Determinants of Employee Retention in Pakistan International Airlines (PIA)

Nosheen Nawaz[1]* Ayesha Jahanian[2] Sobia Tehreem[2]

1. The Islamia University of Bahawalpur, Department of Management Sciences, Post code 63100, Bahawalpur, Pakistan

2. Department of management Sciences, The Islamia University of Bahawalpur, Punjab, Pakistan

* E-mail of the corresponding author: nisha4741@hotmail.com

Abstract

The research was conducted with an aim to identify variables which influence the turnover intentions of the employees in organizations. For this purpose Pakistan International Airlines was taken as a case.

The review of secondary data allowed the researcher to identify six variables which tend to influence employee turnover intentions in organizations. A survey was conducted to gather the primary data from the employees of PIA on these six variables.

Chi-square association is used to analyze data. The analysis of the data revealed that greatest association exists between the experienced "career propagation chances" and the resulting "lower turnover intention" of the employees in relation to the career propagation chances they experienced. Association was also identified to exist between the experiences of the employees on "Incentive plans" , "work setting", "supervisory support", work life balance" and "organizational prestige" and the resulting "lower turnover intentions" in relation to each respective variable.

Keywords: employee retention, determinants, turnover intention

1. Introduction

In the recent scenario of intense competition, organizations are encountered with a number of problems. Disproportionate turnover is usually an indicator of basic problems that prevails within the organizations. It is really of great importance for the organizations to retain the employees who contribute in the success of the organizations. The organizations therefore need to know how they can strategically influence the employees to make them stay with the organization. Employee retention is the practice of motivating the employees to stay in the business as long as it could be or at least until the completion of the assignment. Employee's attitude towards the job has been changed over time, now if they are not satisfied with their job nature or work setting they will take no time to switch to other job in which they feel themselves fit. Retention is not only beneficial for the employer but also very beneficial for employees.

(Lucille & Jean-François 2004), Indicate that employee retention should be taken as the fundamental approach to attain the financial triumph. (Morgan 2008) , explained that the job for the upcoming recruits must not be that easy for recruiters. "(Raudenbush & Bryk 2002) said that it is very important for the success of the organization to retain employees. Various aspects are very important in a right management and proper employee retention. Its effective variables are workplace setting and environment, work-life balance, career growth and support by management. (Cole 2000) implies that professionals tend to work at such organizations where there is a sense of self importance and will work to their fullest potential. The reasons to stay are work environment, rewards, growth and development and work-life balance.

In recent times, technology has increased the level of competition throughout the world. Retention is a major problem for all the public sector organizations of Pakistan as employees are supposed to be the capital asset of organization. These are the people through which companies are able to generate revenues. Pakistan International Airline Corporation (PIA) has a central position among the major public sector organizations of Pakistan with 18000 employees. It was established in 1955 and are offering passenger and cargo services covering eighty two domestic

and foreign destinations.

1.1 Study Objectives

The objectives of the research include:-

- Identification of various determinants that influence the employee retention in the organizations
- Identification of the role of determinants of employee retention in retaining the employees of PIA
- Recommendation of suggestive solutions that can increase the level of employee retention in PIA and other organizations as well

1.2 An overview of employee retention and its importance in the organizations

(Collins 1958) ,the writer of the famous book "Built to last and good to great" reflects that success is always backed by the human power and strength which is dependent on the selection of the competent person in the particular area, afterwards the stratagem and visualization of the organization can be pursue. Any of the group goes up and bounces in its surroundings just because of the sharpness and key competences of its workers. In any organization, the existence of its employees depends on the criteria which is used by the organization to built high levels of organizational commitment in employees and hence retain them as a consequence.

In defining the word "retention", its scope is not limited to boundaries however the word means "existence or presence of competent people in the community" in general terms. It largely depends on our culture and our dealings with the people. The concept of employ retention arises due to the shower of less competent employees and high ratio of quick switching of people in organizations (Steel, Griffeth, & Hom, 2002). The main reason behind the issue of workers retention is also to save the company from the loss which is to be borne and the ratio of productiveness that goes down if a competent worker jumps to another organization (Samuel & Chipunza 2009).Retention is a deliberate action taken by the organization to make the setting which compels the employees to stick with it for a longer period of time. The process of keeping the employees for the long term is a kind of strategy made by the organizations so that they could retain employees for long time and gain benefits. In view of (Chaminade 2007) the relationship between the company and the worker should be long lasting and inter dependent. The employee should make his maximum efforts to achieve organizational objectives likewise the organizations should provide maximum benefits to the employees. Retaining the employee is a significant factor of organizations' broader spectrum towards the process of talent management .The term talent management can be briefed as to introduce such plans which are specially made to increase the output and also to develop such business plans that helps to maintain and hold such employees that posses desired level of knowledge and skills which in returns meet both the ongoing needs of the business the and future one (Lockwood 2006).

