Evaluation of the Relationship between HRM Practices, Employee Retention and Internal and External Factors: A literature Review

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Abstract

The overall objective of this study is to evaluate the relationship between HRM practices, employee retention and internal and external factors. This objective led to four components within the scope of the literature review. The first track dealt with definitions and reviews of the key concepts related to HRM practices and employee retention. The second track of the literature review aimed to ground the study in the wide body of knowledge by examining HRM policies and practices for improving staff retention. The third track of the literature review considered the critical points of current knowledge including substantive findings by identifying internal factors influencing HRM practices and employee retention. The fourth and final track of the literature review looked into recent empirical studies and explored the roles and impacts of external factors on HRM practices and employee retention. Findings from the study showed that although environmental factors influence HRM practices and ultimately employee retention, HRM practices contribute to establishing social climates which, in turn enhance ambidextrous learning and ultimately organizational performance. One observation that may be made on this study is that the effect of HRM practices on ambidexterity is not directly causal, but indirect. It is likely that the social climates created by HRM practices also enhance a number of other skills likewise favorable to organizational performance. HRM practices are therefore contributory, but not determinative, of the likelihood of skills development, including ambidexterity.

Keywords: HRM practices, internal and external factors, employee retention, ambidexterity

Introduction

The rise of multinational organizations in the world suggests that management scholars and practitioners must re-evaluate the relevance of existing models, theories and frameworks of HRM policies and practices for retaining skilled and experienced workers in light of the growing influences of personal, internal, and external environmental factors (Doh & Teegen 2003, pp. 2-3). Human resource is the most important asset for any organization and it is the source of achieving competitive advantage. Managing human resources is very challenging as compared to managing technology and for its effective management, organization requires effective HRM system (Kehoe & Wright 2013; Farndale & Boselie 2010). HRM system should be backed up by sound HRM policies and practices. HRM policies and practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals.

HRM policies and practices have through the years developed patterns of activities and responses to particular situations that, because they have proven to consistently elicit the desired
responses, have been accepted as standard practices which most, if not all, organizations may rely upon. Aside from ensuring that employees excel in job performance, another of the important goals of the HRM manager is to ensure that employees in the organization find their work meaningful and engaging enough to develop a sense of ‘ownership’ of their jobs. The result of such sense of ownership, it is hoped, is that those employees who contribute much to the organization would find an attachment to their job sufficient to keep them within the organization over a long period of time. This is what is referred to in academic literature as employee retention (Wright & Nishii 2007). Certainly, the type of employees the organization would like to retain are those who have much to contribute in terms of productivity and operational effectiveness; those employees who fall below the bar consistently are better considered for eventual transfer or separation. For those employees whom the firm would like to retain, there must be a reason and purpose such employees would wish to be retained other than the likelihood of a poor economic environment; had this been the only reason for retention, these valuable employees would consider transferring jobs as soon as the economy improved.

The overall objectives of this review are:

- To examine the relationship between HRM practices, external factors and staff retention
- To identify the nature and effectiveness of HRM policies and practices for retaining professional workers within the multinational organizations, the humanitarian and development organizations in particular.

Literature Review

HRM Policies and Practices

The term HRM policies and practices refers to the activities typically conducted by the HRM department, in particular recruitment and selection, performance management, training and development, and reward structures (Farndale & Boselie 2010). HRM practices allow an organization to be clear with its workers on the nature of the organization, what they should expect from the organization, what the organization expects of them, and how policies, practices and procedures work (Kehoe & Wright 2013). HRM practices are transmitted through several delivery channels in the organization, culminating in either the line management or an e-HRM system where they are implemented. It is at this juncture where employees experience the effects of these practices (Wright & Nishii 2007). A running theme among many empirical studies is the discovery of how HRM practices actually result in improved organization performance, although organization performance is construed in different ways. Some pertain to enhancement of specific employee skills. According to Prieto and Santana (2012), the specific skill they sought to confirm was ambidexterity – i.e., the ability to simultaneously explore new knowledge domains while exploiting current ones. A field study of 198 Spanish organizations was conducted, focusing on three categories of high-involvement human resource practices: ability-enhancing, motivation-enhancing and opportunity-enhancing HRM practices. Factor loading and regression analysis were conducted on the HRM practices and three other variables – social climate (as the mediating factor), ambidexterity, and organization performance (Prieto & Santana 2012).

HRM practices are also seen to impact on firm performance relative to the ownership structure of the firm. Castrogiovanni and Kidwell (2010) examined the effects of HRM practices on
employee or franchisee managers and the resultant performance of their business units. A business unit that operates as a franchise imposes a different set of constraints upon management than that of a business unit integral to the parent corporation. Franchising has variably been described as a geographic expansion strategy, a type of vertical integration, an organizational form, or an approach to conducting business, depending on the authors’ orientation (Castrogiovanni & Kidwell 2010). Through qualitative scanning, the study advanced the proposition that human resource practices should be different for franchisee managers than that for employee managers. Franchisee managers are more entrepreneurially oriented (innovative, risk-taking, proactive) and small-business oriented (emotionally committed, personal goal-oriented relating to family and lifestyle), while employee-managers are more motivated by development or training, and attach unit performance more to unit sales than unit performance. HRM practices should therefore seek to tailor motivators and incentives to these respective elements when addressing either franchisee or employee managers.

