interview was discussed in a note summary in the analysis part.

3.5. Method of Data Analysis

Data collected through different tools were analyzed and interpreted both quantitatively and qualitatively. In order to arrive at a certain conclusion, data was edited, coded, classified, and interpreted. For interpretation and analysis purpose, the researcher, in line with the interview discussion descriptive technique was used since the data would be by and large of a quantitative type. The researcher used SPSS software to facilitate data analysis and interpretation accordingly and to summarize data analyzed in brief visa-vise the theoretical frame work of the study to arrive at a meaningful conclusion.

3.6. Ethical consideration

Ethical issues in this research was considered in maintaining confidentiality about the information that the researcher gathered from respondents, using secured data for academic purposes only and ensuring that the respondents' personalities would not be exploited.

3.7. Reliability Analysis

Cronbach's coefficient alphas were computed for each dimension to determine the internal consistency and reliability of the instruments used in the study. Table 1 illustrates the Cronbach's Alpha values for the variables. According to Nunnally et al, (1994), the value of 0.60 is considered as in the lower limit of acceptability for Cronbach's alpha. As depicted in Table 1, all variables in this study had the alpha values above 0.60 and all are acceptable. The Cronbach's Alpha for the variables show high reliability, therefore the instrument has excellent reliability in terms of internal consistency.

Table 1. Summary of reliability analysis for each variable

S.N	Construct	Cronbach's Alpha	N of Items
1	Employee Retention	0.820	6
2	Career Development Opportunities	0.641	6
3	Training and Development	0.894	9
4	Performance Appraisal	0.731	9
5	Reward and Compensation	0.893	10
6	Health and Safety	0.876	6

Source: SPSS generated

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 Introduction

In this section analysis and discussion of the data gathered based on the research methodology designed for the research is conducted. Statistical Package for Social Science (SPSS) software version 22.0 was used for data analysis. A reliability test was done by observing the Cronbach's Alpha value with the cut-off point of 0.60. For this purpose, statistical instruments called descriptive statistics such as: mean, mode, median, and frequency, standard deviation to perform data analysis were used.

A correlation and regression analysis was also conducted to examine the relationship and influence of HRM practices, which are Career Development, Training & Development, Reward & Compensation, Performance Appraisal, and Health & Safety on employee retention among employees in Radar Construction.

4.2. Demographic Information about Respondents

The first part of the questionnaire consists of the demographic information of the participants. This part of the questionnaire requested a limited amount of information related to personal and professional characteristics of respondents.

Accordingly, the following variables about the respondents were summarized and described in Table 2.

Table 2. Demographic Characteristics; Gender, Age, Work Experience, and Level of education

What is your Gender?		Frequency	Percent
Valid	Male	43	59.7%
	Female	29	40.3%
What is your Age Group?			
Valid	26 to 35	42	58.3%
	36 to 45	30	41.7%
How long have you worked for Radar Construction?			
Valid	1 – 3 years	21	29.2%
	4 – 7 years	43	59.7%
	7 years and above	8	11.1%
What is your highest level of Education?			
Valid	Master's degree	6	8.3%
	Bachelor's degree	49	68.1%
	Diploma	9	12.5%
	High school	8	11.1%
	Total	72	100%

Source: SPSS generated

In total, 72 respondents participated in the survey based on the demographic profiles, the majority of respondents (59.7%) were male while their female counterparts constituted of only 40.3%. Majority (58.3%) of the respondents were in the age group of 26 to 35 years old while about 41% of them were in age group between 35 to 45 years old.

With regard to their education level, most respondents (68.1%) were Bachelor's degree holders, 12.5% diploma level, 11.1% high school and the remaining 8.3% were Master's degree holders. In general, 88.9% of the staffs were at professional level, while 11.1% only represents lower level staff.

The duration of time employees working for Radar Construction are 29.2% from 1-3years, 59.7% from 4-7 years and 11.1% for 7 years and above. These findings indicate that the majority of the respondents had worked in Radar Construction for period long enough to be familiar with the human resource management practices that influence employee retention.

4.3. Quantitative Findings

The purpose of this study was to assess selected human resource management practices on employee's retention in Radar Construction.

The research used both quantitative and qualitative approaches to data gathering and analysis. For this study, a total of 80 questionnaires were distributed to permanent employees of Radar Construction to assess selected Human Resource Practices. 72 survey questionnaires were filled up and returned with a 90% of response rate. To supplement data collected through questionnaire, interview was administered by the researcher with key informants selected concerning the subject under study.

