The Relationship between Human Resource Practices and Employee Retention at a Private University: Work Environment as a Moderator

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Abstract
In present day, many organizations are bearing employees’ turnover fortune, where organizations have to spend more to hire new people and provide training to them. For employers, knowing how to preserve employees to remain within the organization is wiser than to prevent them from quitting jobs. The objective of this study is to examine the relationship between human resource practices and employee retention, with work environment acts as a moderating variable. Respondents collected were among a private university academic and non-academic staff and the sample size was 178 respondents. Multiple hierarchical regression analysis was used to analyse the relationships among variables. The results showed that supervisor support and compensation had significant relationship with employee retention, while training did not. Interestingly, supervisor support was found to have a negative relationship with employee retention. Meanwhile, compensation was found to have the highest impact on employee retention. However, work environment as the moderating variable, was found not affecting the relationship between human resource practices and employee retention. The significant of this study would be to assist the management to identify the human resource practices that would increase the retention level of an employee such as training development, supervisor support and compensation. In addition, by implementing good human resource practices, the organization can attract and retain their employees.

Keywords: Employee retention, human resource practices, work environment

Introduction
Workers are the most essential asset of any organization. Workers might leave to other organizations due to frustration when they cannot fully utilize their full potential or being valued in the current workplace (Kakar, Raziq, & Khan, 2017). One of the ways that can be done in order to reduce the possibility of employees in moving out of the organization is through the implementation of human resource practices. An efficient human resource practices can lower the level of employee intention to leave, thus will increase retention level. However, it is not easy to retain an employee especially the competent one to stay loyal with the organization and losses of such talent may give huge disadvantage to the organization. This is because when a worker leaves his/her current company, he/she will carry out with him/her all the data about the organization, customers, project and previous history, very often to competitors (Mahadi, Woo, Baskaran, & Yadi, 2020; Crosby-Hardin, 2020; Haider, Rasli, Akhtar, Yusoff, Malik, Aamir, Arif, Naveed, & Tariq, 2015).

Studies have proven that in order to gain the competitive advantage in today’s highly volatile
business environment, it is a must to have an effective human resource practices in the organization as the practices play a significant role in retaining employees. Good HR practices can help in minimizing employee turnover (Kloutsiniotis & Mihail, 2017; Zahoor, Ijaz and Muzammil, 2015). To support this, human resource practices have been highlighted as among of the determinants that influence employee decision to stay in their current organization (Aburumman, Salleh, Omar, & Abadi, 2020; Ozkan, Elci, Erdilek Karabay, Kitapci, & Garip, 2020; Kosi, Opoku-Danso, & Ofori, 2015).

Problem Statement
By having a good retention level, it can give a lot of advantages to the organization, for example, reduce hiring and training cost. It also can improve employee morale where employees who stay longer become more comfortable, less stressed and develop better working relationships with their co-workers. Thus, this can give positive impact on the whole organization. However, not all organizations in the industries secure high retention levels among their employees.

The scenario of low retention level exists at one of private universities in Selangor (which after this will be named as Universiti XYZ). Based on a personal interview with the representative of Human Resource Department, the turnover rate at Universiti XYZ was 6.39% (Personal Interview, 12 June 2019). Several other staff were also interviewed where they said they had the intention to leave if they got much more attractive offer from other organizations that can fulfil their needs (Personal Interview, 12 June 2019). This shows that Universiti XYZ was facing an issue regarding employee retention. Besides, according to previous studies, there is least study regarding the influence of human practices on retention that focuses on academic institutions. Most of the studies focused at other sectors such as health care (Park & Min, 2020), tourism (Islam, Jantan, Yusoff, Chong, & Hossain, 2020), employee age generation (Younas & Waseem Bari (2020), bank (Kakar, Raziq & Khan, 2017; Ldama & Bazza, 2015) and telecommunication (Zahoor, Ijaz & Muzammil, 2015; Haider, et al., 2015). Due to that, the researchers were keen to do a study at the university by focusing on three elements of human resource practices which are training development, supervisor support, and compensation.

Even though training development, supervisor support and compensation are perceived as among of important practices in retaining employees, there is another variable that has the ability to moderate the relationship between training development, supervisor support and employee retention which is work environment (Bibi, Ahmad, & Majid, 2018). This is due to the empirical results on the effects work environment on employee retention appear mixed (Naz, Li, Nisar, Khan, Ahmad, & Anwar, 2020; Yusliza, Faezah, Noor, Ramayah, Tanveer, & Fawehinmi, 2020; Frimayasa, 2021; Luengalongkot, Chim, & Hongwiset, 2020). Based on the contradictory findings of prior studies, the work environment is incorporated as a moderator for the relationship between training and development, supervisor support, and employee retention in the current study.