1.3. Determinants of employee retention

Career progression chances: The career progression is an arrangement which is intended and designed to cater the needs of employees related to their career as well as the organizations' expectation from its human capital so that both can achieve maximum level of satisfaction. The enhancement in the awareness makes it obvious that the power of people can only take an organization to the top level. It is the human resource department which had huge responsibility on its shoulders to formulate such plans and strategies that instigate the employees loyalty toward the goals and objectives of the firm so that employees get inspired and work hard positively in the favor of the company and keep the company in the list of top companies (Graddick 1988). The company which needs strong and positive relations with its workers must have to do much in the favor of the workers and for their betterment (steel 2002).The companies need competent workers which lead them to the path of success for the long term on the other hand the workers need good opportunities for bright and glowing career(Prince, 2005).

Support from super ordinate: The relation between the subordinate and super ordinate is very critical to employee retention. Super ordinates are the soul of any organization. Eisenberger and associates (1990), the view of an employee for its company is highly dependent on the relation of worker with its boss. If the relation is strong and positive between them then the worker will like to work with the company on long term basis and their mutual bonding will be stronger. The super ordinate acts as a bridge through which the worker can easily achieve its milestones marked by the company. Super ordinates help in balancing the challenging demands by supporting them within the firm and outside in market place. But if their relationship is not good than the employee will try to switch

from the firm for better growing opportunities and mental relaxation. Support from supervisor is so critical for sustaining employees in the organization that its importance depicts from the saying "workers don't leave their jobs rather they leave their super ordinates" (Ontario, 2004).Borstorff & Marker (2007) analyzed that the workers are pleased and satisfied with those bosses who are trustworthy, calm, knows well and develop a fair relation with them. On the other hand a rude super ordinate can give rise to divergence in desired behavior by employees towards their work and firm.

Work Setting: One of the many studies (Zeytinoglu & Denton, 2005) enlightens the importance of work setting in different areas like leaving of organizations by the employees, job liking, and interest in the job and employee loyalty. The environment which is provided to the employees also effects the decision of the employees to stay in the firm. Hytter (2008) wrote that the working environment is mainly discussed in the view point of industry like the main focus is on the substantial features like more intense lifts, clatter and exposure to the poisonous things. The most notable part is that the work setting in the manufacturing industry is different from that of the service industry as service sector has the direct dealing with the customers. The interaction among the employees and the employers is now alarming to change its priority from physical dimensions towards psychological and social dimensions of the working environment. The psychological and the social environment of the work contains sustainability, work load, choice liberty and more. An autonomous research organized by the ASID (American Society for Interior Designers) confirmed that the working place plays a vital role in the decision making process of the employees to keep going with their job or they resign. Light has been considered as major part in performing the job noise, at times creates difficulties in the boundaries of the working area which than creates physical and psychological difficulties for the workers, also decreases motivation and sometimes the output level also declines. Mostly seen audio grievances include short of speech privacy, tapping the discussion of the people .Keeping close to nature helps to bring down the level of stress and fear which is also good from health point of view (Brill, Weidemann, Olsen, Keable & BOSTI, 2001). The place of work has a deep influence on the employees and likely to survive with job till the time of satisfaction. As told by ASID to keep a good solitude and to keep away from distraction, the setting of the office utensils and furniture should be accordingly. The assets of the organization include the experienced workers. In order to keep them for a long time, the organization does so by giving them such environment which support their eye sight, the kits given for use should be operated with less force and positions according to their growing age

Incentives: An incentive is something which is awarded to the employee for its hard work and motivation so that also in future he can work for the betterment of the organization.   Incentives can be of various types. They can be in the form of cash or awarding employee as the employee of the month. The incentive changes with the change in environment for instance at corporate level of business the incentive can be big amount of money, commodities, trips etc.. It is also very much important that the incentives given to employees should leave a long lasting effect in the mind of the employee and it also proves that the employees are praised (Silbert, 2005). There is a huge level of difference internally found in the workers by the incentives they are rewarded for the purpose of retention (Pfeffer, 1998).The process of giving   incentives can bring loyalty in the work of the employees and also influences them to work with same organization.

