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## *The Impact of Human Resource Management Practices on Employee Retention: An Exploratory Study, NCR, India*

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*Abstract: Nowadays, there is a lot of study on HR practices. Human resource management Practices are crucial for both keeping employees and improving organizational performance. In this study, the impact of HRM practices on employee retention was examined. Through the use of closed-ended questionnaires, primary data was gathered. In the questionnaire, a 5-point Likert scale was utilised to estimate the impact of human resource management practices on employee retention. SPSS software was used to analyze the data after a suitable sampling procedure was utilized to choose the respondents. Questions concerning factors including recruiting and selection, training and development, compensation, and performance appraisal were used to gather information from respondents. Regression analysis was implemented to test hypothesis, and multiple regression analysis was used to examine the connection between independent and dependent variables. The final results demonstrate that HRM practices, including as recruitment and section performance evaluation, compensation, and training and development, have a substantial influence on employee retention.*

**Keywords:** HR Practices, Employee Retention.

### I. INTRODUCTION

Since the industrial revolution's consolidation, which raised knowledge of Human resource management practices, there have been more environmental concerns on a worldwide scale. These worries increased pressure and forced businesses and industries to create and apply cutting-edge procedures and goods (Masri, 2016). People are more inclined than ever before to act in a manner that respects the environment and acknowledges their place in society (Goyal, 2013). Human resource management, according to De Cieri et al.'s 2008 study, refers to the laws, customs, and practices that influence workers' conduct, attitudes, and productivity. Therefore, HR practices comprise identifying HR requirements, obtaining candidate pools, screening them, and then providing them with training, compensation, and evaluation. They also involve labour relations, health and safety programmes, and concern for fairness (De Cieri et al., 2008). Dessler (2007) agreed with the previous analysis of human resource practices. Delery and Doty, 1996 define Strategic HRM practices as "those that are tentatively or empirically related to overall performance of the company" and list seven of these from the literature, including providing career opportunities, formal training programmes, methods of evaluation, profit sharing schemes, security of emplacement schemes, voice mechanisms, and also defining job requirements. Therefore, a company's ability to differentiate itself from the competition depends on how well HRM practices are implemented in the organisation (Ordonez et al., 2008). The selection of human resource needs, screening, recruiting, training, rewarding, and assessing are all included in human resource practices, in addition to handling labour

relations, safety and health issues, and justice concerns (Dessler, 2007). The management of knowledge-based organisations has attracted increasing attention in recent years (Robertson & Swan, 2004). Organisational performance is positively correlated with the efficient use of HR practices, which is a significant source of competitive advantage (Collins, 2007). It is an innovative plan for developing nations like India to study subjects related to contemporary management, which includes recruiting and selection, training and development, and the elements influencing the practice. According to Paré and Tremblay (2007), human resource practices that view employees as investments and value employee contributions demonstrate that an organisation cares about and supports its staff members. There is empirical proof that HR practices can help retain staff members. For instance, Paré and Tremblay's 2007 study discovered that the turnover ratio was strongly correlated with four out of the five human resource practices. Consequently, the importance of this research, which also takes into account technical and economic situations and factors, is increased by the study of this topic in this setting.

## II. LITERATURE REVIEW

Several studies have examined the relationship between HRM practices and organisational performance, with generally positive findings. In fact, current research in this field has shifted its emphasis from examining the relationship between various HRM practices and organisational performance to figuring out how HRM practices impact the productivity of employees in organisations. The management views its human resource as a crucial asset for any company, and it requires significant financial investment, employee loyalty, and the provision of financial incentives in order to motivate and retain personnel (Armstrong, 2006). The relationship between human resource management practices and a firm's financial success has been examined by Birdi et al. (2008). Employee retention refers to the strategies and tactics employed by businesses to keep their prized staff members. As most employers do not consider the cost of turnover, it also covers those actions that organisations do to urge employees to stay with them for the majority of their careers. This is considerably more essential than hiring (Ahlrichs, 2000). The cost of turnover is connected to factors like security clearance, employee temporary costs, relocation expenses, and formal training expenses, among others. (Kotzé & Roodt, 2005) discuss hidden costs including lost organisational knowledge and poorer morale in their study. Therefore, these are the main causes of employees quitting their jobs and switching to another. While employee resignations are typically the outcome of job stress and discontent. According to Holtom (2005), a high turnover rate costs many organisations money on a global scale. In other words, if the turnover rate increases in terms of costs, the cost of new hires will also increase. On the other hand, the organisation is also bearing the cost of losing its talented employees and they have to spend time to flourish within the organisation, which is sometimes not bearable at times. This will prove to be very expensive in the long run rather than being less expensive. According to Gruman and Saks (2011), performance appraisal is the process of assessing an individual's performance on an individual basis in order to make a decision about how to best support their career development. This involves taking into account the individual's overall involvement in the organisation as well as their internal characteristics and working abilities. However, it is just regarded as a tool for measuring and observing. In their study article, Webster, Beehr, and Love (2011) discuss how assessment is a difficult process for both the evaluator and the subject, and how mistakes can result if neither party recognises its significance. An essential component of HRM is training and development (Vlachos, 2009). Training and development may enhance organisational effectiveness in a number of ways (Subramaniam et al., 2011). A planned activity called training tries to teach knowledge or instructions to the learner in order to enhance their performance, knowledge, or abilities. According to Subramaniam et al. (2011), training and development may have an impact on how well an organisation performs since workers' skills, knowledge, and talents can constantly be enhanced. Blair (2007) discovered that spending money on training and development might have a significant positive impact on an organisation. According to some experts, training may increase production, and both individuals and employers can profit from it (Conti, 2005; Ballot et al., 2006). Additionally, multiple research (Subramaniam et al., 2011, and Kundu, 2007) found a substantial association between training/development and organisational performance.