The HRM practices employed in the multinational enterprises (MNCs) provide a distinct contrast with the earlier discussion on the business unit. Because of its broader geographical scope, HRM practices are compelled to address cultural differences and biases between the diverse nationalities that are represented in its operational structure. Edwards, PK et al. (2013), sought to explore the extent to which HRM practices in MNCs exhibit system, societal, and dominance effects. System effects pertain to impacts on capitalism as a whole, the need for accumulation and the influence of common forces that arise from broad developments such as technological innovation (e.g. Eastern Europe and Russia were propelled by system effects from a laggard to a leading position by pursuing global best practices). Dominance effects are caused by national systems that develop leading practices that are adopted in other economies (e.g., the just-in-time supply chain and lean production methods developed by the Japanese in the nineties which were emulated in the West). Societal effects are the results of particular national traditions, emphasizing the differences between national contexts and how they impact on the transfer of best practices (Edwards et al. 2013). These three types of effects interact with each other in the adaptation of skills and methods which HRM practices aim to facilitate, and are evident in the case of multinational enterprises where the tensions created by cross-cultural differences within the organizational structure are more pronounced than in firms operating within a single national context. From the literature review, it is clear that organizations need to have a clear developed HRM policies and practices that will help to make sure that their most valuable resources, talented workers, are well managed, highly motivated and able to work in a creative yet save and secure environment. Similarly, in a study of high performance work policies and practices, Becker and Huselid (2006) found that investment in HRM activities such as compensation and benefits, selective staffing techniques, and employee participation and communication resulted in lower turnover, greater productivity, and increased organizational performance through their impact on employee skill development and motivation.

Employee Retention

In human resources and organizational context, the term “employee retention” is defined “as a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs” (Chawla & Ratna 2012, p. 45). It involves taking measures to persuade employees to continue their employment with the organization for the longest possible duration, in order to for the firm to maintain and continue to utilize their valuable knowledge of the firm,
its operations, its customers, its history and future prospects (Kehoe & Wright 2013). Severance of employment relations poses the risk of considerable loss, since the relationships with customers, investors, creditors or suppliers that have been built by the departing employee also tend to be severed to the detriment of the organization. The relationship between employee turnover, employee retention, and organizational performance has been viewed from multiple theoretical perspectives incorporating costs, disruptions, and human and social capital.

Similar to the Snape and Redman (2010) study on HRM practices, empirical research on employee retention also dealt with its impact on organization performance, and rightly so, since the enhancement of firm performance the firm is the ultimate goal of management. Zareen and Razzaq (2013) conducted a prepositional study based on a scan of the current pool of literature that analyze the impact of retention plan on employee performance that had favorable repercussions on firm performance. With employee psychological perception was identified as moderating factor, the findings indicated that a single retention plan cannot effectively retain the different groups of employees within an organization. The psychic and attitudinal dispositions of the individual employees are considerations that significantly determine which retention plans will actually be effective or not. The study proposed a four-factor retention plan (incorporating performance appraisals, employee participation, training and development, remuneration), designed in accordance with the target employees’ psychological perception, which could effectively influence employee performance (Zareen et al. 2013). The study by Chawla and Ratna (2012) conducted a cursory survey among a random sampling of 107 executive level corporate employees, and arrived at a list of key HRM practices that positively influenced employee retention. These include: (1) training; (2) consultation with employees to set targets for performance; (3) satisfaction with the level of compensation received; (4) rewards and recognition which are given for meritorious performance; (5) presence of conditions in the work environment that are conducive for work (e.g., friendly and motivating); (6) good match between demands of the job and the employee’s job capability (i.e., knowledge and qualification). The findings of the study are suggestive at best, due to lack of any inferential statistics to provide conclusive justification for them. However, they are useful as an enumeration of likely factors other studies may choose to explore with the use of more stringent methodologies.

Aside from the quest for factors that influence employee retention, academic studies have also sought models by which the link between HRM practices and employee retention may be conceptualized (Hom et al. 2012). The study by Matzin et al. (2012) proposed the adoption of a motivational model for employee retention within the context of HRM practices in the Malaysian SME sector. The model is founded on the principle that workers will be motivated to function at a higher level of performance provided they are given the opportunity to engage in work they consider to be challenging and enjoyable, engaging them to meaningfully employ and expand their skills and abilities, and wherein they perceive intrinsic benefits (Appelbaum 2000). The model proposed by the Matzin et al.(2012)’s study identifies a number of factors it classifies into hygiene (extrinsic) and motivator (intrinsic) factors, and segregates these list into organizational strategic factors (i.e. achievement, recognition, and advancement, which are all motivators), organizational culture factors (i.e., the work itself and responsibility from motivators, and staffing, supervision, working conditions, interpersonal relations, and job security from hygiene factors), and finally benefit factors (salary, compensation and benefits, which are hygiene factors). These distinctions create taxonomy of drivers in the motivational model applied to employee retention (Matzin et al. 2012). The model is partially based on the two-factor Herzberg
model, which identified the motivating factors and the hygiene factors. It will be recalled that hygiene factors affect dissatisfaction, such that the absence of hygiene factors causes dissatisfaction, and their presence eliminates dissatisfaction but does not necessarily motivate employee performance. Conversely, the absence of motivator factors does not cause dissatisfaction, but their presence causes both satisfaction and motivation (Hom et al. 2012).