4.3.1. Descriptive Statistics of HR Practices and Employee Retention

This section records data gathered in the survey of Radar Construction, and provides specific information about human resource management practices and employee's retention. Descriptive and inferential statistics were computed from the results to draw substantive conclusions.

Descriptive statistic of means and standard deviations were obtained from the independent and dependent variables. The average or mean is the most popular measure of central tendency (Thompson, 2009). The mean is more affected by the allocation of the values than is the median and it is more responsive to outliers (Thompson, 2009).

Table 3. **Descriptive statistics***;* HR practices (Career Development, Training & Development, Reward & Compensation, Performance Appraisal, and Health & Safety) and Employee Retention

	Mean	Std. Deviation	N
Employee Retention	4.315	.4710	72
Career Development	4.0370	.40170	72
Training & Development	4.0123	.57646	72
Reward &Compensation	4.0333	.53917	72
Performance Appraisal	4.1481	.35383	72
Health & Safety	4.5741	.46209	72

Source: SPSS generated

The summary of the descriptive statistics is shown in Table 3. All variables were measured on a 5-point Likert scale (1= strongly disagree to 5= strongly agree). All HR practices (Career Development, Training & Development, Reward &Compensation, Performance Appraisal, and Health & Safety) and Employee Retention has mean score above average (about 4) and it shows that Radar Construction has strong HR practices and Employee retention system. The mean values

for Health & Safety were 4.57 and it shows relatively strongly practiced above all HR practices. Also overall all the data distribution is normal and valid.

4.3.2. Correlation Analysis

Correlation measures the relationship between two or more variables. The correlation coefficients range from -1 to +1 representing perfect negative and positive correlation (Landau & Everitt, 2004).

Table 4. **Correlations**; HR practices (Career Development, Training & Development, Reward &Compensation, Performance Appraisal, and Health & Safety) and Employee Retention

		Employee Retention
Career Development	Pearson Correlation	.698**
	Sig. (p value)	.000
Training & Development	Pearson Correlation	.500**
	Sig. (p value)	.000
Reward &Compensation	Pearson Correlation	.498**
	Sig. (p value)	.000
Performance Appraisal	Pearson Correlation	.492**
	Sig. (p value)	.000
Health & Safety	Pearson Correlation	.769**
	Sig. (p value)	.000
	N	72

Source: SPSS generated

**. Correlation is significant

Human Resource Management practices such as Career Development (CD), Training and Development (TD), Performance Appraisal (PA), Health and Safety (HS), Reward and Compensation (RC), are considered as independent variables and Employee Retention (ER) is considered as the dependent variable.

In order to determine the association between HR practices and Employee Retention, the researcher used correlation analysis. Table 4 shows that Employee Retention is significantly and positively correlated with HR practices: Career Development (r=0.698, p<.0001), Training & Development (r= 0.500, p<0.001), Reward & Compensation (r= 0.498, p<0.001), Performance Appraisal (r=0.492, p<0.001) and Health & Safety (r=.769, p<0.001). Overall Human Resource Management Practices has positive and significant relationship with employee retention.

The above results indicate that the more HR practices are perceived to be sound and effective by employees, the less likely they are to leave. Positive HR practices have positive influence for Employee retention. On other words, if employees are more satisfied with HR practices, their probability of staying in the organization also increases.

4.4. Tests of Normality

The following table presents the result from two well-known tests of normality, namely the Kolmogorov-Smirnovtest and Shapiro-Wilk test. Shapiro-Wilk test is used for small sample size. We used the Shapiro-Wilk test to check the normality of the data. As we see the Shapiro-Wilkcolumn, all p values are greater than 0.05. Therefore, we can conclude that all constructs are normally distributed.

Table 5 Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Employee Retention	.117	72	.016	.974	72	.140
Career Development	.131	72	.004	.976	72	.195
Training Development	.173	72	.000	.961	72	.025
Reward and Compensation	.137	72	.002	.968	72	.060
Performance Appraisal	.079	72	.200[*]	.983	72	.426
Health & Safety	.119	72	.013	.966	72	.051

a. Lilliefors Significance Correction

Source : SPSS generated

4.4.1 Multiple Regression Analysis

For this study, regression was performed to predict the impact of Human Resource Management Practices on employee retention based on five independent factors. As it was mentioned above, the dependent factor for this study is Employee Retention.

