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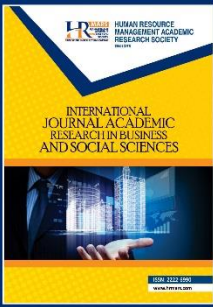
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# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



## The Impact of High-Performance management on Employee Retention

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### Abstract

The purpose of this study is to explore the impact of high performance management on employee retention in Syrian Private Financial Institutions. A sample of 238 employees participated in this study. The research concluded that there is a significant positive impact of Selective Hiring, Extensive Hiring, Internal Promotion, Teams and Participation, and Job Design practices on employee retention, and whereas there are no significant impact from Information Sharing and Contingent Compensation practices on employee retention.

**Keywords:** High Performance Management, Selective Hiring, Extensive Hiring, Internal Promotion, Teams and Participation, Information Sharing, Contingent Compensation, Job Design and Employee Retention

### Introduction

Human resources in any organization is the backbone of them, which leads them to achieve their goals at all levels, and in light of developments in various fields around the organization it has become necessary to possess human resources that are not only experienced, skilled and capable of performing their duties to the fullest, but it has become necessary to possess sufficiently talented human resources that enable them to be creative and innovative represented by the makers of knowledge, which all serve to overcome the obstacles of work of contemporary

organizations that have become searching for new markets to obtain excellence in addition to obtaining more than a competitive advantage in the market. What is achieved only through by human resource management that is generated through what talents possess from talented individuals achieve the best through what they perform in their organizations that in turn accomplish their goals and objectives, so talented individuals with their knowledge attain to their organizations high levels of performance that lead to excellence great in the field of their organizations' work compared to their counterparts.

This study aims to examine the impact of high performance management (Selective Hiring, Extensive Training, Internal Promotion, Teams and Participation, Information Sharing, Contingent Compensation, Job Design ), on employee retention in Syrian Private Financial Institutions, the result of this study may help the decision maker in a Syrian organization to understand what helps in retaining employees which in turn can help the organization in achieving high levels of organizational performance.

## **Literature Review and Hypothesis Development**

### **High Performance Management**

One of the basic principles of HRM research is the impact of HR practices on individuals and organizations. This principle is better understood by studying a package, composition, system, or strategy for HRM (Lepak et al., 2006). As the term High Performance Management is used to refer to "the HR system of practices designed to enhance employee skills, commitment, and productivity in a way that makes workers a source of sustainable competitive advantage (Datta, Guthrie, & Wright, 2005, p. 136). But these systems include practices such as compensation, Incentives, high levels of training, employee participation, selective employment, internal promotion, work flexibility and information exchange (Huselid, 1995; Datta et al., 2005; Pfeffer, 1998). In addition, a High Performance Management improves organizational performance through Increase workers' knowledge, skills, and abilities, and empower them to take advantage of their knowledge, skills and capabilities for organizational advantages, and increase their motivation (Becker & Huselid, 1998; Combs et al., 2006; Delery, & Shaw, 2001).

As defined by (Appelbaum et al., 2000), the High Performance Management consists of a set of practices (work teams, job enrichment, job rotation and quality) that can facilitate employee engagement and improve employee skills and motivation. Research by Armitage et al., 2007, indicated that the fundamentals of human resource management formed the basis of a High Performance Management. Three topics were identified that support the concept of this concept:

1. An open and creative culture that focuses on workers, where decisions are transmitted and exchanged through the organization.
2. Investing in workers through education, training, loyalty programs and work flexibility.
3. Measurable performance results such as setting standards and setting goals, as well as innovation through processes and best practices.

Of these practices, work teams and quality circles can be considered as most central to the high-performance paradigm. High-commitment employment practices that have been identified include: 1) sophisticated selection and training, emphasizing values and human relations skills as

well as knowledge skills; 2) behavior-based appraisal and advancement criteria; 3) single status policies; 4) contingent pay systems, especially pay-for-knowledge, group bonuses, and profit sharing; 5) job security; 6) above-market pay and benefits; 7) grievance systems; and others..

### **Employee Retention**

Many reasons make people leave an organization, such as, job related stress, lack of job security and personal dissatisfaction. (Mckeown, 2002) explained his view on employee retention, which focuses primarily on retaining better-performing people rather than those with lower performance. He considered that there is no precise definition of employee retention because people's perception of retention varies. However (Mckeown, 2002), he found that some managers explained that employee retention is "a reduction in the turnover of work to an acceptable level while others believe that retention is related to compensation and benefits that workers receive, moreover, some believe that it is related to culture, that is, how The worker is treated within the organization. "

Arthur (2001) also indicated that retention is only for younger workers, as organizations must be open to offer alternatives to them and to find exciting or entertaining opportunities that expand their knowledge, skills, and interests. Meanwhile (Browell, 2003) stated that the definition of employee retention is "to keep those workers who wish to keep them and not lose them from the organization for any reason, especially if they are transferred to competing organizations". He also clarified that the essential workers who occupy positions sensitive to the success of the organization must be retained at any cost.