**Internal Factors Influencing HRM Practices and Employee Retention**

**Performance Appraisals System**

Somewhat linked to the discussion of retention relative to performance-related pay, the matter of performance assessment presents itself as a factor that influences employee retention or separation (Boswell & Boudreau 2000). Linking pay to performance to arrive at an effective motivating tool requires that the assessment of performance be seen as fairly accurate from the viewpoint of the employee. Effective HRM policies and practices are directly linked with the overall job performance (Khan et al. 2011), and evaluating the quality of that job performance is what informs the setting of HRM policies. Sahai and Srivastava (2012) qualitatively examined the best practices in talent management and implications for goal and target setting for the purpose of performance assessment. For performance assessment to become a viable tool for talent management it must be integrated with goal setting and employee development practices in a manner consistent with the strategic directions of the firm. The goal/ target setting process aims to create a fair and objective definition of expectations according to which performance shall be evaluated. The individual goals and targets are linked to the strategic key result areas (KRAs) defined for the operational unit of which the individual worker is a part.

The performance appraisal itself is performed typically through phases: self-appraisal, performance review and planning, performance assessment, and evaluation and final grading. Through the self-appraisal, the individual is provided an opportunity to express his perspective on those elements which influenced his performance, such as the constraints faced the facilitating resources, and the individuals who contributed or deterred the achievement of the goals. The workers provide their perspective on the targets achieved, the goals unattained and why they remained unattained, and their own suggestion for improvement for the next assessment period. The final assessment is usually arrived at in a meeting between the evaluating superior and the individual whose performance is being assessed, where the superior confers with the worker on management’s own perspective of their performance. Somewhere between management’s assessment and the individual’s own, an agreement concerning the true appraisal of the worker’s performance is arrived at and made the basis for pay, rewards, and the setting of future targets and goals. At this juncture, open communication between management and the individual on their performance is crucial to acceptance of the resulting assessment. The study concluded that only with an integrated goal setting and performance appraisal system could performance assessment become a viable tool for retaining and optimizing an organization’s talent pool.

In many instances, the identification of several pre-hire variables to predict voluntary turnover and job performance ensures the eventual success of the hired individual. Barrick and Zimmerman (2009) showed that applicants who knew current employees, had longer tenure with previous employers, demonstrated that they were conscientious and emotionally stable, were motivated to obtain the job, and displayed confidence in themselves and their decision-making were less likely to leave the organization, and usually registered higher performance assessment scores within six months. While such predictors do not guarantee retention and quality
performance, they are however reliable indicators that the eventual hire will fare better than others (Barrick & Zimmerman 2009).

**Career Development Opportunities**

Career development is not a mere management responsibility; it is a composite organizational process which involves people, addresses their ambitions, assigns them roles and responsibilities commensurate with their potential, evaluates their performance, and creates job positions to accommodate growth ambitions of employees” (Kwenin et al. 2013, p. 20). Career development is a complex and continuing process that involves several stages in the individual’s life, each involving unique sets of issues, themes, and tasks (Greenhaus & Godshalk 2009) which in combination are meaningful only to the individual himself because they are his/her own unique set of aspirations. Critical in the setting of career development goals is the alignment of family commitments, because a mismatch in the two has proven to negatively affect employees resulting in stress, lower morale and demotivation, reduced productivity, burnout and higher turnover (Edwards & Rothbard 2000). For this reason, Kwenin et al. (2013) recommend the Quality of Work Life (QWL) approach wherein career development planning is undertaken in consonance with family and home life as integral considerations. Moncarz and Kay (2009) underscored the long-term need for a firm to provide formal career development programs for it to retain those individuals which it has identified to be valuable to its operations. Employees are always in search of career opportunities in their organization because of the natural tendency among competitive and talented individuals to constantly seek meaningful self-improvement. Failing to find this in their current organization, that individual will tend to look for it in other venues, even though a transfer may entail a potential moderate reduction in pay or benefits.

Career development opportunities help organizations avoid the dangers of an obsolescent, unacceptable workforce (Edwards & Rothbard 2000). Chew et al. (2006) also asserted that career development provides a future orientation to human resources development activities. As the employees of an organization grow and change, the kids of work they may want to do may also changes as well. If organizations can assist their employees in making decisions about future work, they can better prepare employees to be effective when they take on new positions. When organizations understand how their employees make decisions about future work, they can do a better job of planning for their human resource needs (Liu et al. 2013). Glen (2006) found that employee retention is significantly affected by the presence of meaningful work and opportunities for promotion. Other than opportunities for promotion, the evaluation criteria used in the promotion and reward system also had significant effects on employees’ turnover intention (Bryant & Allen 2013). Jiang et al. (2012) observed that career development is characterized as a *motivation-enhancing HRM practice*, within the same category as competitive compensation, incentives and rewards, extensive benefits, promotion, and job security. These practices differ from *skill-enhancing HRM practice*, which aims to ensure employees possess the appropriate skills for their jobs, and *opportunity-enhancing HRM practices* which empowers employees to use their skills and motivation to achieve organizational objectives. Of the three types of HRM practices, it is arguably the motivation-enhancing HRM practices, to which career development belongs, which most contributes to employee retention. Jiang et al (2012), therefore supports the earlier findings by Kwenin et al. (2013) and Moncarz and Kay (2009) affirming the importance of career development for long-term employee retention.
Leadership and Management Styles