As depicted in Table 6, the regression results revealed the R square value of 0.936. This indicates that the dimensions of HRM practices collectively explained 93.6% percent of the variance in employee retention. Further, of five dimensions in HRM practices, all HR practices are the significant predictors of Employee Retention. The multiple regression model with all five predictors produced $R^2 = 0.936$, $F = 194.47F$, $p < 0.01$.

Table 6 **Model Summary**[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.968[a]	.936	.932	.1232

a. Predictors: (Constant), Performance Appraisal ,Training& Development, Health & Safety, Career Development, Reward &Compensation

b. Dependent Variable: Employee Retention

- Analysis of variance (ANOVA) tests the hypothesis that the means of two or more populations are equal. In this case, it assesses the importance of HR practices and the response variable means which is employee retention at the different factor levels.

Table 7 **ANOVA**[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.752	5	2.950	194.471	.000[b]
	Residual	1.001	66	.015		
	Total	15.753	71			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Performance Appraisal , Training & Development, Health & Safety, Career Development, Reward &Compensation

HR practices overall predicts Employee Retention significantly (p=000)

The ANOVA table indicated that the combination of independent variables significantly predicts the dependent variable. All predictors had positive regression weights, indicating Radar Construction exercising these independent HR practices is expected to have higher Employee Retention.

- Regression coefficients represent the mean change in the response variable for one unit of change in the predictor variable while holding other predictors in the model constant.

Table 8. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig. (P value)
		B	Std. Error	Beta		
1	(Constant)	2.858	.215		13.279	.000
	Career Development	2.596	.165	2.214	15.699	.000
	Training & Development	.942	.377	1.153	2.500	.015
	Health & Safety	.553	.095	.542	5.823	.000
	Reward &Compensation	1.123	.416	1.286	2.699	.009
	Performance Appraisal	2.604	.155	1.956	16.750	.000

a. Dependent Variable: Employee Retention

The above table shows that each of the HR practices significantly contributing to the equation (all are statistically significant). Since the overall F value was computed with all the variables in the equation, Career Development (2.214) adds greater prediction of Employee Retention.

The multiple regression model with both two predictors produced $R^2 = 0.936$, F = 194.47, $p < 0.001$. This indicates that 93.6% of the variance employee retention can be predicted from the combination of HR Practices.

In summary, simultaneous multiple regression was conducted to investigate the best predictors of Employee Retention.

4.5. Qualitative Findings

Having analyzed the respondents' answer about the HRM practices and retention strategies the following discussion will focus on the data collected from interviews that was conducted.

The interview was conducted to three senior human resource experts and officials about,

1. **How the HR strategy used for retaining employees?**

All of respondents agree on even though there is no particular strategy regarding employee retention, the company has a good reputation on having a good financial benefit, education and training opportunities, equal opportunity for employees, favorable working environment and so on.

2. **Why key employees present strong intentions to leave the company?**

As per the view of Human Resource Administration; "*the company loses its skilled manpower mostly because there is a strong wish to start their own private business related with their profession, meaning they shift from being employed to being a contractor. Of course, this is not the only reason why skilled employees left the company. Some employees left the company to other company for better salary and benefit packages since there is a shortage of this skilled and experienced human manpower in the construction field they are given some increment*". They also agreed on the relationship between management and employees, "*we believe that there is smooth relationship between management and employees as there is no dispute or grievance raised to the administration attention by the employees*".

3. **How do the management comprehend reward and compensation towards employees' retention?**

The respondents agreed that the compensation system of Radar Construction is good. One of the respondents said "*employees have equivalent rate of salary and benefit package compared to other construction companies*". They concluded that rewards and compensations is part of basic consideration for employees to remain employed in their job.

4. Does the company have training program? Is the training given regularly?

Based on the respondent's feedback, three of them did not deny that the company has training and staff development procedure. Nevertheless, one can comprehend that Radar Construction has a limitation in providing sufficient training and development programs which are appropriate to the level and understanding of trainees so as to enhance employee's better understanding on the subject matter and to create an eye-catching training environment. Although respondents approved on giving trainings to employees, but was not as regular as it should be when compared with the importance and need of training to firm performance. Thus, the respondents agreed that even though Radar Construction has a sound training and staff development procedure, there is weakness in providing applicable training that in turn limits its capacity to know employee undertaking, participation and contribution to improve future training schemes.