Work-Life Balance Plans: Employees are being rewarded with significance and are given magnitude because of a balance work-life plan. Some of the employees are loyal with the company and they don't think of switching the jobs they are engaged in. They are mostly afraid of the schedule of their work because at times the work effect their personal   and social life but they try to balance but those employees who are in the hunt of a new job show different attitude (Dubie, 2000).Many researchers are working on the contact between the work and the family issues that if both of them are effected by each other or not some of these issues are the easy working hours, taking care of the childrens, parental leaves, information regarding child care and leaves with commitment of the organization. Research has notified that the organizations show high level of loyalty if the employees have to face work-life plans. These employees also express much with lower aim in order to leave their job (Grover and Crooker, 1995).

When an organization works on the plan of work-life in which worker have time for job as well as for social and personal life than this can lift up the demand of the customers because of having better services being provided and can also deal positively with the demands of both the employees and the employers of the modern world (Manfredi & Holliday, 2004). Many writers have written on the harmful effects that have occurred due to only non work factors that are stress, burden of the job, switching from organization, the stress due to duty assigned, family problems and

clashes which at the end only causes the employee to leave the firm. The support that an employee gains, the personal characteristics he brings to work, the values of the organization and in the way all these elements are managed at the working place will ultimately effect the level of family misunderstandings can affect the job pleasure the commitment with the organization which at end effect the turnover rate of the employee.   Cleveland et al. (2007)

Organizational Prestige: The organizational prestige is a very important factor for retention Muchinsky and Morrow (1980). This in the other way can also be define as companies repute in the market which   reflects   its effort to retain the talented employees by featuring itself as a   employer of choice. Involvement of companies rises as company start stressing on presenting the good picture by high lighting its positive aspects. (Branham,2005).The work done to up lift the standing of the company by branding it and by doing marketing internally can improve retention between high performing employees and the employees who are working on non hourly basis(John P. Hausknecht 2008).Adding more to it the factors that enhance retention between the high performers can be the firm specific. This shows that proportions such as the value of the firm or the essential attachment may be more important in the high performers' decision to live.(Steel et al., 2002) noted that there are certain points which encourage the employees to leave an organization but they must overcome those which encourage them to stay which is a difficult task to be performed. The reasons of why the employees leave, it is not possible that the status of the firm has emerged which shows us that by working on the retention elements can take us close to the decision of the employees. In the past theories of turnover the prestige of the firm was shortly discussed (John P. Hausknecht 2008).

1.4. Conceptual Framework covering the Determinants of Employee Retention

(Figure 1): Determinants of employee retention

2. Research Methodology

PIA deals with the large number of employees who are placed at various stations located in different cities of Pakistan. It is therefore very difficult to collect data from the entire network because of time, access and cost constraints. Owing to constraints mentioned in the previous lines, Karachi i.e. head office, Multan, Lahore, Peshawar and Islamabad stations are chosen for the present study. These stations are chosen on the basis of ease in accessibility. Furthermore, proportionate random sampling is used. This technique involves classifying the population into various respective subgroups and afterwards random sampling is done within each subgroup.The formula presented by T Yamane (1967) to calculate sample size is used for this research. The following calculations is done:-

n = N / 1+N * e ²

Where n = sample size, e = error term= 0.1 and   N= total population = 18330

Hence n = 18330/1+18330(0.1)2 = 99

The sample is distributed in such a way that 61 respondents are taken from Karachi, 12 are taken from Islamabad, 11 are considered from Lahore, 8 are from taken from Peshawar and 7 from Multan.

A questionnaire which was developed to conduct the survey contained structured close ended questions to obtain the required information from the respondents and to have more precise findings in the end. The questionnaire contained 18 questions, 3 questions for each variable were asked to get responses on 6 variables. The first two questions were designed to know the actual experience of the employees of PIA in relation to the specific variable and the last question was asked to get information about turnover intention of the employees in relation to same variable. The data collected for the study is analyzed using the statistical approaches of association (which is measured using chi-square).

