



Research Paper

A Research Study on “The Impact of Human Resource Practices on Employee Commitment and Employee Retention with special reference to Tata Motors, Jamshedpur”.

ABSTRACT:

In today's business world, employee retention is one of the much debated topics and identifying the reasons for employee turnover and implementing the necessary policies to retain employees can be crucial. Thus, all organizations expect to minimize the employee turnover to best possible level. Therefore, the intention of this research is to study the impact of Human Resource Practices on employee retention as well as their loyalty and commitment towards existing organization. Primary data were collected using a self-administrated questionnaire and analyzed through deductive approach. About 150 Questionnaires were filled from the employees of different departments of Tata Motors, selected through simple random sampling. For interpretation and analysis of data Correlation, Regression methods were conducted. The results showed that different human resource practices have a significant impact on the employee retention. Further the result revealed that loyalty mediates the relation of HRM and Employee Commitment and the relationship of HRM and Employee Retention.

Keywords: Retention, Employee turnover, Employee commitment, Simple random sampling.

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I. INTRODUCTION:

Human resource is deemed to give competitive advantage to companies because in addition to production related capacities it also takes human capital into account. It is easy for competitors to copy other resources like technology and capital but the human resource are distinctive and not easy to imitate. It is well known that personnel of any company are one of the most important factors that provide flexibility and adaptability to organizational pace. In the same way the employees with terrible qualities can make a business collapse shifting to a downfall. Having a pool of good employees and developing their loyalty becomes extremely important and a continuing challenge. That's why systematic and right approach to recruitment and selection and proper training and development reduces chances of employee moving from one job to another job. It is crucial that the management tries to retain company's best workforce and maintain their commitment to the organization in order to attract additional quality employees. It is important for researchers to have a basic focus of research in their knowledge creation for employment, organizations and related fields. Nowadays, organizations are experiencing a balance of power shifting from employers to employees. Employees can be retained and satisfied within those organizations which keep on learning that how to keep their employee satisfaction at the highest level. If there is excess of turnover then it indicates towards a basic problem within the company and for such organization it is important to be familiar with how to retain employees. Attracting and retaining the employees in emerging countries is highly desired practice of the high performance organizations. One of the most used ways of retaining employees is compensating them more than they are earning. Also after some years, the competition will be fierce and having the best talent in the company will be a challenge.

This study is carried on the employees of Tata Motors belonging to differ departments and the result of the study showed that Most of the HRM practices have a positive impact on the Employee retention, Employee Commitment and Employee Satisfaction, whereas systematic recruitment and selection process plays a major role in it. The study is not only focusing on the relationship between independent and dependent variable but has an additional mediating variable (Loyalty) to investigate the relationship which is as an additional contribution to the study. So the study aims to observe the impact of Human resource management practices on employee retention at Tata motors. Human resource management practices taken are recruitment and selection, training

and development, performance appraisal, compensation and social benefits and grievance handling system. Furthermore, loyalty of an employee is taken as the mediating variable here. Therefore, it is hoped that the study can contribute to the growing literature by examining the impact of human resource management practices on employee's retention in context to Tata Motors.

1.1. RESEARCH PROBLEM:

Much research has been done on employee turnover and HR practices. The reason for this is that employee retention is very important in order to maintain the smooth delivery of the business process and to the long-term success of the business. It is one of the most demanding fields, because humans are very subjective. The aim of this study is to investigate the impact of Human Resource practices on employee retention at Tata Motors. According to the different reports of the company, researchers have found that ,in spite of systematic recruitment policy company is not able to find qualitative candidates. Nearly about 43% of the employers are dissatisfied by the supply of skilled labour. Therefore, organizations need to devote attention to their employees' well-being. If these employees leave, the organization has to bear a large cost, it is very important for the organization to retain its employees. To maintain, retain and manage an effective workforce, the HR practices of a company play a vital role. Thus, there seems to be a research gap in this area, a gap that can be filled by this study.

1.2. RESEARCH QUESTION:

- i. "Is there an impact of HR practices on employee retention at Tata Motors.
- ii. "What are the HR practices available in the organizations?"
- iii. "Is there any relationship between the HRM practices and employee retention?"
- iv. "What is the retention level of the organizations?"