Literature Review
Employee Retention
Retaining employees plays an important role in any business firm because employees’ skills and knowledge are central to companies’ ability to be economically competitive (Kryscynski, Coff, & Campbell, 2021; Kossivi, Xu, & Kalgora, 2016). Employee retention is very important in all business firms and therefore, having employee retention strategies will increase the chance of long-term employees. Employee retention is essential in most organizations. By having human resource practices putting in place, it would enhance the
company’s profitability such as increased productivity level due to having satisfied employees who are happy to work in such an organization. An increment in employee retention will result in reduction of recruitment with that reason saving the business firm time and expenses in recruitment and training (Köchling & Wehner, 2020; Wane, 2016).

**Human Resource Practices**

In order to retain employees in the organization, one of the ways that can be done by Human Resource practitioners is through the implementation of human resource practices. HRM practices can be defined as the strategies and policies executed by an organization to ensure employees work productively to accomplish the organizational objectives and goals. In this current competitive environment, human resource management practices play a significant part in retaining employees, the most important asset of the organization (Malik, Baig, & Manzoor, 2020; Leghari, Suleman, Leghari, & Aslam, 2014). According various studies, some of human resource practices used in the organizations include supervisor support (Abeysekera, 2007; Begum & Mohamed, 2016; Liew, Rahman, Patah & Rahman, 2016), training development (Bibi Ahmad & Majid, 2018; Johari, Yean, Adnan, Yahya & Ahmad, 2012; Imna & Hassan, 2015) and compensation (Haider et al., 2015; Othman & Lembang, 2017; Hosain, 2016).

**Training and Development**

Based on a study conducted by Nguyen and Duong (2020), it shows that there was a strong positive relationship between training and development element on employee retention. The findings further state that employees believe that training and developing comprehensive technical skills and professional skills which will be the best way to attract, remain, and retain employees. Ahmad (2013) had done a study on the impact of training on employee retention. The result of the finding shows that training had a positive relationship with employee retention. It shows that training practices can influence employees’ decision to stay loyal with their current organization. As specified by Othman and Lembang (2017), training development had a significant positive relation with employees’ intention to stay. This result shows that employees in the organization perceived training development as one of the ways to enhance their knowledge and skills. Therefore, the first hypothesis for this study would be:

\[ H_1: \text{There is a relationship between training development and employee retention.} \]

**Supervisor Support**

According to Khan, Abass, Khan, and Ahmad (2020), and Iqbal, Hongyun, Akhtar, Ahmad, and Ankomah, (2020), there is a positive relationship between supervisor support and employee retention. In line with a study conducted by Zafar (2015), it shows that there is significant positive relationship between supervisor support and employee retention. It shows that employee at the organization viewed supervisor support as one of the reasons they would stay remained working in the organization. The result demonstrates that employee reward alone did not result in employee’s job satisfaction, yet supervisor support was one of the key factors that influenced employee decision to stay in their current organization. Furthermore, previous findings done by Nasir and Mahmood (2016) shows that supervisor support had a positive, significant relationship with employee retention. The result illustrates that the higher the level of support provided by supervisor in the organization, the higher the employee retention level. It shows that employees at organizations considered supervisor support as one of the factors that could influence their intention to stay at the current organization. Hence, \( H_2 \) would be:
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H2: There is a relationship between supervisor support and employee retention.

Compensation
Murtiningsih (2020) stated that compensation has a relationship with employee retention. Another study done by Olaimat and Awwad (2017) found that compensation had a significant positive relationship on employee retention where the employees view compensation as one of the factors that can increase their retention level. When an employee feels satisfied with the compensation being provided by the organization, there will be a high possibility they will stay in the company. Another author named Francis (2014) had done a study on human resource management practices and employee retention. One of variable included was compensation. The author finding showed that compensation had a positive impact on employee’s retention where employee at the organization considers compensation as a tool in influencing their decision to stay at their current workplace. In other words, monetary value can affect employees’ behavior and long-term employment. However, both author’s result contradicts with a study done by Hossain (2016) on the impact of best HRM practices on retaining employees. One of variable included in his study was compensation and he found that compensation has negative relationship with employee retention. It shows that compensation does not influence employee’s decision at the organization whether to stay or move out. Therefore, it is hypothesized that:

H3: There is a relationship between compensation and employee retention.