According to Kavitha et al., 2011, employee retention has become one of the most pressing issues facing organizations and human resource managers in recent times. As workers who increasingly leave the organization create a weak loyalty index for this organization. They also stated that the successful organization is the one that seeks to reduce the depletion of the company's profits, so it is better to reduce the turnover of its employees. Moreover, they (Ratna, Chawla, 2012) considered that employee retention is more important than employment, although hiring people with knowledge is essential for organizations. Keeping workers also refers to taking appropriate measures to encourage people to stay in the organization as long as they can, and considered that "the process of retaining employees will benefit the organization, since the cost of employee turnover is losing hundreds of thousands of money to the organization's account." (Mohlala et al., 2012) pointed out these different factors that affect the retention of workers after reviewing some previous studies, especially in the information technology industry, these factors include: lack of determination of the desired salary, lack of development of the professional path for workers, technology development and high rate Employee turnover. They suggested that it is best for organizations to consider these factors as a basis for defining the concept of employee retention.

### **High Performance Management and Employee Retention**

The turnover rate of organizations can be dramatically affected by the systems of HR practices employed by that organization. (Smith and Other, 2011) presented a study aimed at identifying the determinants of work turnover and long-term skills retention in organizations in Australia. This is study done through three steps:

- The difference between short-term turnover and long-term retention.
- The role of high performance management in its dimensions (total quality management, work teams, training practices, learning within the organization, Learning Orientation) and human resource practices.
- Study the rotation of different groups of workers based on skill level.

The results of this study indicate that learning within organizations is of fundamental importance in reducing work turnover in the short term and improving retention of skills in the long term. This study also shows that there is a series of training practices that are important for developing the skills of each individual in the long term, but not General conclusions can be reached that encompass all skill categories each person has.

While (Heffernan, 2012) studied the relationship between high performance management at the organizational level and individual behaviors at the employee level, this study was applied to 188 workers in three organizations in Ireland, where this study concluded that the organizations that enjoy the application of a high performance strategy with high Employees with job satisfaction and organizational commitment, and work stress, compared to organizations that implement a high or medium performance strategy. This contributes to the fact that these organizations keep their workers longer than other organizations.

(Ang and Other, 2013) examined the impact of high-performance management approaches perceptions (employment, performance management, cultural diversity, training and development, participation in decision-making) for workers and managers and their implications for human resource outputs, as the study was applied to 193 workers versus 58 managers in hospitals Localities in Australia, where the study found that when a high performance strategy is applied in a way that reflects on the human resource practices of the organization, this system is positively translated into more participation, job satisfaction, organizational commitment, and a less willing desire to leave the job and stay organized, as The study reached that integration and satisfaction with the relationship between the mediating Alozivan system high-performance strategy and intention to quit.

While (Mostafa, 2013) studied the impact of high performance management on organizational outcomes related to worker behaviors (organizational commitment, job satisfaction, intention to quit work) and the role of mediator to stimulate public service Motivation and fit the Person Person fit, Where the high performance strategy dealt with a set of dimensions (employment, training, job security, promotion, independence, communication). The study was applied to 671 workers in the health and higher education sectors in Egypt, so the researcher concluded that the high performance strategy affects organizational outcomes related to worker behaviors. The study concluded that adopting a high performance strategy in the public sector not only leads to the desired attitudes of the worker, but is also related to motivating him to serve the public, and improving commitment between workers and their organization, and thus the organization contributes to retaining them, as studied (Kehoe et al, 2013) The relationship between workers 'expectations for high performance management and some organizational outputs associated with worker behaviors, which is the behavior of organizational citizenship and the intention to remain within the organization, in addition to the mediating role of organizational commitment, as this study was applied to workers in food factories in America, and one of the most important

results that The study found that organizational commitment partly mediates the relationship between employee expectations of high performance management and organizational citizenship behavior, when fully mediates the relationship between employee expectations of high performance management and the intention to remain within the organization.

As for (Garcia-Chas and Other, 2014) they tried to study the relationship between high performance management and intention to leave work and the mediating role of job satisfaction, procedural fairness and self-motivation in this model, as this study was applied to 155 engineers from 19 organizations in Spain, the most important results of this The study indicates that the high performance strategy contributes positively to alleviating worker behaviors with the intention of leaving work, and that only job satisfaction plays an intermediate role in this relationship.