II. RESEARCH OBJECTIVE:

General Objective:

To identify the impact of HR practices on employee retention with special reference to Tata Motors, Jamshedpur.

Sub Objectives:

- a) To study organizational HR practices.
- b) To measure the employee retention level of the organizations.
- c) To measure the relationship between HR practices and employee retention.
- d) To explore the relationship of HRM practices and Employee Retention.
- E) To examine the impact of systematic recruitment and selection process on employee retention.
- F) To examine the relationship of HRM practices and Loyalty
- G) To prospect the relationship of Loyalty and Employee retention
- H) To inspect the mediating role of Loyalty on the relationship of HRM practices and Employee Commitment.
- I) To explore the mediating role of Loyalty on the relationship of HRM practices and Employee Retention.

III. SIGNIFICANCE OF THE STUDY:

The study has its importance in explaining the implementation of HRM practices and their Contribution towards the success keeping the employee within the organization. The study excellence lies in the facts on how to increase the Employee Commitment and to gain the employee loyalty by lowering the turnover rate. The result of the Study would help in developing a better understanding on how to manage the HRM practices keeping in view the dimensions of Employee Commitment, Employee Retention and Loyalty.

IV. REVIEW OF LITERATURE:

4.1 Human Resource Practices:

The general objective of this study is to identify the impact of HR practices for employee retention in the company. HR practices which are following in organizations are strategic in nature. Those practices are providing important guidelines in order to facilitate the executive business plan. Human Resource Management combines tasks that are used for efficient and effective management of employees in the organizations. Organizations are using HR practices in order to manage employees align with Human Resource Management. Many researchers have conducted studies in HR related to HR practices and they have given different definitions according to their studies. Human Resource Practices refers to the management of people within the internal environment of organizations, comprising of activities, policies, and practices involved in planning, obtaining, developing, utilizing, evaluating, maintaining, and retaining the appropriate numbers and skill mix of employees to achieve the organization's objectives (Jeet & Sayeeduzzafar, 2016). HR practices are designed in a

way to achieve organizational goals, to have positive employer employee relationship and to create value to the organization (Marescaux, De Winne, & Sels, 2014). Flexible and innovative HR practices are helping to gain competitive advantage through employees. Present study focuses about Recruitment and Selection, Performance management, Compensation and rewards management and Training and development which are considered as main four HR practices.

4.2: Recruitment and Selection:

The main objective of Recruitment and Selection is related to strategic goals of the organization is to hire the right person to the right job the in the first attempt (Roselius & Kleiner, 2000). Recruitment and selection are linked with retention of employees and selecting the right talent is another way of reaching competitive advantage through employees and to reduce employee turnover (Kundu & Lata, 2017). The effectiveness of recruitment practices of an organization can be measured through the extent which organization attract committed and well-qualified employees who remain with the organization for a longer period (Hughes & Rog, 2008). The ultimate goal of recruitment is to generate qualified pool of applicants matching with job requirements (El-Kot & Leat,2008).

Through his past studies it shows that both recruitment and selection is affecting for retention of employees.

4.3 : Performance Management:

Performance management is ensuring achieving organizational goals in an efficient and effective manner. Performance management encompasses activities such as joint goal-setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee-development programs and rewarding achievements (Sahoo & Mishra, 2012). Performance management must be clearly linked to the delivery of strategic priorities and the language used should be simple and understandable (Atkinson, 2012). . As today's business world is competitive attracting and retaining the right talented people is one of the main challenges any organization has to face. One way of the effective method to engage and commit employees towards the organization is managing employee performances. This leads to ensure that employees retain with the organization for a longer period of time(Pandita & Ray, 2018). Therefore, these researchers show the importance of performance management and positive impact for retention of employee in the organization.

4.4: Compensation and Reward Management:

Compensation and Reward can simply be explained as something which is used by employers in order to recompense their employees for a loss or to recognize their work/performance and efforts in relating to their job role (Huang & Kleiner,2005). This compensation can be in the form of financial or Non-financial benefits. This compensation should be aligned with organizational structure and, business strategy to achieve goals and objectives of the organization. compensation and rewarding incentives. Having an organized and transparent reward system may help to attract, engage and retain key staff of an organization which finally helps to achieve higher organizational financial performances.