Work Environment as a Moderator
Workplace environment tends to have positive or negative impact on certain work outcomes such as intention to stay, commitment and involvement (Ollukkaran & Gunaseelan, 2012). When workplace is perceived to be unsatisfactory to the employees, the probability of them to resign will increase (Markey, Ravenswood, & Webber, 2012). There are few studies done on human resource practices such as supervisor support, compensation (Sanjeevkumar, 2012), and training development (Othman & Lembang, 2017) on employee retention and the result for the independent variable and the dependent variable positively correlated with employee’s intention to stay. However, there is another variable that can moderate the relationship between human resource practices and employee retention such as work environment. This can be further seemed by viewing recent research study done by Bibi, Ahmad and Majid (2018). They had done a study on two kinds of human resource practices which are training development and supervisor support on employee retention, work environment act as moderating variable. The result of their study shows that work environment moderated the relationship between training development and employee retention. Similarly goes to supervisor support where work environment moderated the relationship between supervisor support and employee retention. Thus, it can be seen that there is another variable can moderate the relationship between independent variable and dependent variable. Therefore, the final hypothesis would be:

H4: Work environment moderates the relationship between human resource practices and employee retention.
Figure 1: Conceptual framework of relationship between human resource practices and employee retention which moderated by work environment.

Figure 1 shows the proposed conceptual framework for human resource practices and employee retention in selected private universities at Shah Alam. For training development and supervisor support taken from Bibi, Ahmad and Majid (2018) while compensation is taken from Bibi, Pangil and Johari (2016). The moderating variable is taken from Juneau, Anchorage and Kodiak (2008) and dependent variable is taken from Bibi, Ahmad and Majid (2018).

Methodology
This study was conducted to investigate the relationship between human resource practices (i.e., training development, supervisor support, and compensation), and employee retention with work environment as a moderator. The researcher wanted to identify the relationship between several human resource practices on retention among the employees. Thus, this study is correlation in nature. As claimed by Salkind (2014), correlational research uses a numerical index called the correlation coefficient as a measure of the strength of the relationship between the variables.

The population for this study refers to the staffs at Universiti XYZ which is situated in Selangor. The population of staff (academic and non-academic) at this university was 333. The sampling technique used was convenience sampling which refers to the collection of information from members of the population who are conveniently available to provide it (Kumar, Talib, & Ramayah, 2013). The sample size in this study was 178. The instrument that will be used for this study is a survey questionnaire. For training development, the questionnaire adapted from Tonui Cherono Beatrice (2017), compensation (Mburu, 2015), supervisor support and employee retention (Bibi, Ahmad, & Majid, 2018), and work environment (Juneau, Anchorage, & Kodiak, 2008).

Findings
For demographic profile, out 178 of total questionnaire received by the researchers, 34.8% are male respondents, while 65.2% are female respondents. 45.5% were in the age range of 36 years old and above. Then, followed by 31-35 years old with 28.7%. 70.8% were married and 75% of the respondents were Master holders. Finally, 43.8% of the respondents have worked in the organization more than 10 years.

Regression analysis in used to measure how many percent of dependent variables can be explained by the independent variable. Table 1 illustrates the result of regression analysis of
three independent variables; training development, supervisor support and compensation regressed against employee retention.

Table 1: Results for Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.797</td>
<td>.304</td>
<td>.000</td>
</tr>
<tr>
<td>Training Development</td>
<td>-.061</td>
<td>.074</td>
<td>-.041</td>
</tr>
<tr>
<td>Supervisor Support</td>
<td>-.162</td>
<td>.076</td>
<td>-.101</td>
</tr>
<tr>
<td>Compensation</td>
<td>.743</td>
<td>.040</td>
<td>.880</td>
</tr>
</tbody>
</table>

Table 1 shows that the R squared of 0.695 which implies that all the independent variables (training development, supervisor support, compensation) explained 69.5 percent of the variance in dependent variable (employee retention). 30.5 percent of the variance in employee retention was not explained by training development, supervisor support and compensation in this study. This indicates that there are other independent variables that are not included in this study and could further strengthen the regression equation.

For this study, two factors were found to be significant which were supervisor support and compensation. The result for supervisor support variable is 0.036 (3.6%), which is below the 5% significant level. However, for standardized coefficients beta on supervisor support the result was -0.101 which indicated that as supervisor support increases by one standard deviation, employee retention decreases by -0.101 of a standard deviation. Hence, explain that supervisor support negatively related to employee retention. Compensation variable has a p-value of 0.000 (0%). Thus, shows it is below the 5% significant level. For standardized coefficients beta on compensation, the result was 0.880 which indicated that as compensation increases by one standard deviation, employee retention increases by 0.880 of a standard deviation. This shows that compensation positively related to employee retention. Even though two variables were found to be significant but the other one which was training development found to be insignificant. It is because the p-value for training development is 0.411 (41.1%), which is above the 5% significant level. Hence, explain that training development not related to employee retention.