5. Does Radar Construction have performance appraisal system? How do you see its implementation towards employee retention?

One of the respondents acknowledged that Radar Construction has performance appraisal system and one explained *"we have employee performance appraisal policy that serves as a means of measuring and enhancing individual performance, fostering professional development and career growth, aiding in the determination of merit growth, and meeting the demands for proper documentation"*. The other two respondents shared the same belief and advocated for its proper implementation.

They all concluded that in terms of administration, the appraisal system helped define roles and responsibilities more clearly, review and determine job descriptions, determine organizational goals and objectives, and lead to continuous learning, team building which successively, improve employee retention.

6. Does Radar Construction have Career Development system? How do you see its implementation towards employee retention?

The respondent answered," I cannot say that there is well established written career development system, however, when the need arises it will be considered situationally, but it might not have uniformity throughout the company".

7. Radar Construction obtains Health and Safety Policy?

The respondents agreed on having a well-established Health and Safety Policy which advocates on providing a place of employment free from recognized hazards that are causing or are likely to cause death or serious harm to employees, and to comply with occupational safety and health standards issued under the law. One interviewee answered "*normally each employee is expected to comply with all occupational safety and health standards, rules, regulations and orders issued under the law that apply to his or her own actions and conduct on the job*".

8. What are the major challenges of human resource practices encountered in Radar Construction?

All respondents explained in general that in construction industry the multi-disciplinary individualities of its project teams present particular challenges for managers attempting to secure appropriate staff for projects at different stages and based in geographically dispersed locations. Almost three of them revealed that the existence of lack of clear communication: one interviewee replied, '*There is a gap of communication between the employees and the HR, sometimes the HR department faces a problem of awareness of transfer of employees from project to project*'. Two interviewees agreed that empowerment was a key factor to improving HR practices. One argued that HR supervisors must have a greater sense of empowerment: '*empowerment as HR supervisor, we don't have the right to take any decision. This can be a barrier in practicing HR management*', such empowerment must extend to all phases of the employee's life cycle, and was emphasized: '*the governance or centralization: we need to have the right to select and recruit, promote, award, etc, without going back to another entity for their approval. This will give us a chance to select the best candidates and retain the best of them*'.

4.5. Discussion

❖ The respondents were asked to indicate the extent to which they agree with Radar Construction Health and Safety policy and implementation. From the findings the mean statistics of 4.57 health and safety (HS) is the highest indicating that most employees perceived that this is the most often practiced HR activity in the organization. Health and Safety have significant strong positive correlation (r=.769) with employee retention. In the meantime, changes in the predictor's value (Health and Safety) are related to changes in the response variable which is employee retention. The finding of the research is also consistent with interview result which revealed that Radar Construction have a well-established Health and Safety Policy which advocates on providing a place of employment free from predictable hazards that are causing or are likely to cause death or serious harm to employees, and to comply with occupational safety and health standards issued under the law. Accordingly, implementing proper health and safety standard in the workplace improves the performance of the organization through employees by avoiding and reducing cost related disabilities, accidents, absenteeism and illness (Bratton & Gold, 2000). This in return results in more employee retention.

❖ Again, the respondents were asked to indicate the extent to which they agree with Radar Construction performance appraisal practices and implementation. From the findings performance appraisal showed the second slot in the rank of significance in terms of the individual contributions of the measurement dimensions. Accordingly, mean value scored by performance appraisal was 4.14 which is also to be relatively the second common HR practice of Radar Construction. The correlation of performance appraisal is positively significant with employee retention, which indicate that performance appraisal practices are perceived to be sound and effective by employees. Besides, the interview shows the fact that Radar Construction has a good reputation in performance appraisal system which define roles and responsibilities more clearly, review and determine job descriptions, determine organizational goals and objectives, that lead to continuous learning and team building which successively, improve employee retention. Besides, based on theoretical evidence it has been argued that dissatisfaction with performance appraisals affects job

satisfaction, and in turn affects employee retention (Poon, 2004). Also performance appraisal contributed to employee retention as it gives the confidence to employees that the organization is committed to accomplish the needs and development of employee that enhances performance (Tanveer, et al., 2011).