The goal of the current study is to determine how HR practices affect employee retention and evaluate the efficacy of various HR initiatives. The key areas of HR activities include recruitment, selection, training and development, performance management, and pay. 28 different metrics of HR activities have been identified to evaluate the efficacy of all HR domains, based on the literature and past study survey. Based on these measurements, a questionnaire spanning all areas of HR operations was created. It had 28 variables that represented HR procedures and employee retention. The respondents' replies were recorded using a five-point scale.

### III. RESEARCH METHODOLOGY

This study used a survey methodology and mostly relied on primary information collected from IT workers in the NCR who responded to a prepared questionnaire. The top managers were questioned prior to the questionnaire's distribution, and consent was acquired for data gathering. In order to collect data, questionnaires were sent with higher management's approval. Some questionnaires were sent to project managers and executives through email due to a shortage of time for data collection. The population of this research consisted of every IT worker in India's NCR. 120 respondents were chosen by the researcher due to time restrictions. The following hypothesis was formed in light of the literature research and the information gathered:

Ho1: Human Resource Management Practices have no significant impact on employee retention.

### IV. SURVEY RESULTS

The effect of HRM practices on employee retention was examined using multiple regression analysis. Six statements were used to quantify employee retention (as the dependent variable), whereas 28 statements on a five-point Likert scale were used to quantify recruiting and selection, training and development, compensation, and performance appraisal.

**Table 1: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.705 <sup>a</sup>	.497	.445	.60681
a. Predictors: (Constant), Performance Appraisal, Recruitment and selection, Compensation, Training and Development				

According to the regression model, the R value is 0.705, R Square is 0.497, and the modified R Square is 0.445. 49% of the variance in the dependent variables may be attributed to independent variables, whereas 51% can be attributed to unknown causes. Therefore, it can be said that 49% of the influence on employee retention was caused by HRM practices.

**Table 2: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.508	4	6.127	16.639	.000 <sup>b</sup>
	Residual	42.345	115	.468		
	Total	66.853	119			
a. Dependent Variable: Employee retention						
b. Predictors: (Constant), Performance Appraisal, Recruitment and selection, Compensation, Training and Development						

The results of the ANOVA test indicated that the f-value, or 16.639, was significant at a level of confidence of 99 percent. Thus, a substantial association between the independent variables of Performance Appraisal, Recruitment and Selection, Compensation, Training and Development, and the dependent variable Employee Retention was created in the regression model.

**Table 3: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.398	.489		2.862	.005
	Recruitment and selection	.344	.052	.506	6.673	.000
	Training and Development	.270	.056	.385	4.787	.000
	Compensation	.227	.057	.335	4.470	.000
	Performance Appraisal	.202	.060	.267	3.836	.000

a. Dependent Variable: Employee retention

The "Employee retention" variable's regression coefficient was 1.398 (unstandardized), its t-value was 2.862, and its associated p-value was 00.005. Consequently, it is possible to conclude that HRMP significantly impacted employee retention. Additionally, the HRMP factors—Performance Appraisal, Recruitment and Selection, Compensation, Training and Development—showed significant values below 0.05. As a result, the variables were clearly having a big influence on staff retention. As a result, the null hypothesis "Human Resource Management Practices have no significant impact on employee retention." was rejected, demonstrating that HRMP have a significant impact on employee retention.

## V. CONCLUSION

Therefore, it can be said that HR practices are crucial for staff retention in an organisation. Different organisations (such businesses in the private sector) are becoming more aware of the potential of their human resources as a source of competitive advantage. Paying close attention to the procedures that effectively use these assets is necessary for the building of competitive advantage via workers. This study's main objective was to look at the impact of HRMP on employee retention in NCR, India. The research design used in this study was explanatory. Pre-structured questionnaires were used to collect the main data for this investigation. Managers and executives received 150 questions in all. The respondents completed 120 questions accurately, and they sent them back. In order to conduct the analysis for this study, SPSS was used. The findings of this study indicated a favourable relationship between HRMO and employee retention. According to the study's final findings, it is clear that employee retention depends on a number of critical independent variables, including employee salary, training, empowerment, and performance evaluation.

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