Next, to test the moderating effect of work environment, hierarchical regression analysis was used. Hierarchical regression analysis is used to measure how many percent dependent variable can be explained by the independent variable and the other variables such as moderating variable. In this study, the researcher wanted to examine the extent of moderating variable (work environment) moderate the relationship between human resource practices (training development, supervisor support, compensation) and employee retention. Based on the results (Table 2), there is no significant interaction of work environment between human resource practices and employee retention. The results for interaction between human resource practices and work environment is B=1.064 (p>.05). It can be concluded that the work environment did not moderate the relationship between human resource practices and employee retention.

The result for hierarchical regression analysis is shown as below.
Table 2: Results for Moderating Effect

<table>
<thead>
<tr>
<th>Independent Variable: Human Resource Practices</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable: Employee Retention</td>
<td>0.667**</td>
<td>0.653**</td>
<td>-0.062</td>
</tr>
</tbody>
</table>

| Moderating Variable: Work Environment          |         |         |         |
| Interaction Effect: Human Resource Practices x Work Environment | 0.041** |         | -0.528 |

| R²                                            | 0.445   | 0.446   | 0.458   |
| Change in R²                                   | 0.445   | 0.001   | 0.011   |
| Change in F                                    | 140.226 | 0.454   | 3.664   |

Table 2 shows the results for hierarchical regression analysis for employee retention. Model 1 in the table above reflects the direct relationship between human resource practices and employee retention. For Model 2, it reflects the extent of additional variance explained when the moderating variable is included in the regression model. For Model 3, it highlights the interaction of moderating variable with independent variables and their relationship with the dependent variable. R² is the variance in the dependent variable (employee retention) which can be predicted from the independent variable. From the findings, model 1 indicates that 44.5% of the variance in the dependent variable (employee retention). Model 2 shows 44.6% additional 1% higher than variance in Model 1 and for Model 3 indicates 45.8% additional 12% higher than Model 2. Based on the results, there is no significant interaction of work environment between human resource practices and employee retention. The results for interaction between human resource practices and work environment is B= 1.064, (p>.05). It can be concluded that the work environment did not moderate the relationship between human resource practices and employee retention.

Discussion

Based on the finding, it is shown that there is no relationship between training development and employee retention. In other words, it can be said that training development does not have any impact on retention of employees at Universiti XYZ as the regression result was insignificant. The result is supported by a study done by Chris-Madu (2020). The author claims that investing in employees’ training and development without a good compensation package is not effective enough in attaining higher retention. The result is consistent with the previous research done by Omoikhudu (2017). She stated that in her study that training development has no significant impact on employee retention. Another research done by Liew, Rahman, Patah and Rahman (2016), the result of their studies indicated that training development does not have significant effect on employee’s intention to stay in the organization. In the case of Universiti XYZ, training development does not really influence employee retention due to the organization itself does not sponsor regularly their employees to attend training programs. Plus, the organization is less committed on training development of its employees where the employees do not get enough training. When this scenario happened, it is quite difficult for the employees to relate training development with their retention level as they themselves were less involved with the training development.

It is shown that there is negative, significant and moderate relationship between supervisor support and employee retention. In other words, it can be said that the higher the supervisor support, the lower the level of employee retention. The result of this study aligned with study done by Cho, Johanson and Guchait (2009) where there is no increment in employees’ intent...
to stay even though support from supervisor is high. In the case of Universiti XYZ, most employees perceived that the more the supervisor helps them develop employee career plan, the lesser they want to retain in the organization. This situation may happen due to them not really see their future in the organization. Other than that, the negative relationship may happen due to the supervisor may do management by objectives (MBO) with employees, however the supervisor might not monitor them periodically. The supervisor may not fulfill his promises by giving related resources that are needed during the MBO session. Apart from that, even though supervisor did give ongoing feedback but the feedback might not really effective in helping employees on their works. Feedback can be called constructive if it’s clear, specific and actionable. When supervisor gives vague feedback, most probably, it cannot give any good help to the employees on their work in which this can give some influence on employees’ decision whether to stay or move out of the organization (Harter & Adkins, 2015).