3. Analysis and Results

3.1. Chi-Square Tests of association between experienced supervisory support and perceived retention

(Table 1)

3.2. Chi-Square Tests of association between experienced incentives and perceived retention

(Table 2)

3.3. Chi-Square Tests of association between experienced work life balance and perceived retention

(Table 3)

3.4. Chi-Square Tests of association between experienced career propagation chances and perceived retention

(Table 4)

3.5. Chi-Square Tests of association between experienced work setting and perceived retention

(Table 5)

3.6. Chi-Square Tests between experienced organizational prestige and perceived retention

(Table 6)

4. Conclusion

Researcher used the chi square statistics to find the association between the experience of employees related to particular variable and turnover intention of employees in relation to their experiences. Six variables viz. super ordinates' support, incentives, work life balance, career propagation chances, work setting and organizational prestige identified through literature review were found to have significant influence on turnover intentions of employees in Pakistan International Airlines. These variables in other words are called as the determinants of employee retention. Results of the chi-square statistics revealed that the highest association is found in career propagation chances. The association between the career propagation chances experienced by the employees and their turnover intention on the basis of their experience is very strong whereas the least association is found in organizational prestige. Strong significant association is found in incentives experienced by the employees and employee's willingness to stay with the organization as a resultant of their experiences. A good association is also found in work setting experiences and perceived retention on account of experiences. Results illustrate that supervisory support experienced is strongly associated with employee commitment when examined on the basis of experiences whereas comparatively less association is found between the work life balance experienced and perceived turnover intention in relation to work life balance experienced.

5. Implications for further research

The results of the research are significant and therefore find their scope to be extended further to identify the specific areas of the determinants of employee retention which can influence the turnover behavior of employees. Furthermore, the conceptual model developed in the paper expressing the determinants of employee retention can be tested for its validity in other organizations as well.

**6. Recommendations for policy or practice**

In light of results that have been produced as a result of investigation, the researcher is in the position to propose that management of organizations should carefully plan the incentives programs so to overcome the turn over issues. Public sector organizations making policies regarding the human capital should take into consideration the determinants of retention in order maintain a level of satisfaction and commitment among employees with their organization. In the light of the results drawn from the present research it is recommended to all the management and policy makers of the organizations that a clear and motivating incentive programs should be developed which can enable the employees to stay with the organization for a longer period of time. Management of the organization should also focus on the working environment so that the employees feel ease in accomplishing their task and have a positive impact on their intention to remain with the organization.

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(Figure 1): Determinants of Employee Retention
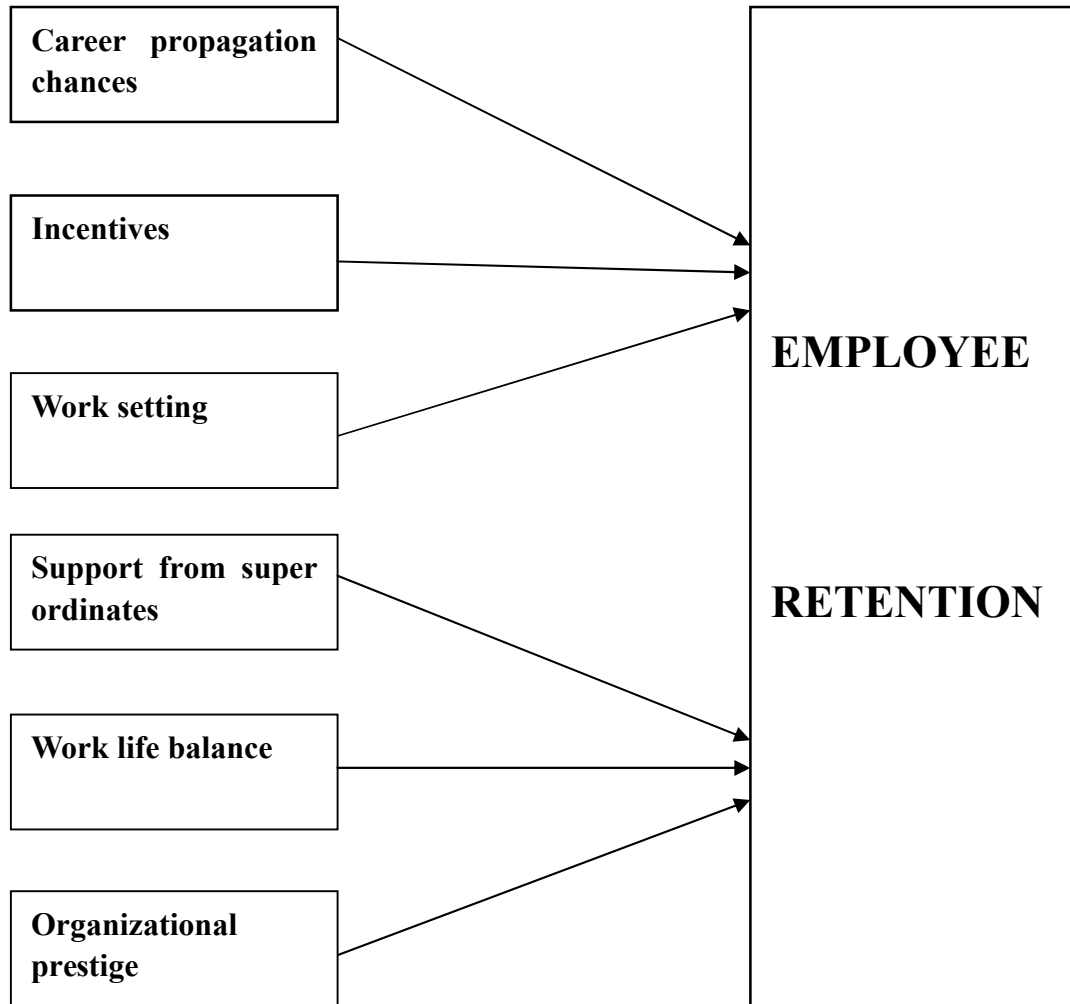
(Figure 1): Determinants of employee retention

