HRM Practices And Retention: An Empirical Study Of Senior Staff Of University Of Cape Coast

Isaac Kosi, Alexander Opoku-Danso, Angela Afua Sarpong Ofori

Department of Management Studies, School of Business, University of Cape Coast, Cape Coast,Ghana
+233244601968/+233507404501
Dean's Office, Faculty of Arts, University of Cape Coast, Cape Coast,Ghana
+233206175100
Documentation and Information Section, Division of Public Affairs, University of Cape Coast, Cape Coast, Ghana
+233265122212
ikosi@ucc.edu.gh, dansoprof@yahoo.com, sarpong@gmail.com

Abstract: Organizations put in place HRM strategies and practices to retain employees to again competitive advantage. The paper examined the effect of HRM practices on senior staff retention in University of Cape Coast (UCC). It was conjectured that there is no significant effect of the HRM practices on senior staff retention. It also sought to determine the HRM practice that predicts senior staff retention. Using stratified and simple random sampling techniques, a sample size of 291 was selected out of a population of 1262 senior staff members. Pearson production correlation and Standard multiple regression was to analyzed the data. It was found that HRM practices had significant effect on senior staff retention. Additionally, remuneration and reward system was the most significant predictive variable of senior staff retention. The paper recommends that UCC should design a fairer compensation and reward system in order to retain its performing staff based on effective performance management system to ensure fair and equitable reward system.

Keywords: HRM practices, Retention, Senior Staff, University of Cape Coast

1. Introduction

Human Resource Management (HRM) has assumed a more strategic role in the success of most organisations. Firms have used human resource practices to improve their performance, particularly in relation to retention (Tangthong, Trimitsoontorn & Rojninruntikul, 2014). Increasingly, organisations compete for the best employees to achieve their organisational goals (Mahmud & Idrish, 2011) because human capital is considered a key resource of all resources and indispensable to the survival of organisations (Chew, 2004). The impact of HRM practices on staff retention has emerged as one of the issues in businesses and organisations (Guest, 2002). It is in this vein that Kane (2000) asserts that employee retention has become one of the major challenges facing many organisations today and suggests the adoption of relevant HRM programmes by businesses and organisations to successfully keep their critical employees. For this reason, managers of organisations face a difficult challenge of motivating and retaining high performing employees in an environment inundated by uncertainties (Mallikarjunan, 2006) including universities. The role of universities in the provision and development of manpower required for the social economic and technological advancement of any nation cannot be over-emphasized. By their unique nature, universities are expected to be repositories of the most specialized and skilled intellectuals (Ng'ethe, Iravo & Namusonge, 2012). The University of Cape Coast (UCC), one of the six public universities in Ghana, has, since its establishment, adopted HRM strategies and practices to motivate and retain talented employees considering the importance of employees to its future success and the cost of loss of staff. However, evidence on the ground seems to suggest senior staff members are quitting employment. The Division of Human Resources (DHR), UCC Annual Report (2011) indicates that senior staff turnover is becoming a permanent feature at the University. Records at the Payroll Unit as at December, 2011, also confirm that over the past decade (2000 to 2011), the senior staff category of employees has been the most volatile with high turnover rate ranging between 18.3 percent and 33.3 percent each year. This trend is not just worrying but alarming because as assets, humans are difficult to duplicate, so they become the key competitive advantage for an organization in the intensive competition (Sanjeevkumar & Wang, 2012). It is for this reason that the researchers sought to find out how UCC can influence its senior staffs to remain with and work in the university through its human resource practices. This study therefore seeks to:

i. Determine the relationship between HRM practices and senior staff retention in UCC.

ii. Assess the effect of HRM practices on senior staff retention in UCC.

iii. Examine which HRM practice(s) predicts senior staff retention in UCC.

2. Literature review

2.1 Theoretical and conceptual perspective on employee retention

Phillip and Connell (2002) define employee retention as ways of managing and retaining talented employees using innovative retention programmes. Chaminade (2007) posits that it is a voluntary move by an organisation to create an environment which engages employees for long a term. Employee retention is a critical element of an organisation's approach to talent management, which Lockwood (2006) defines as the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining, and utilising people with the requisite skills and aptitude to meet current and future business needs. The main purpose of retention is to prevent the loss of competent employees from leaving the organisation as it could have adverse effects on
productivity, service delivery and profitability (Samuel & Chipunza, 2009; Naidoo, 2000; Toracco 2000). The theory of ‘fitness’ or ‘integration’ by Guest (2002) underpins this paper. Essentially, the theory suggests that the various types of HRM fit can be ordered along two dimensions of Internal-External fit and Criterion specific or Criterion free. Fit as strategic interaction seeks to link HR practices to the external context and reflects the standard strategic approach. A firm makes a choice to respond to and interact with the existing environment. HR strategy and practices would be matched to that choice. Firms with appropriate response and the right match will report superior performance mainly measured by specific financial criteria (See Figure 1 below).