❖ Human Resource development practice is a continuous process, which fulfills organizational, human resources and individual needs for a career development. It enables the individuals to gain their best human potential by attaining a total all-rounded development. Career development is one of the main human resource characteristics that provide the opportunity for employees to continuously be a part in the diverse activities in the organization that develops employees (SHRM, 2012). Accordingly, career development (CD) came in the third place of significance after health and safety and career development practices accounting for a mean value of 4.04. Career development is significantly and positively correlated (r=0.698, p<.0001) towards employee retention. Career Development (2.214) adds greater prediction of Employee Retention. Positive career development practices have positive influence for employee retention. As the survey revealed, even though career development has positive influence on employee retention its mean accounts to be the third most practiced HR practice in the organization. The interview feedback also revealed that there is no uniform career development system. Hence, a well-planned HRD system is essential to be the central part of human resource management in Radar Construction. Catherine (2002) indicated that career development plan for the employees play a vital role in the retention of employees. Providing these career development opportunities helps to restrict employees from leaving the organization and increase in loyalty.

❖ The other concept respondents were asked to indicate was the extent to which they agree with Radar Construction reward and compensation practices and its implementation. As per the findings reward and compensation (RC) of employees took the fourth mean value of 4.03. This explains that reward and compensation is less practiced from the discussed practices (health and safety, career development and performance appraisal) in human resource management practice of Radar Construction. And the p-value which is 0.000 tells

that the independent variable which is reward and compensation predict the dependent variable employee retention outcome. Reward and Compensation significantly and positively correlated to employee retention (r= 0.498). The survey revealed that the reward and compensation practice was run-through well, in the meantime management of Radar Construction interview explained that reward and compensation is equivalent compared to the same industry. According to Hansen, 2002 employers would be able to retain and attract well-qualified and professional employees if they would make it a point to offer salaries that would be competitive in order to achieve better financial position.

- ❖ Finally, training and development is the least human resource practice in the organization out of the five practices. It accounts for a mean value of 4.0. This tells that training and development practice is the least exercised HR practice in Radar Construction from the above discussed practices. Training and development has a p-value = 000 and is significantly and positively correlated to employee retention (r =.0500). In the meantime, interview revealed that even though Radar Construction has a sound training and staff development procedure, there is weakness in providing applicable training that in turn limits its capacity to know employee undertaking, participation and contribution to improve future training schemes.

In general, positive HR practices have positive influence for Employee retention. On other words, if they are more satisfied with HR practices, their probability of staying in the organization also increases. In order to improve employee-employer relations, reduce turnover, and improve commitment levels, HRM policies need to take all of these factors into account and manage them congruently (Arthur, 1994; et al).

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATION

The main purpose of this research is to assess selected human resource management practices on employee retention in Radar Construction. In this section, the main findings of the study have been summarized in line with the objectives of the study. From the analysis of descriptive statistical values of mean, and interview as well most of the variables implied a positive assessment of the issues as indicated from findings. The following conclusions are derived from the findings.

5.1 Summary of major findings

The major aim of the research was to assess selected human resource practices on employee retention, at Radar Construction. Based on the findings of the research the following conclusion was withdrawn.

➢ There is a positive and significant influence of health and safety (HS) on Employee Retention. This is the human resource practices that most employees perceived that is most often practiced in Radar Construction. This could be due to the legal factor or due to the employee pressure.

➢ It is important to note that performance appraisal (PA) has significant and positive influence on employee retention. Again, performance appraisal to be relatively the second common human resource practice of Radar Construction. The correlation of performance appraisal is positively significant with employee retention, which indicate that performance appraisal practices are perceived to be sound and effective by employees, thus it is less likely they are to leave Radar Construction. Besides the interview shows the fact that Radar Construction has a good reputation in performance appraisal system.

➢ Again, Career development (CD) came in the third place of significance accounting for a mean value of 4.04 and is less practiced than health and safety and performance appraisal

practices. As such it is significantly and positively correlated towards employee retention, even though the interview revealed that there is no uniform career development system.

➤ Reward and Compensation (RC) of employees took the fourth mean value. The mean explains that reward and compensation is less practiced in Radar Construction human resource practices than health and safety, performance appraisal and career development practices. Reward and Compensation significantly and positively correlated to employee retention. In addition, the management explained that reward and compensation is equivalent compared to the same industry, the respondents were also satisfied with reward and compensation offered by Radar Construction.

➤ Lastly, training and development is the least human resource practice in the organization out of the five practices but is significantly and positively correlated to employee retention. The management revealed that even though Radar Construction has a sound training and staff development procedure, there is weakness in providing applicable training that in turn limits its capacity to know employee undertaking, participation and contribution to improve future training schemes.