The figure given above shows the determinants of employee retention deduced from the excessive review of literature. The framework shows that employee retention is dependent on six independent variables viz. super ordinate support, career propagation chances, work setting, incentives, work life balance and organizational prestige.

(Table 1) Chi-Square Tests of association between experienced supervisory support and perceived retention

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	81.427(a)	9	.000
N of Valid Cases	99		

Interpretation: Table 4.1 shows the results of the association between the supervisory support as experienced by the employees and the perceived intention to stay with the organization as a result of experiencing supervisory support in the organization. There seems to exist a strong association between the experienced supervisory support and perceived retention of employees with a chi-square value of 81.427 which is also statistically significant with a p-value of .000.

(Table 2) Chi-Square Tests of association between experienced incentives and perceived retention

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	109.804(a)	32	.000
N of Valid Cases	99		

Interpretation: Table 2 shows the association among the incentives experienced by the employees and their borne commitment with the organization on the basis of incentives being offered to them by the organization. A strong association between the experienced incentives and perceived retention among of employees has been found with a chi-square value of 109.80 which is also statistically significant with a p-value of .000.

(Table 3) Chi-Square Tests of association between experienced work life balance and perceived retention

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	67.785(a)	21	.000
N of Valid Cases	99		

Interpretation: Table 3 depicts a association between the experienced work life balance of employees and their expected retention in result of maintaining a level of balance in their work and life. It has been found that there is a good association among the work life balance maintained by the employees and the resulting intention to stay with it with the chi square value of 67.78 which is statistically significant with the p value of .000.

(Table 4) Chi-Square Tests of association between experienced career propagation chances and perceived retention

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	125.071(a)	21	.000
N of Valid Cases	99		

Interpretation: Table 4 illustrates the relationship among the experienced career propagation chances and the perceived willingness of employees to remain with the organization in result of opportunities they experienced regarding their career growth. From the table it seems to have a strong association in the experienced career propagation opportunities and the employees' readiness to have a long term relationship with the organization.

(Table 5) Chi-Square Tests of association between experienced work setting and perceived retention

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	97.373(a)	28	.000
N of Valid Cases	99		

Interpretation: Table 5 demonstrates the result of association among the work setting experienced by the employees in the organization and their commitment to stick with it in result of the level to which the desired work setting has been experienced by them. A strong association found among the experienced work setting and employee retention with the chi square value of 97.37, statistically significant with the p value of .000.

(Table 6)Chi-Square Tests between experienced organizational prestige and perceived retention

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	54.051(a)	18	.000
N of Valid Cases	99		

Interpretation: Table 6 shows the results of the association between the organizational prestige as experienced by the employees and the perceived intention to stay with the organization as a result of organizational prestige in the organization. There seems to exist an association between the experienced organizational prestige and perceived retention of employees with a chi-square value of 54.04 which is also statistically significant with a p-value of .000.