(Burno et al., 2015) conducted a sterile study on high performance management and the intention of leaving work by studying both job satisfaction and organizational commitment as intermediate variables in this relationship, as the study was applied to 730 workers in Canadian organizations, where the study reached an increase in investment in A high performance strategy program can significantly improve employee satisfaction for employees, which helps to increase organizational commitment, which in turn contributes to reducing the intention to quit work. The researcher also indicated that Canadian organizations are the most proactive in implementing modern human resource management systems such as the high performance strategy, because these systems are designed to improve the skills of workers, to motivate them to use these skills and enable them to make decisions at work, which increases the possibility of organizations to retain skilled workers.

### **Hypothesis**

According to literature review presented above, we hypothesize that:

**H1:** Selective hiring is positively related to employee retention.

**H2:** Extensive Training is positively related to employee retention.

**H3:** Internal Promotion is positively related to employee retention.

**H4:** teams and participation is positively related to employee retention.

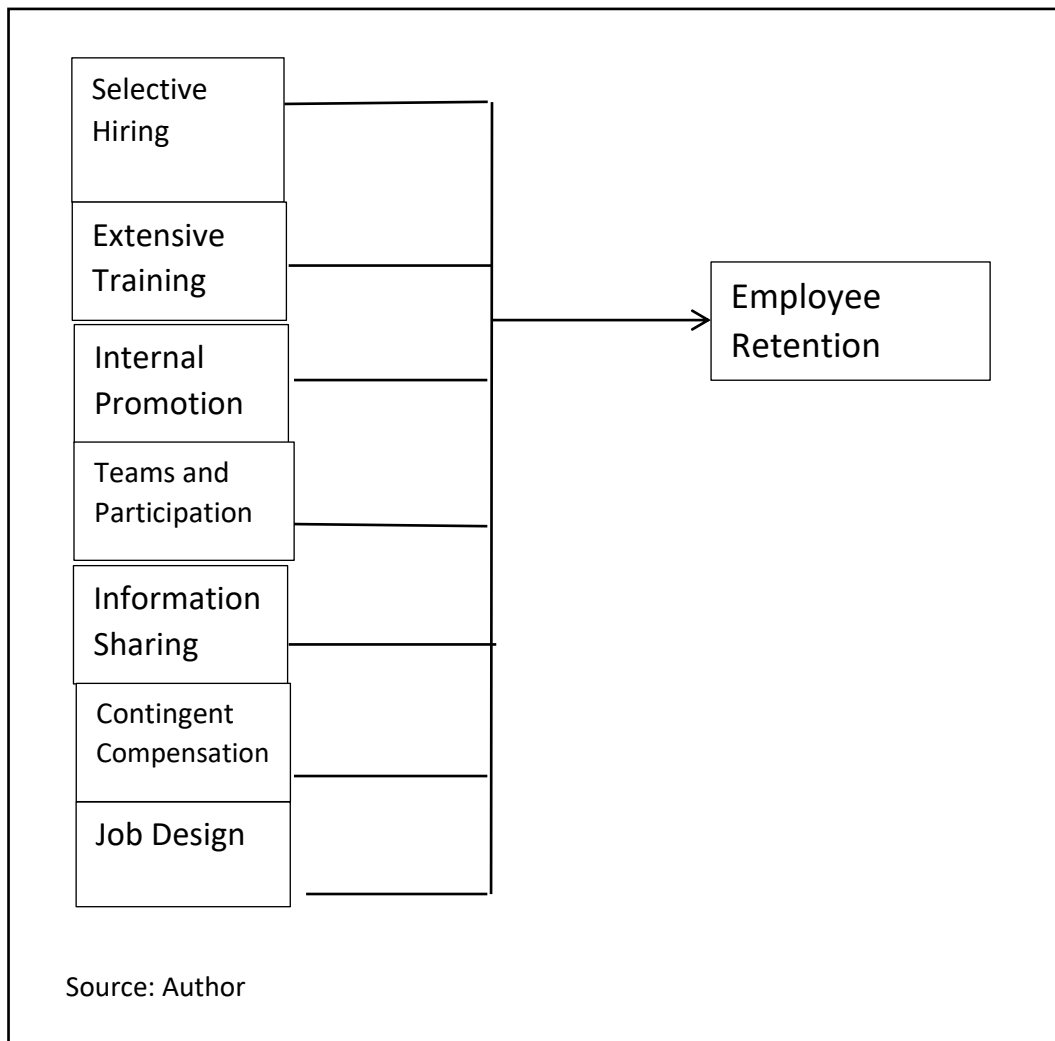
**H5:** Information Sharing is positively related to employee retention.

**H6:** contingent compensation is positively related to employee retention.

**H7:** Job Design is positively related to employee retention.



**Figure 1: Research Model**



## **Research Methodology**

### **Data Collection and Sample**

Data for this study was collected from both primary and secondary sources. Secondary data was collected through comprehensive literature review. Primary data was collected from a number of Syrian Private Financial Institutions located in Damascus. A total sample of 238 employees accepted to answer a questionnaire related to the study variables.