5.2 Conclusion

Based on the findings it is possible to conclude that even though there is no well-designed employee retention strategy, Radar Construction has a good reputation on Health & Safety, and Performance Appraisal, and comparatively less attention is given to Career Development, Reward and Compensation and Training and Development practices in general.

It can be concluded that human resource is the most important resource to any organization. Without having skilled and talented employees, it is difficult to attain planned goals by the organization. Therefore, organizational success is dependent on retention of its talented employees.

This study concludes that, Radar Construction, as per the selected human resource management practices (Health and Safety, Performance Appraisal, Career Development, Reward and Compensation and Training and Development) has a good reputation on employee retention.

5.3 Recommendation

In light of the above conclusions the following recommendations are forwarded:

- ➢ Radar Construction should be conscious about skilled and talented manpower and current competition among many organizations particularly construction industry to take this skilled and talented manpower. Therefore, it should strongly work on retention mechanisms like encouraging employees to participate in decision making process of the organization, arrange good working environment, giving promotions, rewarding and recognizing employees based on performance, providing clear path for career advancement, strive to equal access for good training and development programs to all employees, etc.

- ➢ A large percentage of respondents were satisfied with the majority of selected retention strategies offered by Radar Construction like health and safety, performance appraisal, etc. Therefore, Radar Construction should keep them in that way and it should take into consideration additional factors that affect employee to leave or stay. Giving employees' access to participate in the process of designing the employee retention strategy and other decision making process creates belongingness and employee feel that they are part of the organization and their contribution is valued by management.

- ➢ Training is one form of enhancing employees' potential. It can develop employee's future career. Hence, it is advisable if Radar Construction implements a sound training and staff development procedure, in providing applicable training that builds its capacity to know employee undertaking, participation and contribution to improve future training schemes.

- ➢ Radar Construction should create conducive environment to employees' participation on different decision making processes. Since superior-subordinate is considered as one

factor that affect employees to decide to stay with their organization or to leave, management of Radar Construction should work closely with subordinates and arrange flexible and friendly working condition to retain employees.

➢ The other point to be raised is uniformity of HRM practices throughout the organization, since most important element of an effective communication policy and procedure is consistency of implementation.

➢ Human Resource Managers shall oversee the assessment of employees and strategize on how to retain the best employees. Radar Construction shall set standard needs in order to retain skillful employees and achieve the set of goals by being competitive and successful.

➢ It is also recommended for Radar Construction to review company policies and procedures implementation, to ensure they are fair and can contribute to better successive employee retention.

5.4. Further Research Direction:

Since this study was conducted only in selected human resource practices in case of Radar Construction further studies across other human resource practice is recommended. These future studies could also focus on industry level and additionally explore employee retention based on the human resource management practices in construction industry.

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St. Mary's University
School of Graduate Studies
MBA Program

Questionnaire Completed by Radar Construction

Dear respondent,

First of all my sincere gratitude goes to you. My name is Mekdelawit Tesfaye. I am conducting this research for a partial fulfillment for master's degree in business administration (MBA). My study entitled ***"Influence of Human Resource Management Practices on Employee Retention in Radar Construction".***

This questionnaire is prepared with an intention to collect data about the HR practices in Radar Construction. Your responses will be kept utterly confidential, and it will be used only for academic purpose. Hence, you are kindly requested to give an accurate and sufficient data as much as possible.

General Directions
  ➢ You do not have to write your name
  ➢ Put the letter (X) that you think is/are the right choice (s)

Thank you in advance for your cooperation!

Part I Demographic Questions

The following questions concern your personal information. Completion of this information is voluntary and confidentially is assured.

THANK YOU!

1. What is your Sex?

   Male

   Female

2. What is your Age Group?

   18 - 25

   26 to 35

   36 to 45

   46 and above

3. How long have you worked for Radar Construction?

   less than 1 year

   1 – 3 years

   4 – 7 years

   7 years and above

4. What is your highest level of Education?

   Master's degree

   Bachelor's degree

   Diploma

   High school

Part II: Please indicate your level of agreement (whether you agree or disagree) with each statement using the scale below as a guide: put "X" on your selection.