In early years settings it is the people who make up the staff team who have the greatest influence on the smooth running of the organization and its ability to fulfil its vision and mission. Leading and managing staff team effectively brings out the best in everyone and leads to good outcomes for both organization and staff (Kwenin et al. 2013). Leadership involves setting the vision or the direction of the setting and carrying out actions to move this vision forward (Suharti & Suliyanto 2012). Management covers the control and direction of people and resources in order to make that vision a reality (Ng’ethe et al. 2012). Young and Dulewicz (2008) describe how the words ‘management’ and ‘leadership’ have different origins and by looking at those origins, we can get an insight into their true meanings. ‘Management’ comes from the Latin ‘manus’ or ‘hand’. ‘Management’, therefore, is basically about ‘controlling’ things (being ‘hands-on’) such as budgets, timescales, progress. Conversely, ‘leadership’ has Norse and Anglo Saxon roots and comes from words meaning ‘path’, ‘route’ and ‘journey’. ‘Leadership’, therefore, is basically about ‘direction’, ‘movement’, ‘progress’ and ‘change’ (Young & Dulewicz 2008, p. 24). Figure 1.1 below describes the similarities and differences between leadership and management.

Figure 1.1 Key Aspects of Leadership and Management

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Management</th>
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<tbody>
<tr>
<td>Setting a Direction</td>
<td>Planning and budgeting</td>
</tr>
<tr>
<td>Aligning people</td>
<td>Organizing and staffing</td>
</tr>
<tr>
<td>Motivating people</td>
<td>Controlling and problem solving</td>
</tr>
<tr>
<td>Mastery of the context</td>
<td>Control of the environment</td>
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Source: Young and Dulewicz (2008, p. 18)

According to Young and Dulewicz (2008), the particular style of leadership depends on the characteristics and experience of the leader, but good interpersonal skills are of paramount importance. However, essential attributes of a good leader include emotional intelligence, good listening and communication skills and the ability to inspire trust and confidence (Suharti & Suliyanto 2012). Theories abound as to how leadership and management styles could influence valued workers to remain with an organization over the long term, although in the field a more relevant discussion results when the type of leadership is specified and the type of skill or job activity being undertaken. Jaramillo et al. (2009) took the challenge of examining how servant leadership is instrumental in encouraging the retention of members of the sales force, and averting turnover intentions. Servant leadership is defined as “an understanding and practice of leadership that places the good of those led over the self-interest of the leader” (Laub et al. 1999, p. 25). It was chosen as the model for this research because it was fundamentally different from other employee-oriented leadership styles. It focused on the follower, not the firm, and prioritizes the need of the followers over those of the organization (Jaramillo et al. 2009). Also, the sales force was chosen as subject of study because they represent the organization’s link to customers, and for each voluntary turnover intention of a salesman, the severance of relationships with customers linked to the company by the salesman.

The following figure shows the model arrived at by the Jaramillo, et al. study. On the left are the seven types of servant leadership behaviors, which were the external manifestations of the
servant leadership style specified. The servant leadership defined the ethical level that permeated the person-organization fit and the organizational commitment of the sales force. The study showed, by employing common method variance, that servant leadership has a significant influence on turnover intention through the complex mechanism involving ethical level, person-organization fit, and organizational commitment. It also found that servant leadership gains greater importance when the salesperson perceives the organization as unethical (Jaramillo et al. 2009). The outcome of the study provides insight into the fact that seldom does leadership act directly on individuals in the firm, but rather influences them through multiples levels and workings of the organization. Figure 1.2 below describes the impact of leadership on staff turnover intention in modern organizations.

Figure 1.2 Impact of Servant Leadership on Employees’ Turnover Intention

Source: Jaramillo et al. (2009, p. 353)

Similar studies on leadership’s impact on employee retention were conducted by Ng’ethe et al. (2012), this time on the academic staff of seven universities in Kenya, and Ya-Ana et al. (2011), on non-governmental organization (NGO) employees in Ghana. Leadership style was demonstrated to have a significant inverse relationship with intentions to leave. In one sense, academic personnel are similar to the salesperson described in Jaramillo’s findings in Nigeria since they are the organization’s first line employees who deal directly with the customers (students and parents in the case of universities). Likewise, NGO personnel dealing directly with those who avail of NGO programs also deal with the stakeholders of the NGO firm. The findings support the observation that first line personnel are subjected to increased pressure and stress in delivering the product or service to the customer. Managerial implication is therefore for the extension of increased leadership support of first liner employees to pre-empt any incipient intentions of valued personnel to separate from the firm.
**Organizational Culture**

Much as the workplace conditions provide the environment for workers’ physical well-being, the organization culture and structure provide the environment for the workers’ social well-being. Precisely what these features in the organization are conducive to employee retention are different for each study researched and for each group of workers researched on, but generally they pertain to organizational culture that supports an increase in the exercise of personal autonomy and discretion in the workplace, alignment of job requirements with individual skills, and harmonization of organizational goals with personal goals. In short, the favored organization has a culture and structure that enables an individual to realize personal fulfillment in a way that enhances employee retention and engagement with the organization (Goffee & Jones 2013).