<table>
<thead>
<tr>
<th>Criterion specific</th>
<th>Criterion free</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>External</td>
</tr>
<tr>
<td>Fit to an ideal set of practices</td>
<td>Fit as gestalt</td>
</tr>
<tr>
<td></td>
<td>Fit as ‘bundles’</td>
</tr>
</tbody>
</table>

**Figure 1: Forms of HRM Fit**

Source (Guest, 2002)

Fit as contingency looks at the external factors such as the nature of market, legislation changes or characteristics of industry and suggests that firms with HR policies and practices that are responsive to these external factors will obtain superior performance. Fit to an ideal set of practices believes that there is a set of best HRM practices and that if firms move closer to the ideal type, it will achieve higher performance (Guest, 2002). Fit as gestalt or fit as ‘bundles’ assumes there is a structure or configuration that is so integrated that the sum of ‘bundle’ of practices is better than the partial practice. Fit as gestalt stresses the synergistic combination of all HRM practices, and emphasizes that if only taking one element of HRM that is, say pay or training, it may distort the whole picture. In principle, the approach differs from the ideal type of fit which specifies the dimension of HRM practices, and the ‘bundles’ approach and emphasizes multiplication rather than additive effect. The gestalt implies that if one key aspect of HRM is missing, the theory may not exist. While in principle, fit as ‘bundles’ implies there may be a number of possible combinations of practices which will lead to high performance: for instance, some firms may emphasize job security as important for the retention of competent staff, while others prefer training and development. This approach allows some substitution as long as a distinctive core of HRM practice within the firm is maintained (Guest, 2002). In this study, there is also the need to hypothesize and test whether specific criteria of strategic interaction and contingency approach are applicable in the University of Cape Coast HRM practices for staff retention.

**2.2 HRM practices and employee retention**

Management of organisations are faced with the most important challenge of implementing multifaceted retention strategies to hold on to their competent employees (Armstrong, 2007). The HRM practices and strategies are implemented to ensure retention of valued staff include the following: information sharing, competitive remuneration and reward systems, training and career development opportunities, job rotation, and employee promotion programmes. Staff retention is of interest to employers because of the implications of high staff turnover. Dibble (1999) argues that retention of employees needs to be managed effectively. He identified remuneration, development, career opportunity, work environment, performance management and work, family and flexible time as areas that have an effect on retention of employees. Gaiduk and Gaiduk (2009) observe that previous studies have found that employee intentions to remain with an organization are influenced by three major groups of variables which are employee personal characteristics such as gender, age, position level; the nature of an employee’s current job; and adequate working arrangements including such aspects as the quality of current supervision, opportunities for promotion, available training, and quality of communication within the organization. In a study of retention of employees in Australian Organizations, Chew (2004) established that younger employees focused on remuneration, training and development, career advancement, challenging work, growth opportunities and recognition. For older employees autonomy, opportunities to mentor and job challenge were of great importance. A study of 139 academics from Jordanian University, Al- Omari, Qablan and Khasawneh (2009) established that job satisfaction and organizational commitment had a significant positive effect on intention to stay among the academic staff. Similarly, a study by Daly and Bierly (2006) on turnover intention of academics in public urban universities established that structural factors such as faculty work environment, autonomy, communication, distributive justice and workload were related to intention to stay. Moreover, a study of academics in Makerere University by Amutuhaire (2010) established that remuneration and tenure influenced their retention. Kipkebut (2010) in a study on organizational commitment and job satisfaction of employees in universities in Kenya established that role conflict, promotional opportunities, and age were some of the factors that influenced employee intention to quit the university. Alkandariand Hammad(2009) studied employee’s retention in private sector in an exploratory study in the state of Kuwait. The result of their study shows that benefits factors such as salary and compensation were rated as most important to the private sector workforce in the state of Kuwait followed by leave benefits and differed compensation. They explained that the three strategies rated most important to private sector workforce are rewards and recognition, annual performance appraisal and training opportunities. While work at home, voluntary reduction in work schedule and alternative work schedule were rated as least important. The culture of private sector organizations in the state of Kuwait are based on openness and trust, effective communication and good deal of time spent by supervisor listening to employees’ ideas and suggestions. Finally, their result of employees’ career plan shows that high percentage of private sector workforce had no plans to leave or retire from state employment within the foreseeable future. Potter-Brotman (1994) in his research explained how service could affect retention and may result in improving the value of teaching employees to be service providers, with the capability to enhance interaction with customers rather than
endanger them. In the same study research, the authors recommended that firms should focus on hearing customers unique voices so as to find out what kind of service they consider to be extraordinary. Desai and Mahajan (1998) assumed that retained customers are in fact satisfied, and not simply retained because of habit, indifference or inertia. Included in retention strategies are the development of new products and services to meet and satisfy the evolving requirements of the customers; thus satisfaction is a component of retention. However, Johnston (2001) in his research negated the relationship between customer's satisfaction and their retention clarifying that such relation is very weak. He explained that an understanding of the two concepts cannot always be achieved by isolating them from each other, but rather by examining the relationship between them. Last but not least, Shoaib, Noor, Tirmizi and Bashir (2009) studied the determinants of employee retention in the telecom sector of Pakistan. Their result revealed a positive relationship of career development opportunities, supervisor support, working environment, rewards and work-life policies with employee retention.