   1- **strongly disagree,**

   2- **disagree,**

   3- **neither agree nor disagree, (neutral)**

   4- **agree and**

   5- **strongly agree.**

SN	Item	SD	D	N	A	SA
	Employee Retention					
1	I am proud to be working for Radar Construction.					
2	I would turn down another job for more pay in order to stay with Radar Construction.					
3	I am willing to work harder than I have to in order to help this organization succeed.					
4	I find that my values and the organization's are very similar.					
5	I would recommend Radar Construction to a friend if he/she is looking for a job.					
6	I feel a lot of locality to Radar Construction.					
	Career Development Opportunities					
1	I am given ample opportunities for advancement on my job.					
2	I am satisfied with my chances for promotions.					
3	Radar Construction have a culture which values, supports and rewards learning.					
4	Our organization recognizes the career growth needs of its employees.					
5	I would be very happy to spend the rest of my career with this organization.					
6	Radar Construction has structured career management system.					
	Training and Development					
1	Radar Construction conducts training regularly.					
2	My organization conducts training need assessment before conducting any training.					
3	I am given opportunities to upgrade my knowledge and skills and to improve my performance through continuous training					
4	Training materials and teaching aids are appropriate to the level and understanding of trainees.					

S.N	Item	SD	D	N	A	SA
5	Training inputs are enough to conduct the training programs of Radar Construction from trainers' perspective.					
6	Radar Construction conducts training evaluation after training.					
7	The training program is participatory for all employees.					
8	The contents of the training programs organized are always relevant to the changing needs of our jobs.					
9	The training contents contribute to the achievements of the stated training program objectives.					
Performance Appraisal						
1	My immediate supervisor supports and encourages me by providing regular feedback on my performance .					
2	I am evaluated fairly based on my performance .					
3	The performance standards must be communicated in writing to the employees.					
4	Performance appraisal in our organization aims at improving employee performance and strengthening our job skills.					
5	Our organization appraises the performance of its employees at regular intervals.					
6	The performance evaluation system motivate the staff by promoting staff.					
7	Individual contributions are encouraged and recognized.					
8	We receive proper feedback on how we are performing.					
9	Performance appraisal system promote to improving communication between employee and supervisor.					
Reward and Compensation						
1	When I do a good job, I receive the recognition for it that I should receive.					
2	Radar Construction employs performance based rewards.					

SN	Item	SD	D	N	A	SA
3	The pay we receive is competitive compared to that of employees doing similar work in other organizations.					
4	My pay is generally equal to the pay of my colleagues of the same level/position .					
5	Rewards and incentives are fairly distributed in our organization.					
6	Pay increments offered by our organization are satisfactory.					
7	The compensation system reward and recognizes employees' efforts and contributions.					
8	We are being paid adequately for the work we do.					
9	Our organization makes all payments due to us in time.					
10	Our organization follows the policy of matching pay with performance.					
Health and Safety						
1	Radar Construction adopt regulations to protect the health and safety of workers across its units.					
2	Radar Construction comply safety and health standards issued under the law.					
3	I am satisfied by health and safety management training.					
4	Radar Construction have safety inspection mechanism.					
5	Radar Construction gives due care for incidence of occupational injury and illness.					
6	I am given safe and healthier working environment and working conditions.					

I sincerely appreciate your time and cooperation. Please check to make sure that you have not skipped any questions in inadvertently, and return to the researcher.

Thank you again!

<u>Part III</u>: Interview Questions

The researcher has designed the following interview questions in order to capture the management perceptions more in comprehensive manner from selected HR personnel.

9. How the HR strategy used for retaining employees?

10. Why key employees present strong intentions to leave the company?

11. How do the management comprehend reward and compensation towards employees' retention?

12. Does the company have training program? Is the training given regularly?

13. Does Radar Construction have performance appraisal system? How do you see its implementation towards employee retention?

14. Does Radar Construction have Career Development system? How do you see its implementation towards employee retention?