Based on the finding, it is shown that there is positive, significant and strong relationship between compensation and employee retention. In other words, it can be said that compensation does give some impact on employee retention at Universiti XYZ. One of the reasons employees feel satisfied is the number of annual leave given by the organization. Other than that, Universiti XYZ’s employees believed that they would retain because they were proud of their hard work was rewarded by the organization. Apart from that, the employees would stay because they also satisfied with the non-monetary reward that is given to them. From these, it can be seen that compensation variable can influence employee decision to stay in the organization. If employees receive a good compensation system, there is more tendency the employee would stay loyal to the organization. This result can be supported by research done by Olaimat and Awwad (2017) where the author indicated that there is a positive, significant relationship between compensation and employee retention. Employee retention levels can be increased when employee feel happy and satisfied with the compensation package being offered and given by the organization. In addition, Ghazali, Nasyuki and Yi (2011) had come out with a conclusion that compensation is able to influence the employee’s decision to stay and work in the organization. The more satisfied the employee with the compensation system, the higher the employee’s intention to stay. Apart from that, a good reward system can help to boost employee morale to stay committed in the company (Liew, Rahman, Patah, & Rahman, 2016).

The results of this study revealed that there is no moderating effect of work environment on the relationship between human resource practices and employee retention. In other word, it can be said that work environment does not give any effect on the relationship between human resource practices and employee retention. The finding is supported by a study done by Islam at el. (2020). This rejected the expected result that work environment would have some ability to moderate the relationship between human resource practices and employee retention. In the case of Universiti XYZ, the result shows that employees at the organization do not view work environment as one of factor that can influence their retention level. This indicates that probably any kind of environment that they might face either good or bad, it did not affect the relationship between human resource practices and employee retention at the organization.

**Recommendations and Conclusion**

The results of the study show that employees at Universiti XYZ stay at the organization because of the motivation in themselves and they feel satisfied about their job but they might leave if they keep experiencing dissatisfaction on their work. Therefore, as a human resource manager at the organization, the manager should come out with a strategy to ensure
employees retain at the organization by looking into motivation-hygiene factor that is suitable to be implemented among the employees. As noted by Herzberg (2017), in order to apply the theory, a two-stage approach is needed to motivate the employees. For the first stage, the management should focus on employee job dissatisfaction. Management should ensure that the wages being given to the employees are competitive, create and support a culture of respect and dignity, build job status by providing meaningful work for all positions, provide supportive, effective and non-intrusive supervision and provide job security. All of these actions can help in eliminating job dissatisfaction among the employees and human resource manager should tackle this issue first as there is no point trying to motivate people when the issue still exists in the organization.

Next, the second stage is to create situations for job satisfaction. Herzberg stated that in order to create satisfaction the first thing to do is to address the motivating factors related to works and called this “job enrichment”. His reason was that each work activity ought to be analyzed to decide how it could be improved and more satisfying to the individual who does the work. Some of the things that should be considered such as giving opportunities for achievement and advancement through internal promotions, recognizing employee’s contributions, giving each team member as much responsibility as possible and also creating work that matches employee’s skills and abilities and rewarding. Not only that, the management at Universiti XYZ should improve more on their compensation package as it can give some effect on employee intent to stay. Furthermore, management should check and ensure that supervisor or manager has the right credibility to become a good leader in order to lead their own team members effectively. This is because a good supervisor or manager can provide help whenever needed by employees, thus it can influence their intention to remain in the organization.

As the result from this study shown that training development does not have any relationship with employee retention, the researcher would like to suggest future researcher to study on other variables apart from training development for example, recruitment and selection, human resource planning, performance appraisal, performance management and do the study at the same place. As the case for moderator variable, the researcher would like to suggest other variables that may moderate the relationship between human resource practices and employee retention. For supervisor support, the researcher suggested that future researcher to use leadership style such as transactional leadership style that employees may want their supervisor to equip with. At the organization, the employees possessed positive attitude where they believe in themselves. Therefore, the researcher would like to suggest future researchers to use self-efficacy as the moderating variable on relationship between compensation and employee retention. Self-efficacy might be the best moderating variable to the relationship between compensation and employee retention because employees seen proud that their hard work is rewarded. Plus, the employees at Universiti XYZ value non-monetary reward for example annual leave.

To conclude, this study was conducted with the intention to investigate factors that might influence employee retention. HR practice dimensions are the predictors such as training and development, supervisor support and compensation. The results indicate that factors such as supervisor and compensation are related with employee retention, however training development was not significantly related. For moderating variable, there is no moderating effect of work environment on the relationship between human resource practices and employee retention.
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