H$_0$: There is no significant effect of the HRM practices on senior staff retention in UCC.

H$_1$: There is a significant effect of the HRM practices on senior staff retention in UCC.

3. Methodology

According to Trochim (2000), a research design provides the glue that holds the research together. The design used for the study is a descriptive survey. This type of survey attempts to provide an accurate and objective description of a picture of an on-going situation or real life situation (Quartey & Awoyemi, 2002). The population of the study was 1,262 senior staff comprising 572 teaching and 690 non-teaching staff and a sample size of 291 senior staff was selected. This sample size was chosen using a table for determining sample size from a given population provided by Krejcie and Morgan (1970) as cited in Sarantakos (2005) which shows that for a population of 1,262, a sample size of 291 (132 teaching staff and 159 non-teaching staff) should be adequate. The stratified sampling procedure was used to select the senior staff respondents. Nsowah-Nuamah (2005) explains that stratified sampling is used when individual members within a stratum are similar in characteristics and the different strata exhibit different characteristics among themselves. This means that categories of senior staff with large numbers in the population had a proportionally large representation in the sample size. The main instrument used in gathering data was the questionnaire. Items in the questionnaire were mostly “close-ended”. The human resource practices considered include training and development, promotion system, information sharing, job rotation and rewards and remuneration system. Using a 4-point Likert Scale, attitudes of the respondents were rated as follows: 1=Strongly disagree, 2=Disagree, 3=Agree and 4=Strongly agree on the identified human resource practices. According to Sarantakos (2005), the use of questionnaire is convenient and can reach respondents who are normally difficult to contact and are literates. The Cronbach alpha reliability coefficients obtained were 0.78 for HRM Practices on Senior Staff attraction scale and 0.97 for HRM Practices on Senior Staff Retention scale. The data was examined for consistencies. It was then coded and entered into the computer by using the Statistical Product and Service Solutions (SPSS) version 17. SPSS was used to provide full range of contemporary statistical methods. Pearson Product Moment correlation and Standard multiple regression analysis was used to analyse the effect of the HRM practices on Senior Staff retention at UCC. And also determine which of the HRM practices predicts staff retention.

4. Results and Discussion

The relationship between senior staff retention and HRM practices such as training and development, promotion system/policy, information sharing and job rotation (Transfers) policy was investigated using Pearson product-moment correlation coefficient after ensuring that the assumptions of normality, linearity and homoscedasticity were not violated. The correlation coefficients were computed among the five HRM practice scales. Using the Bonferroni approach to control for Type 1 error across the ten correlation coefficients, a p-value of less than 0.05 was required for significance. There were 291 cases that had scores on all the five scales used in the analysis. Table 1 provides the Pearson r correlation coefficients between each pair of variable listed.