15. Radar Construction obtains Health and Safety Policy?

16. What are the major challenges of human resource practices encountered in Radar Construction?

Correlation Matrix

		Employee Retention	Career Development	Training & Development	Reward &Compensation	
Employee Retention	Pearson Correlation	1	.698**	.500**	.498**	
	Sig. (2-tailed)		.000	.000	.000	
	N	72	72	72	72	
Career Development	Pearson Correlation	.698**	1	.494**	.497**	
	Sig. (2-tailed)	.000		.000	.000	
	N	72	72	72	72	
Training & Development	Pearson Correlation	.500**	.494**	1	.998**	
	Sig. (2-tailed)	.000	.000		.000	
	N	72	72	72	72	
Reward &Compensation	Pearson Correlation	.498**	.497**	.998**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	72	72	72	72	
Performance Apraisal	Pearson Correlation	.492**	.959**	.461**	.466**	
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	72	72	72	72	
Health & Safety	Pearson Correlation	.769**	.794**	.811**	.819**	
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	72	72	72	72	

**. Correlation is significant at the 0.01 level (2-tailed).

Annex : 3

Scatterplot
Dependent Variable: Employee Retention
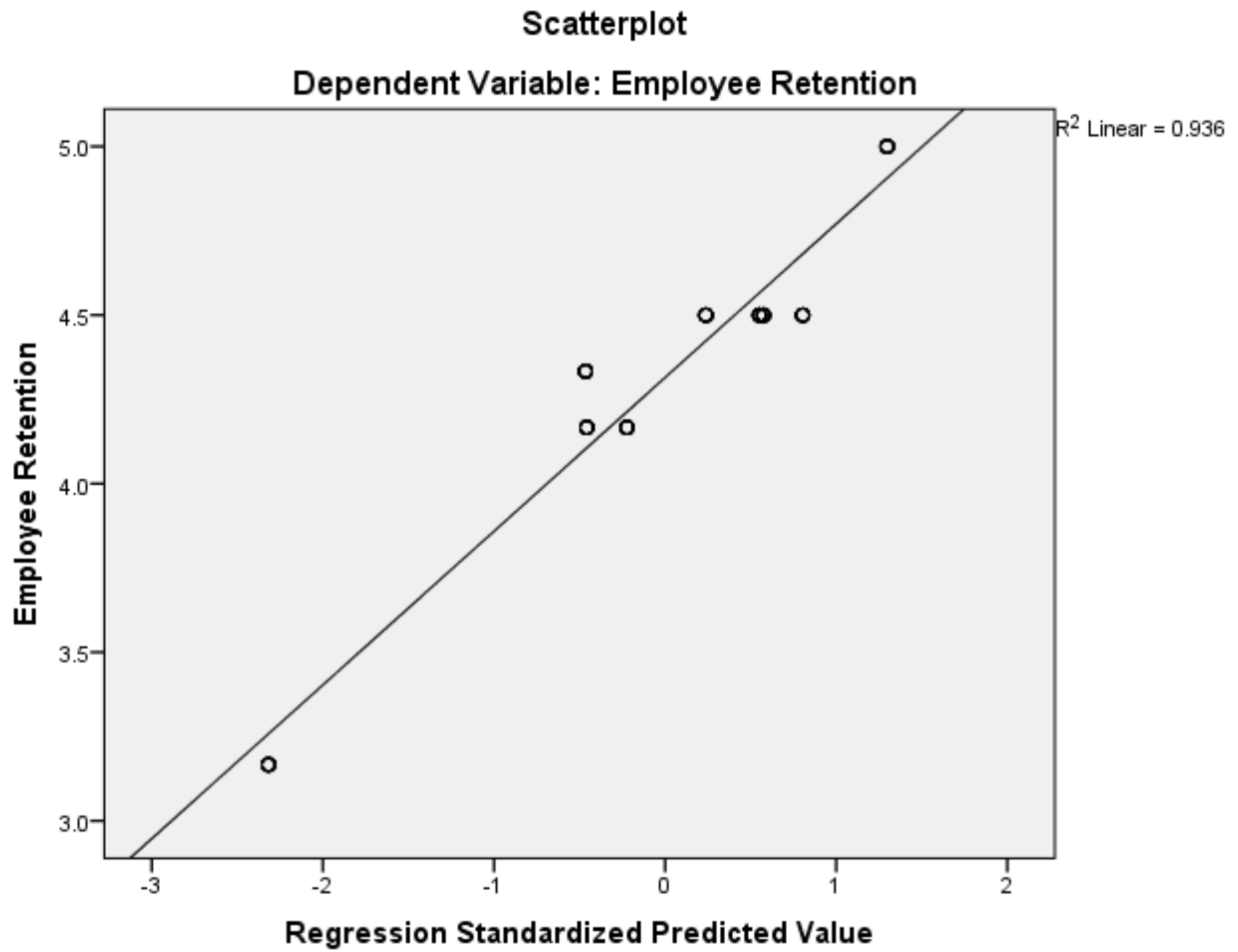
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