Employee retention is also the argument by Tillott and Moxham (2013) in the case of qualified and experienced employee recruitment and retention. The study stresses that workplace culture that engenders trust within the organization enables employees to inspire among their organizations the same trust in their skills and professionalism. Certain cultural elements such as bullying, target-driven priorities, disengagement from management, low staff morale, isolation, lack of openness, acceptance of poor standards of conduct, and denial were identified in the study to be non-conducive to the provision of good care for employees and, ultimately, to employee engagement.

On the contrary, the presence of certain elements is specified by (Manley 2008) to contribute to worker engagement and organizational effectiveness. These include shared governance, role clarification, transformational leadership, open communication, teamwork, safety, person-centeredness, support and challenge, lifelong learning, and involvement and participation by stakeholders. Organizational structure also plays an important part in engendering engagement. Flatter, leaner and more networked organizations contribute to more effective communication between employer and employee, and therefore greater individual participation. The traditional, purely directive hierarchy had tended to be too rigid and opaque, and is proving to be anachronistic in this time and age where organizations must be dynamic and transparent in order to compete (Groysberg & Slind 2012). Karim and Williams (2012) argue that the structural configuration of the units within a firm vary in their influence on the development of workers and managers within the firm. Consistent with the knowledge-based view of the firm and the theory of human capital, the knowledge gained by individuals working in the firm conform to the structural context in which the knowledge is applied. It is therefore logical to expect that in the course of their careers, managers within a firm will tend to be moved to other units with similar structural characteristics as the ones in which they previously served. This observation has a bearing on the probabilities for reconfiguration and retention of both workers and managers or executives. Based on the unit configurations and how they function in relation to the whole firm, some workers and managers will tend to be more mobile and have a more fruitful career path, which tends to increase the chances for long-term retention.

**EXTERNAL FACTORS AFFECTING HRM PRACTICES AND RETENTION**

**Health and Social Environmental Factors**

Health and social environment refers to security conditions and other local stress factors, for example, poor living and working conditions, burnout, anxiety, depression disorders, and long and inconvenient working hours (Ager et al. 2012; Albrecht et al. 2009). Poor working and living conditions may affect the way in which organizations operate and the way they undertake
their retention and HRM strategies. For example, the South Sudan study by Buny (2017) emphasizes the importance of the perceived external environment and it found that social unrest and conflict ranked high as a reason for leaving the country. For example, organizational workers, expatriates in particular, leave Zimbabwe because of political reasons, by far the most important environmental factor, followed by lack of facilities and despair about the future of the country (Chimbari et al. 2008). The external environment, which is the context in which the organization operates, has an effect on how workers are attracted and retained in modern workplaces (Buny 2017, p. 135). Hughes and Rog (2008, p. 747) indicate that the work environment should enable workers to do their best. In fact, this should not only be less intimidating to the new hires, but conditions of work should be appealing (Branham 2005). This is supported by Armstrong and Baron (2005, p. 149) who argued that healthy, safe and conducive working conditions should be provided to workers. Deery (2008, p. 804) further recommended that organizations should provide adequate resources for their staff so that they can do their job properly. According to Deery (2008), organizations must ensure that working conditions are appealing, safe, healthy and well-equipped to attract the right people to their workforces. For conditions to be adjudged satisfactory, they should meet the subjective expectations of the individual workers. Evidence has been adduced in field studies linking satisfactory working conditions with improved employee retention for specific groups of workers, and unsatisfactory working conditions with employees’ decisions to separate from their employers (Chimbari et al. 2008; Jantzi et al. 2008).

**Burnout**

A deterrent to employee retention, burnout is described as “a syndrome characterized by emotional exhaustion, depersonalization, and a reduced sense of personal accomplishment” (Harris 2008, p. 128). Worker burnout is arguably one of the more important issues discussed in organizations worldwide, although it is also common in the life cycle of an organization (Malik et al. 2010). Burnout is more than a categorical disorder, and is usually contextualized in terms of symptoms rather than causes. One of the more thorough definitions of burnout is expressed by Shaufeli and Enzmann (1998), as cited in Garrosa and Moreno-Jiménez (2013, p. 57), which states:

‘Burnout is a persistent, negative, work-related state of mind in ‘normal’ individuals that is primarily characterized by exhaustion, which is accompanied by distress, a sense of reduced effectiveness, decreased motivation, and the development of dysfunctional attitudes and behaviors at work. This psychological condition develops gradually but may remain unnoticed for a long time by the individual involved. Often burnout is self-perpetuating because of inadequate coping strategies that are associated with the syndrome.’

