

Short Research Communication

Human resource practices and employee retention, evidences from banking sector of Pakistan

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Abstract

The primary objective of this paper is to study those factors that affect banking sector employee retention in Pakistan and also the impact of independent variables (Benefits & compensation, working environment) on employee retention. The three strategies rated most important to banking sector for more employee retention of workforce are attractive rewards and recognition, annual performance appraisal and training opportunities.

Keywords: Employee retention, Rewards, Performance appraisals, Working environment.

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1. Introduction

Banking industry is one of the most booming industries in Pakistan. Banking sector of any country plays very important role and help to increase the economy growth of any country. Basically bank is an institution which has deal with cash and instrument related cash. Banks are always give facilitation like borwing, lending, distribution and consumption of wealth. The commercial banks of Pakistan are more important on providing such services to their customers. The whole economy is surrounding on banking system. The evolution of globalization have changed the affect of the entire world our all business setting from all over the world deals with the help of banking system. People exchange their currency through the help of banking system. People transfer their money through this sector on the other hand in Pakistan the banking sector is day by day becoming more and more challenging. Now a day's banking sector has a lot of changes in it like regulation of customer, customer behavior, services, industrial changes and those challenges which are from outside the businesses.

2. Objectives of Study

The main aim of this study is to find out those factors which are affecting employee retention in

banking sector. There are a lot of reasons to retain employ at banking sector. The main research objectives are as under below:

- Find out which types of benefits & compensation which are necessary for the employees.
- To study which type of strategies were making to retention of banking employees.
- Explore which type of organizational culture issues put in retention of the banking employees.
- Explore the future plan of banking staff that contributes to their retention.

3. Literature Review

According to Sheridan (1992) concluded in the research paper that the most challenging factor for retention of employee is organizational cultural and ecological factor these are the positive factors between employee efficiency and efficiently.

Shafiq et al. (2011) conducted a research on topic of relationship between compensation and motivation of employees, taking interviews of 226 banks employees of different banks. Motivation is also

helpful for employee retention. Demotivated employees early quit from current organization as compared to motivated employees. The Association between Compensation and motivation of employ was 0.546, which indicate the positive relationship between them.

According to Price (1981) “turnover” is the concept of number of employees hired to replace those who left of ere fired during one year. Haorei, W. (2012) described in his article that Job satisfaction plays a significance role when the employee are not satisfied with jobs they resign. The result shows HRP performs a positive and important role with job satisfaction and negative with the turnover. Hence, the results of HR practices and job satisfaction are strong predictors of turnover.

Ting (1997) concluded that important part of employee performance is pay that is behind the employee performance. However, the author differentiates the two type of satisfaction the first is related with salary , wages or pay and the other is related with employee future perspective like insurance, bonus , allowances. These are the two types which are related with the job satisfaction of employee.

Ramlall (2003) stated that the most important factor which are impact on employee performance is compensation and geographical location if these factors

are against any employee the factor of leaving the organization in employee are increased. The results indicates organizations must develop their policies and making those strategies that would be helpful for retention of employee and it would also created to develop policies, practices, and strategies that would enable higher levels of employee retention and create better efficiencies in meeting strategic business objectives.

According to Jasra et al. (2011) the human resources play a vital role impact on employee job satisfaction and job satisfaction has also play a positive role on employee retention. According to Qualification the employees’ selection and their rewards and recognitions, their training and development, work design and job definition all are the most important human resource management areas to motivate and retain employee in the organization.

Rehman et al. (2007) defined the strategies like salary, training and promotion on job satisfaction in Pakistan. They defined that salary; training and promotion have a significant role and positive impact on job satisfaction of employee. Hence the most of the most employees give less importance to training as compared to pay and promotion.

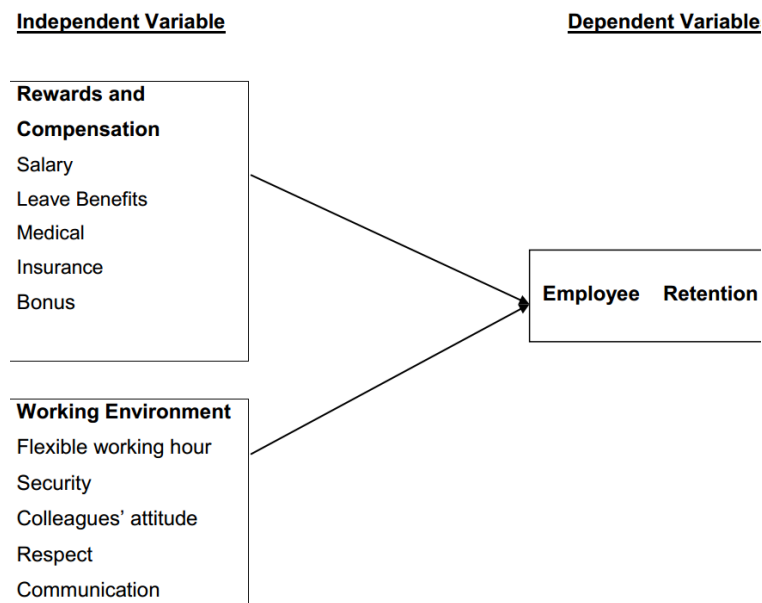


Fig.1: Theoretical Model of Employee Retention

4. Conclusion

Employees are the main concerning person which leads a business success or failure therefore they must be retain through motivation to success of any organization. In the organization the turnover is the critical issue facing by the employers the Turnover impact product, service quality and productivity. Finding technical and skill persons are difficult and investments in trainings are less secure.

The main objective was this research paper is to study those factors which will take employee retention in any banking sector of Pakistan. The some factors are i.e. working ecological, Benefits and compensation and career Development. More over the salary package is most important in the organization which can also motivate or attract the employee. On the other hand the management of banking sector must give employees different type of packages to retain employ on their level of satisfaction as well as job retention.

5. Recommendations

The HR department and management staff of all banks should be establish more flexible working hours. Safe and good working environment must be there be there.

The Centralize any company can increase rate of commission and other all benefits for employee retention through following steps:

- 1- Engaging the other employs for decision making.
- 2- Flexible working hours of employees.
- 3- Provide different benefits and compensation.
- 4- Equality between employees.
- 5- Employee satisfaction (Motivation)
- 6- Making those strategies which are in favor of employees.

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