### **Measures**

The questionnaire includes three sections: Basic demographic information, High performance management (Selective Hiring, Extensive Training, Internal Promotion, Teams and Participation, Information Sharing, contingent compensation, and Job Design ), and Employee retention. A 5-

Point Likert scale format was used, and the scores on the scale from 1: Strongly Disagree to 5: Strongly Agree.

4.1. High Performance management scale: measured using 34 items, taken from the study (wang et al., 2014). The scale reported reliability 0.905

4.2. Employee retention scale: measured using 11 items, which taken from the study (Kyndt et al., 2009). The scale reported reliability 0.864

### Finding

This study examines the impact of high performance management on employee retention.

Table (1) shows the results of regression analysis regarding the impact of high performance management on the dependent variable (employee retention). As presented in this table, the model is significant at the 5% level (where  $R^2$  is 0.477). The Coefficient of selective hiring, external training, internal promotion, teams and participation, and job design are significant and positive for employee retention ( $P < 0.05$ ). Thus, H1, H2, H3, H4, and H7 are accepted, while H5 and H6 are rejected. these findings indicate that when High performance management (Selective Hiring, Extensive Training, Internal Promotion, Teams and Participation, Job Design ) They will be more likely to retain them.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.691 <sup>a</sup>	.477	.461	.46941

- a. Predictors: (Constant), Selective Hiring, Extensive Training, Internal Promotion, Teams and Participation, Information Sharing, Contingent Compensation, Job Design



Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.819	.354		7.315	.001
Selective Hiring	.28	.058	.030	6.479	.002
Extensive Training	.285	.063	.329	6.519	.000
Internal Promotion	.216	.077	.223	6.791	.004
Teams and participation	.164	.092	.151	6.788	.000
Information Sharing	-.038	.103	-.023	-.366	.715
Contingent Compensation	.079	.070	.077	7.136	.257
Job Design	.028	.092	.019	7.305	.000

a. Dependent Variable: Employee Retention

### Conclusion

This article aims to study the relationship between high performance management and employee retention in Syrian Private Financial Institutions located in Damascus. This study shows that Selective Hiring, Extensive Training, Internal Promotion, Teams and Participation, Job Design are significant and have a positive impact on employee retention, while information sharing and contingent compensation didn't show any significant impact on employee retention. This findings are consistent with previous literature e.g. (Mostafa, 2013), (Heffernan, 2012). And the reason why the contingent compensation isn't related to employee retention is not obvious. But authors thinks that employees receive similar compensation within the same sector, and therefore organizations work to influence employees to retain them, by give them trainings program which increase their performance, along with a clear career path, and a complex job, the organization is helping itself in retaining its employees.

We recommended that organization should share all information related to its financial performance, especially that financial institutions are obligated towards government agencies to publish quarterly data on their performance at the end of each quarter and these data are published within the website of the Damascus Securities Exchange, Syrian Commission on Financial Markets and Securities, and official newspapers, and therefore there is no problem with publishing this information is on its employees

### Theoretical Implications

This study has several theoretical implications, First This research is considered from the researchers' point of view, and after reviewing the sources of the research, one of the first studies that touched The impact of High Performance Management on Employee Retention, and

applying this research in Syrian Private Financial Institutions, the current study is an enrichment of the scientific and research aspect of the Syrian Private Financial Institutions, due to the role of these institutions in developing the financial sector in Syria, which is currently considered one of the most important sectors supporting the Syrian economy. Second, we have revealed the influence of High Performance Management on Employee Retention. Moreover, our results provide evidence for notion that the survival and success of an organization depend on the ability of how to retain employees, in light of the great competition between organizations.

### **Practical Implications**

Our findings also have several practical implications. First Assist human resource managers in reducing the turnover rates. Second they showed that employees' perceptions of High Performance Management are of pivotal importance regarding their attitudes and behaviors. Namely, employees who consider that their organization implements such work practices experience lower levels of intention to leave, and high optional to retain them. As such, contemporary human Resource management practices such as Selective Hiring, Extensive Training, Internal Promotion, Teams and Participation, Job Design.

Private financial institutions should pay attention to the intention to leave for employees and focus on retaining them by conducting a periodic survey of workers' opinions related to matters that may cause these intentions, including according to many previous studies, job satisfaction, work pressure, job combustion and organizational justice, with the aim of avoiding the intent of leaving the organization, and adopting the exit interview to find out the reasons that prompted the employees leave the organization, and work to improve this reasons that prompted the workers to leave their work.

### **Suggestions for Future Research**

This study shows that there is a direct relationship between High performance Management and employee retention without examining the effects of organizational factors on this relationship such as the mediation role of leadership style or employee well-being; therefore We suggest that researchers examine how organizational variables can influence High Performance Management in relation to employee under these organizational factors.

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