What the foregoing definition makes clear is that burnout, as a “state of mind” is not per se attributed to any particular external cause, as it is to a lack of coping strategies within the individual suffering the burnout. It is entirely possible that the employer’s HR policies and practices may have been appropriate all along, yet by the nature of the job itself the employee may still experience burnout. The same conditions may induce burnout in one individual, but not his or her co-workers. Burnout is therefore not a response to external stimuli as much as it is a lack of response; it is not one cause as much as it is a set of symptoms the cause of which can be ambiguous and indeterminate. Much of the academic literature on burnout deal with nurses, health and humanitarian personnel in general (Khamisa & Oldenburg 2013; Martin & Dawkins...
Laschinger et al. (2009) described the more salient nurse retention factors as empowerment, supervisor incivility, emotional exhaustion, and cynicism. According to Harris (2008), the four major problems associated with burnout are role conflict, role ambiguity, perceived workload, and perceived principal support. While there were factors that contributed to burnout, other factors tended to assuage it. Nelson and Bebbington (2009) studied representative groups of assertive outreach and community mental health workers in the UK, and found that a sense of personal accomplishment had mitigated the scores for the two other components of burnout (i.e., emotional exhaustion and depersonalization). Instruments used in Nelson included the Maslach Burnout Inventory, the Minnesota Satisfaction Scale, and the global job satisfaction item from the Job Diagnostic Survey. Sahai and Srivastava (2012) also found that demanding jobs contribute to burnout.

Cardozo et al. (2012) conducted a study with 285 expatriate aid workers and 325 Kosovar Albanian aid workers from 22 humanitarian organizations carrying out health projects in Kosovo. The study was concerned with mental health problems related to exposure to traumatic events. Their results showed that younger expatriates reported significantly more depressive symptoms and more nonspecific psychiatric morbidity as measured by the General Health Questionnaire (GHQ). Kosovar and expatriate aid workers with a history of psychiatric illnesses also demonstrated higher levels of depressive symptoms and nonspecific psychiatric morbidity. Finally, groups which have been analyzed for burnout included nationals who felt constrained not only by their jobs but by society’s norms in the context of their culture. In his Chinese based study, Chen et al. (2012) examined how the emotional labor of hotel employees related to affective and behavioral outcomes. “Surface acting” was found to relate negatively with job satisfaction and positively with burnout. On the other hand, “deep acting” was the reverse, positively associating with job satisfaction and negatively with burnout. Supervisory support was seen to favorably moderate the link between emotional labor on the one hand, and job satisfaction and burnout on the other.

Anxiety

Anxiety and stress are often combined in academic literature because of the similarities in their symptoms and effects, although they are really two different conditions. They are oftentimes taken lightly, mistakenly it appears because in their extreme forms they are actual medical conditions that may be diagnosed and treated. These two conditions can manifest in different forms and through different signs and symptoms; most frequently the forms in which they are encountered are acute stress disorder and generalized anxiety disorder (Stinson 2010). Short of the clinical definitions, there are a number of interpretations and definitions of these conditions. Stress has been defined as a normal physical response to events that an individual finds threatening or upsetting. An event perceived as dangerous, whether real or imagined, triggers a rapid-fire, automatic defense response described as the ‘flight or fight’ reaction – otherwise known as the stress response (Smith 2009). On the other hand, generalized anxiety disorder is unrelenting and excessive worry brought about by a stressful situation (again, whether imagined or real), and making normal life difficult and relaxation impossible (Smith 2009).

In an attempt to determine which factors significantly affect anxiety and stress in individuals, Sahai and Srivastava (2012) undertook a regression and correlation study on the following variables: personal values and beliefs and the work values of employees; extreme job conditions; industry type; marital status; and age of respondent. The variables were tested against the likelihood of creating anxiety and stress at work, as well as job satisfaction. The findings showed...
that the different variables contributed in different ways to stress, anxiety or satisfaction. For instance, some personal values spring from belief systems that tend to heighten anxiety and stress, but likewise values that espouse progress, achievement, determination and competition tend to promote satisfaction. Other personal and work values felt to impact more on satisfaction and retention include emotional stability, self-assurance, upward striving, competitiveness, punctuality, tolerance for hard work and work pressure, and education; personal and work values that lead to stress and anxiety and subsequent separation from work include tender mindedness, guilt-proneness, hoarding tendency, high risk taking and traditionality (Sahai & Srivastava 2012). One surprising finding was that extreme and demanding job conditions were not significantly contributory to employees’ stress and anxiety, although it did reduce employee satisfaction. This suggests that while increased satisfaction on the job tends to reduce stress and anxiety, decreased satisfaction did not necessarily increase them.