4.5: Training and Development:

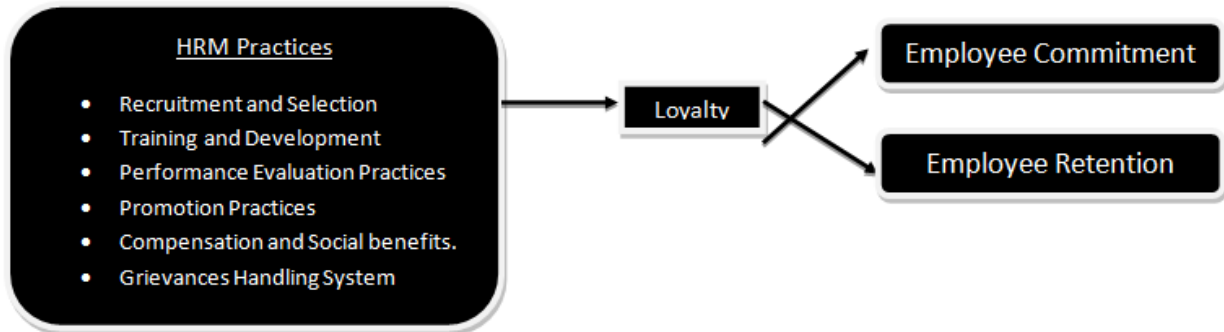
Training & development refers to a systematic development of the knowledge, skills and attitudes required by employees to perform a given task or job adequately (Olaniyan & Ojo, 2008). Different models have developed in order to design effective training programs. Kirkpatrick level is one such model which has four main stages named as reaction, leaning, behavior and result. Training programs increase personnel efficiency, professional growth, and smooth and more effective organization's operations also the same study reveals that training plays a vital role in the success of an organization as it provides the employees an opportunity to improve their competencies (Olaniyan & Ojo, 2008).This is affecting for retention of employees within the organization for a longer time period.

4.6: Retention:

Since employee retention is one of the main objectives of employee management many studies have conducted in related to employee retention. Retention is simply known as keeping employees within the organization for the maximum period. Employee retention is one of the hardest challenges any organization has to face. If employees are happy with the organization, they will remain with the organization for a longer period and will be committed towards the organization. This can have positive impacts like enhance organizational performances and increase customer satisfaction (Mathimaran & Kumar, 2017). Staff retention will directly impact on the smooth operation, productivity, performances and long-term sustainability of any organization, and it will also indirectly an impact on the image of the company as a whole (Azeez, 2017). Also factors like Organizational fit and culture, family support, rewards, recognition, training and development and career

development all plays an important role in retention. The work environment is also a key factor when it comes to the retention of employees.

Based on the above discussion following hypothetical interaction and hypothesis may be inferred:



Source: Researcher Proposed model.

- H-1 Loyalty positively influences the Employee Commitment.
- H-2 Loyalty positively influences the Employee Retention.
- H-3 Fair recruitment and Selection positively influence strong Employee commitment.
- H-4 Fair Recruitment and selection leads to high Employee Retention.
- H-5 Training and development positively influences strong Employee commitment.
- H-6 Training and development leads to high Employee Retention.
- H-7 Fair Performance Management positively influences strong Employee commitment.
- H-8 Fair Performance Management leads to high Employee Retention.
- H-9 Promotion Practices positively influence strong Employee commitment.
- H-10 Promotion Practices lead to High Employee Retention.
- H-11 Fair Compensation and Social Benefits positively influence Employee Commitment
- H-12 Fair Compensation and Social Benefits positively influence the Employee Retention
- H-13 Grievance Handling System influences positively on Employee Commitment
- H-14 Grievance Handling System influences positively on Employee Retention

V. RESEARCH METHODOLOGY:

The research has deductive approach. In this research the researchers selected a theory, i.e. employee retention which comes under the Human Capital Management. In this research the researchers were able to test the theory. As the study used a deductive approach, the researchers selected questionnaire and interview methods under this strategy. The interviews were conducted to fulfill the sub objective of studying organizational HR practices. The survey was used to collect the quantitative data to test the theory. This strategy is cost effective and can collect data from a wide population. The first part of the Questionnaire was to measure the demographics and the second part was to assess the information related to HRM practices, Employee Commitment, Employee Retention .