<table>
<thead>
<tr>
<th></th>
<th>T&amp;D</th>
<th>PS</th>
<th>IS</th>
<th>JR/TP</th>
<th>RRS</th>
<th>Overall HRMPs</th>
<th>SSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>T&amp;D</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PS</td>
<td>.564**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IS</td>
<td>.432**</td>
<td>.485**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JR/TP</td>
<td>.391**</td>
<td>.518**</td>
<td>.359**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RRS</td>
<td>.484**</td>
<td>.576**</td>
<td>.445**</td>
<td>.400**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall HRMPs</td>
<td>.795**</td>
<td>.828**</td>
<td>.703**</td>
<td>.677**</td>
<td>.772**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SSR</td>
<td>.376**</td>
<td>.442**</td>
<td>.349**</td>
<td>.396**</td>
<td>.440**</td>
<td>.527**</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 1: Correlation Coefficients of HRM practices and senior staff retention

Copyright © 2015 IJTEE.
For each pair of variables the r value was significant at the 0.05 level (2-tailed). In addition, Table 1 shows that all the correlation coefficients ranged from a low of .349 to a high of .576 were positive, indicating that high scores on one variable were associated with high scores on the other. As a guide to the interpretation of the correlation coefficients, Cohen (1988) suggests that; r=.10 to.29 or r=-.10 to -.29 (small or weak), and r=.30 to .49 or r=-.30 to -.49 (medium or moderate), and r=.50 to 1.0 or r=-.50 to -1.0 (large or strong). Therefore, there was a moderate, positive correlation between the various human resource management practice scales and senior staff retention (SSR) scale with the correlation coefficients ranging from a low of .349 to a high of .442 indicating that high scores on each of the HRM practices were associated with high scores on the other. There was a moderate, positive correlation between the overall HRM practices and senior staff retention [r=.527, n = 291, p < .05], with high levels of HRM practices associated with high levels of staff retention.

Table 1 further shows that the correlation between senior staff retention and T & D was [r=.376, n = 291, p < .05]; PS was [r=.442, n=291, p<0.05]; IS was [r=.349, n=291, p<0.05]; JR/TP was [r=.396, n=291, p<0.05]; RRS was [r=.440, n=291, p<0.05] with high scores on the senior staff retention associated with high scores on the HRM practices. The positive correlations between the HRM practices and senior staff retention imply that an improvement in the HRM practices might lead to a corresponding high desire for senior staff to remain working with the University and vice versa. This means that effective implementation of the HRM practices will motivate more senior staff to remain with UCC. The result agrees with Giberevbie’s (2008) assertion that improving employee satisfaction through HRM practices reduces staff turnover, and builds brand loyalty with staff. In addition, to determine the extent to which HRM practices in UCC predicted senior staff retention, at standard multiple regressions were found to be more appropriate. This involved all of the independent variables being entered into the equation at once. The results indicated how well the HRM practices predicted senior staff retention. It also indicated how much unique variance in each of the independent variables (training and development, promotion system/policy, information sharing, job rotation (transfers), remuneration and rewards systems) explained the dependent variable (senior staff retention).  

Table 2: Regression analysis on HRM practices and senior staff retention

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.535&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.287</td>
<td>.274</td>
<td>4.48661</td>
</tr>
</tbody>
</table>

**Source:** Field Survey, 2012

**a. Predictors:** (Constant), Total remuneration and rewards systems, Total job rotation (Transfers) policy, Total information sharing, Total training and development, Total promotion system/policy

**b. Dependent variable:** total retention

From Table 2, the multiple Regression Analysis (model summary) indicates that all the independent variables met the entry requirement to be included in the equation. The multiple R (.535) shows substantial correlation between the predictive variables (HRM practices) and the dependant variable (senior staff retention). The R-square value indicates that about 28.7% of the variance in retention was explained by the HRM practices. This implies that 71.3% of senior staff retention in UCC was explained by other variables apart from the HRM practices.

**Hypothesis testing**

H<sub>0</sub>: There is no significant effect of the HRM practices in UCC on senior staff retention

H<sub>1</sub>: There is a significant effect of the HRM practices in UCC on senior staff retention

Table 3: Effect of HRM practices on senior staff retention

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>DF</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2305.598</td>
<td>5</td>
<td>461.120</td>
<td>22.907</td>
<td>.000&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>5736.945</td>
<td>285</td>
<td>20.130</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8042.543</td>
<td>290</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Field Survey, 2012 p-value > 0.001

Table 3 shows results of the effect of the HRM practices on senior staff retention in UCC. From the Table, a p-value of 0.001 implies that the HRM practices in UCC had significant effect on retention of senior staff. This shows that the null
hypothesis was rejected at an alpha value of 0.05. In other words, there was a significant effect of the HRM practices on senior staff retention in UCC. The result also shows that (28.7%) contribution of the HRM practices to senior staff retention in UCC was significant. This implies that the management of UCC could continue to use the HRM practices to enhance senior staff retention. Furthermore, to determine the HRM practice that best predicted senior staff retention in UCC, Table 4 shows the contribution of each HRM practice (independent variables) to senior staff retention. The $\beta$ values indicate the relative influence of the independent variables on senior staff retention.