**Stress Disorders**

Industry-wise, service sector jobs are found to induce a higher level of stress and anxiety compared to the manufacturing sector; the immediacy and high performance level as well as the prompt feedback reaction tends to heighten the stress on the individual performing the service, who is pressured to meet the standard quality of service at the first attempt (Sahai & Srivastava 2012). Stress, like anxiety, is generally found to be linked to marital status. Older and more mature individuals, and those who are married, tend to experience less stress and anxiety than the younger and unmarried individuals. According to studies by Chapman and Hayslip (2006) and Ng and Feldman (2008), the age factor appears to suggest that middle aged and older individuals have the ability to regulate their moods and show a higher level of emotional intelligence. Furthermore, the settle life of married individuals provides stability and support regarding expectations about the future, the uncertainty of which may be a source of stress for young and unmarried individuals and their high expectations and ambitions as to what they desire to achieve (Sahai & Srivastava 2012). Although the experience of stress is subjective, and is mediated by the personal evaluation of a situation by the individual, there are nevertheless a number of substantive factors that can be identified as potential causes of work-related stress. These, of course, vary in degree and importance depending on the particular job, but Bond and Loivette (2006) has identified six categories of potential stressors.

Another potential risk factor not included in the Bond and Loivette (2006)’s six categories of stressors is the interface between work and home, often referred to as the work-life-balance. Individuals who work long, uncertain or unsocial hours may find it difficult to juggle the competing demands of work and domestic pressures, particularly if they have children or other dependants. This can lead to a ‘vicious cycle’ in which mounting stress in one area of life spills over and makes coping with the other yet more difficult. Utilizing these potential stress risk factors, Palmer and Thomas (2001) have developed a model of work-related stress that helped to inform the Bond and Loivette (2006)’s current approach to stress a management and prevention. It should be noted that in this literature a further seventh driver of stress is identified— culture—which is not identified as an explicit stressor by Bond and Loivette (2006), but which Palmer and Thomas (2001, p. 21) described as ‘the culture of the organization and how it approaches and manages work-related stress when it arises’. According to Attridge (2009), work-related stress is widely held to be linked to stress. Stress, together with anxiety, while it is a condition in itself, is also the cause of other, more severe, situations such as burnout and turnover (Malik et al. 2010).
number of facts relating to workplace stress which they have compiled specifically to make available for researchers. The statistics compiled and provided by the APAPO point to the rising trend in workplace stress, and the increasing frequency in situations encountered that result from work-related stress – diminished productivity, turning down a promotion or voluntary separation, absenteeism, turnover, and increased medical, legal and insurance costs. Each of these repercussions amounts to added cost to the business and decline in profitability, underscoring the importance of reducing workplace stress.

**Discussions and Conclusion**

This study investigated the relationship between HRM practices, employee retention and internal and external factors, as well as the role played by HRM practices in enhancing and fostering employee retention and engagement, within the context of a developing economy. In this study, HRM practices included participation, leadership and management styles, organizational culture, and performance appraisal. The correlational study that sought to measure each of the HRM practices mentioned, with either organizational commitment or employee turnover. The findings suggested that a significant positive relationship existed between employee retention and HRM practices, and that external factors serve as push-factors. Accordingly, it follows that if the employees in the organization are provided a good working environment, this brings organizational commitment and stability among the workforce. HRM practices are important in improving employees’ commitment to the organization. Conversely, organizational commitment is both a binding force on HRM practices and the backbone of the modern HRM philosophy (Mahal 2012, p. 43). Nwokocha and Iheriohanma (2012) recommended adoption of a strategic plan, inclusion of employees in the decision-making process in an organization, adoption of a personalized compensation plan, creation of career planning, training, and development programs, and institution of flexible work programs particularly for critical-knowledge employees. Such practices are expected to help organizations retain core employees, which in turn should enable organizations to be more productive and compete more effectively in the global market. Leadership, one of the HRM practices as identified by Mahal (2012), was the focus of the studies conducted by Doh et al. (2011) and Doh and Teegen (2003). Their study in particular qualified leadership in their study as ‘responsible leadership,’ the description of which was derived and operationalized from the perspective of employees and how they view the actions of their leaders. Based on this survey, employees described responsible leadership as (1) a stakeholder culture that compels action in an ethical and socially responsible manner; (2) HR practices which are fair and inclusive of all employees, and (3) managerial support for the development and success of employees. Out of the responses of the 4,352 employees surveyed, the findings suggested that responsible leadership inspired pride in their organization and enhanced their satisfaction with their stay there, resulting in at least an added retention of one more year than their stay would otherwise have been.

One of the rarer studies that comment on HRM practices and employee retention deal with organizations operating in an Arabic context. As mentioned in preceding studies, socio-cultural factors have a tendency to impact on employee retention, therefore it is likely to studies conducted in other geographical environments may yield insights as to how retention may vary as the context of HRM practices vary. Abutayeh and Al-Qatawneh (2012) explored this issue in their study of organizations in Jordan. They identified six HRM practices, namely Job analysis, selection, training, performance appraisal, compensation, and career management. The study sought to distinguish among the six and differentiate how each impacts on how involved
employees felt in their jobs – that is, how engaged they were in their work, a crucial indicator of retention. The findings of this study suggested that all six of the HRM practices significantly contributed positive effects to job involvement, but to varying degrees. Among the HRM practices, ‘selection’ has registered the most robust effect on job involvement, while ‘training’ has the lowest effect (Abutayeh & Al-Qatawneh 2012). The particularly strong relationship to selection may be explained by the tendency of organizations to exercise careful adherence to a proven process which, in the end, produces those employees whose skills and aptitudes are well-matched with their jobs, and whose psychological profiles particularly correspond to the demands of the job. While the foregoing studies by Abutayeh and Al-Qatawneh (2012) and Nwokocha and Iheriohanma (2012) considered HRM practices as factors that have impacts on employee retention, some studies take the reverse view. Matzin et al. (2012) examined how HRM practices may be influenced by the motivational model for employee retention – i.e., how employee retention may help to shape the HRM practices that are implemented in the organization. The geographic setting of the study was in Malaysia, and it focused on entrepreneurial firms, reasoning that employee retention is crucial for small firms, whose workforces are relatively limited and resources for recruitment and training are scarce. The study arrived at a model which is a modification of Herzberg’s Two-Factor Theory, which appears to correspond to the HRM practices found to be positively correlated to employee retention among small and medium scale enterprises. The findings indicate that organizations that employ the model for employee retention will promote development of HRM functions which are tailored to effectively enhance employer-employee relationship.