VI. DATA ANALYSIS AND INTERPRETATION:

Regression and Correlation were conducted to analyze the data and to inspect the hypotheses.

VII. HYPOTHESIS TESTING:

Table:

	Employee commitment			Employee Retention		
	Beta	t	sig	Beta	t	sig
loyalty	0.952	10.662	0.000	0.983	8.626	0.000

Table : Regression Analysis of HRM practices on Employee Commitment and Employee Retention respectively.

Independent Variables	Beta	t	Sig.	Beta	t	Sig.
Recruitment and Selection	0.923	26.131	0.000	0.847	17.283	0.000
Training and Development	0.007	0.81	0.935	0.029	0.311	0.756
PERFORMANCE EVALUATION	0.127	1.388	0.168	0.041	0.446	0.656
Promotion Practices	0.87	0.951	0.343	0.099	1.082	0.282
Compensation and social benefits	0.780	13.518	0.000	0.734	11.738	0.000

The first hypothesis of the study was that Loyalty positively influences the employee commitment. According to the table of regression Analysis p-values shows the significant relationship of the loyalty and employee commitment hence hypothesis stood true. The impact of the loyalty as per Beta value i.e. 0.952 with employee commitment has found almost 95%. The second hypothesis stated that loyalty positively influences the employee retention. According to the table of regression Analysis p-values shows the significant relationship of the loyalty and employee retention proving the hypothesis true. The impact of the loyalty as per Beta value i.e. .0983 on Employee Retention is found almost 98%.

The third hypothesis is that the fair recruitment and selection positively influence employee commitment. According to the table of regression analysis there is a significant relationship. The impact of recruitment and selection as per Beta value i.e. 0.923 on employee commitment which is 92%. The fourth hypothesis of the study was that fair recruitment and selection significantly influence employee retention. According to the table, there is a significant relationship. The impact of recruitment and selection as per Beta value i.e. 0.847 on employee retention which is 85%. The fifth hypothesis is that training and development positively influence employee commitment is rejected by the results shown in the regression table as per p-value. The sixth hypothesis is training and development positively influences employee retention is also rejected due to insignificant p-value. The seventh hypothesis that fair performance evaluation system positively influence employee commitment proved wrong as due the insignificant p-value. According to the table of regression analysis there is no significant relationship. The eighth Hypothesis was that fair performance appraisal system positively influences employee retention. According to the table of regression analysis there is no significant relationship so null hypothesis is accepted. The ninth hypothesis was that promotion practices positively influences employee commitment. According to the table of regression analysis there is no significant relationship.

The tenth hypothesis that Promotion Practices positively influence Employee Retention could not proved as the p-value was not significant. The eleventh hypothesis was that fair compensation and social benefits positively influence employee commitment. According to the table of regression analysis there is a significant relationship. The impact of fair compensation and social benefits as per Beta value i.e. 0.780 on employee commitment which is 78%. The twelfth hypothesis was that fair compensation and social benefits positively influences employee retention. According to the table of regression analysis there is a significant relationship. The impact of fair compensation and social benefits as per Beta value i.e. 0.734 on employee retention which is 73.4%. The thirteenth hypothesis was that grievance handling system positively influences employee commitment.

VIII. CONCLUSION:

- *The recruitment and selection has greater impact on employee commitment as compare to employee retention.
- * Employee commitment and employee retention has a positive relationship
- * Loyalty acts as mediator in the relationship of recruitment and selection and Employee Commitment, relationship of compensation and benefits and Employee Commitment and relationship of grievances handling system and Employee Commitment.
- *. Loyalty acts as mediator in the relationship of recruitment and selection and employee retention, relationship of compensation and benefits and employee retention and relationship of grievances handling system and employee retention.

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