**Table 4: HRM practice that best predicts senior staff retention**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>18.730</td>
<td>1.522</td>
<td>12.310</td>
<td>.000</td>
</tr>
<tr>
<td>Total training and development</td>
<td>.403</td>
<td>.138</td>
<td>.174</td>
<td>2.918</td>
</tr>
<tr>
<td>Total promotion system/policy</td>
<td>.277</td>
<td>.144</td>
<td>.138</td>
<td>1.924</td>
</tr>
<tr>
<td>Total information sharing</td>
<td>.191</td>
<td>.130</td>
<td>.088</td>
<td>1.468</td>
</tr>
<tr>
<td>Total job rotation (Transfers) policy</td>
<td>.142</td>
<td>.098</td>
<td>.091</td>
<td>1.437</td>
</tr>
<tr>
<td>Total remuneration and rewards systems</td>
<td>.391</td>
<td>.121</td>
<td>.208</td>
<td>3.221</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2012  

The $\beta$ value indicates that total remuneration and rewards systems had the greatest relative influence on senior staff retention ($\beta = .208$, $p$-value > 0.001), expressed in percentage form as 20.8%. A $p$-value of 0.001 associated with total remuneration and reward systems showed that its contribution to senior staff retention was significant. This was because the $p$-value of 0.001 was less than the level of significance acceptable at 0.05. The result is in line with the assertion of Deloitte Development (2005) that an attractive compensation package plays a critical role in retaining employees. Thus, people want to work for companies that offer fair compensation, including competitive wages and benefits, as well as opportunities to learn and achieve. The direction of the influence of remuneration and reward systems was positive, indicating that when remuneration and reward systems increased, senior staff retention would also increase and vice versa. Table 4 further shows that training and career development opportunities was the second highest ($\beta = .174$, $p$-value > 0.004), predictor of senior staff retention in UCC. With a $p$-value of 0.004 implies that training and career development opportunities made a significant contribution to senior staff retention in UCC. This is in line with the assertion of Taylor and Cosenza (2002) that training and development opportunities provide many employees with the incentive to stay with a company. Pritchard (2007) also advise that organisations must offer career advancement opportunities to retain employees. Although the other HRM practices (job rotation/transfers, information sharing, and promotion systems) made positive contributions to staff retention in UCC, their contributions were not statistically significant. Information sharing made the least contribution to senior staff retention in UCC. From Table 4, Regression line: Staff Retention = 18.730 + 0.403 (Training and development) + 0.277 (Promotion system/policy) + 0.191 (Information sharing) + 0.142 (Job rotation/transfers policy) + 0.391 (Remuneration and rewards systems).

### 5. Conclusion

Human capital is the most critical asset for an organization, therefore organizations should take the practical and proactive measures to retain skillful employees. This paper sought to study the effect of HRM practices on senior staff retention and also ascertain which of the HRM practices predicts staff retention. As indicated in the results, it is concluded that UCC should design a fairer compensation and reward system in order to retain its performing staff. This is because most highly significant predictor of senior staff retention in UCC is total remuneration and rewards systems. However, an effective proactive performance management system should put in place to ensure fair and equitable reward system. The study found a positive correlation between the HRM practices and retention of Senior Staff in UCC. This implies that an improvement in the implementation of the HRM practices would motivate more Senior Staff to be retained by the University. HRM practices adopted by UCC explain a proportion of the variance in staff retention. It is also posited that management should make human resource management policies more available for staff to be well informed about human resource issues in the organisation.

### 6. Recommendations and Limitations

This study is subjected to the limitations of survey design. This research was done on senior staff which is a section of the UCC staff. Future research should focus on the entire staff of UCC. In addition, it should also be extended to all public universities since reward system are the same but
may have some differences in HR policies. Furthermore, future research could also be replicated to other sectors, including a comparison between the private and public universities. In addition, the research framework and hypothesis developed encapsulate all HRM practices.

Reference


[34] uwspace.uwaterloo.ca/bitstream/10012/872/1/Isilbert2005.pdf on Tuesday, August 20, 2014 at 9:00a.m.