HRM practices are those activities undertaken by an organization that are aimed at ensuring that its employees remain at their jobs for the long term. These activities include recruitment, selection, training and development, performance evaluation, benefits and rewards. HRM practices are spearheaded by the HR department, but also involve line management in the implementation. The retention of skilled workers, however, goes further than HRM practices which are largely routine in most organization. It involves the workers’ entire attitude and relationship towards their jobs. Several factors extend beyond the workplace into the workers’ home – work family balance, for instance, is one of the most important considerations, because where workers could not strike a satisfactory allocation of their time and attention between matters of the home and matters of the workplace, there will be internal conflict that would render the workers ineffective and dissatisfied at either function. Other necessary considerations are burnout, anxiety and stress, which are manifestations of the same conditions, that is, that workers are poorly matched to the demands of the jobs they had been assigned, causing tension that builds up and makes the work unsustainable. These factors all pertain to the job itself, and necessitate a redesign of the job requirements in a manner that matches employee circumstances.

The other factors are organizational and require a systemic adjustment to suit the greater number of workers. The leadership style, pay, performance assessment, career development, and working conditions are aspects of the organization which should be implemented in a manner that supports the workers as much as they serve the organization’s goals. The overall structure and culture of the firm should not only be designed to attain the organization’s strategic objectives but should also foster employee engagement, which is found to be a mediating factor in the effect of HRM practices on employees’ turnover intentions (Collins & Smith 2006). They should bring together people, materials and processes, and of these the most important is people. The last set of factors affecting employee retention involves the external macro-elements, which it
may be argued the management has no control over. However, the organization may adjust to these factors in a way that would minimize their disruptive tendencies. For instance, pertaining to the effects of globalization, Asiedu-Appiah and Asamoah (2013) and Ananthan and Rao (2011) found that even where Western HRM practices are the norm in the industry, practices in the country of origin of the specific firm is still a factor that influences the implementation of HR platforms by which the firm seeks to reinforce employee-organization linkage. Management should therefore discern those elements in the culture that tend to enhance employee relationships with their jobs and include them in the implementation of HRM practices, while seeking to attenuate or eliminate those elements that tend to degrade these relationships.

Modern workplaces are more complex than the workplaces of the past. Technological advances have created so many possibilities that have increased the flexibility of work conditions so that there are enough alternatives for management to hone HRM practices to better suit the workers. For instance, the ability to transmit information online has made work-from-home arrangements possible, allowing workers to achieve family-work balance, reducing sources of anxiety, stress and burnout, and thus engaging the workers more closely with their jobs. HRM practices are the means to introduce greater flexibility into the workplace, creating a win-win situation where both employer and employee achieve satisfaction and ensuring a fruitful long-term collaboration that serve the goals of both parties. At its most fundamental form, HRM practices serve a purely administrative function, to process the recruitment, training, and placement of personnel, after which line management takes over. HRM practices are traditionally seen to be outside the firm’s operations, they are perceived as support functions such that in smaller organizations, human rights departments are considered superfluous. The modern strategic framework, however, takes cognizance of the fact that HRM practices are integral to business operations whether an HR unit existed or not, because all businesses must source and employ people. Rather than dismiss HRM practices to an administrative function, enlightened leaders have assimilated this vital element into the strategic management of the firm; HRM screens and admits all individuals who enter the firm, therefore from the start an effective recruitment program that is strategically aligned would immediately improve the probabilities of success for the organization.

From hiring to firing, HRM practices have a direct impact on the workforce of the organization, and the policies adopted in this area shape the manner employees relate to their employer. The linkage between HRM and line management is seamless in the ideal modern workplace, and line supervisors and management are agents of HRM tasked with the enforcement of HRM practices, particularly regarding training and development, performance assessment, and recommendations for promotion, rewards and other forms of recognition. In many cases, employees’ decision to stay or leave is prompted by their relationship with their immediate superiors, which is another reason why supervisors and managers should be considered vital HRM practitioners. Well-designed HRM practices are effective tools for fostering employee engagement and retention in all organizations, and therefore should be integrated into the strategic goal-setting and management of the firm. By ensuring the long-term stay of knowledgeable and skilled employees in the organization, the organization’s leaders can more confidently forge ahead with more robust plans and set more assertive goals for the business, which could only serve to benefit its stakeholders, most of their entire workforce that would grow with it.
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