

UNDERSTANDING EMPLOYEE RETENTION THROUGH TACTICAL HRM PRACTICES, EMPLOYEE ENGAGEMENT AND COMMITMENT: AN EMPIRICAL STUDY OF SELECTED IT COMPANIES IN COIMBATORE

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ABSTRACT

Employee retention has become a matter of great interest to organizations due to the adverse impact of its loss on productivity, continuity, and development of the entity. This research work aims to study the influence of tactical Human Resource Management Practices, Engagement, and Organizational Commitment on Employee Retention. In this study, quantitative approach research technique is used. In this study, data collection was through using a questionnaire. Data analysis continued with reliability analysis, correlation analysis, multiple regression, and Structural Equation Modelling (SEM). The structural analysis exposed that Strategic HRM Practices had a positive and significant relationship with Employee Retention ($\beta = 0.184$, $p = 0.006$). Employee Engagement also had a positive and significant relationship with Employee Retention ($\beta = 0.197$, $p = 0.01$). In the similar method, Organizational Commitment had a positive and significant relationship with Employee Retention ($\beta = 0.193$, $p = 0.004$). The three variables explained 82.7 per cent of the variation in Employee Retention. The model's overview was found to be statistically significant ($F = 23.59$, $p < 0.05$). The results can be interpreted to mean that a company can recover employee retention through the upgrading of work procedures, motivation to simplify employee participation, and inspiring organizational commitment. However, the results of the measurement reveal a need to go back and review certain items in the questionnaire before the model can be regarded as a confirmatory SEM.

KEYWORDS: Tactical Human Resource Management, Employee Engagement, Organizational Commitment, Employee Retention, Human Resource Practices, SEM

1.1. INTRODUCTION

Employees are valuable asset to any organisation due to the skills, experience, and effort with which they bring the attainment of organisational objectives to fruition. Employee retention is therefore seen as a significant consideration for organisations, as the loss of workers on a high scale has undesirable implications on the organisation's ability to continue recruitment and training efforts and maintain a stable, knowledgeable workforce. Human Resource Management (HRM) is a serious element of the management of the relationship between employees and the organisation. Activities such as recruitment, training and development, performance appraisal, compensation and rewards, and employee career development all influence the employees' experience in the workplace. The active planning of these practices according to organisational requirements and employee expectations encourages the employees to remain with the organisation. Strategic Human Resource Management focuses on linking human resource practices with the broader objectives of the organisation, and Wright and McMahan (1992) stated that Strategic Human Resource Management is a planned design of human resource activity to advantage the organisation's objectives. Although an organisation's formal human resource policies can be significant in the retention of employees, an employee's experience and their attitudes and feelings about their work are crucial considerations. One key feature is employee engagement, which can be understood as the extent to which employees are actively participating in their work and willing to devote their physical, mental, and emotional effort to it. According to Kahn (1990), when workers devote their mental, emotional, and physical efforts to their jobs, they become personally involved. Furthermore, Saks (2006) observed that employee engagement is related to vital employee and organisational outcomes. Actively engaged employees can develop more positive relationships with the organisation, and thus be more likely to remain as employees. Organisational commitment is the employee's attachment to the organisation and willingness to continue as a member of the organisation. Meyer and Allen (1991) explained organisational commitment with three major forms: affective commitment, continuance commitment, and normative commitment. Prior studies have presented evidence of the influence human resource practices can have on employee retention. Fahim (2018) found that Strategic HRM practices have a significant relationship with employee retention and highlighted the importance of recruitment, training and development, performance appraisal, compensation, and career development. Similarly, research done in the Indian textile industry has shown that HR practices are associated with employee retention and that employee-related factors play an important role in the relationship (International Journal of Productivity and Performance Management, 2023). Furthermore, employee engagement and organisational commitment have been

widely studied in previous research. Saks (2006) found that employee engagement is associated with employee attitudes and organisational outcomes. These studies results that employees' involvement can directly influence their employment decision. While previous studies have examined HR practices, employee engagement, organisational commitment, and employee retention, there is a need to examine these factors in a single research model. Consequently, the present study examines the influence of Strategic Human Resource Management Practices, Employee Engagement, and Organizational Commitment on Employee Retention. Structural Equation Modelling is used to examine the relationships to which the factors contribute to employee retention.

Therefore, the present study examines the influence of **Tactical Human Resource Management Practices, Employee Engagement, and Structural Commitment on Employee Retention**. Structural Equation Modelling is used to examine the proposed relationships and to determine the extent to which the selected factors contribute to employee retention.

3.Objective of the study

1.To examine the influence of Tactical Human Resource Management Practices, Employee Engagement, and Structural Commitment on Employee Retention.

4.Review of Literature

The reviewed literature provides observed evidence on the role of human resource management (HRM) in employee retention. The role of tactical HR practices in improving employee retention was investigated by Fahim (2018). The study shows that recruitment, training, compensation and benefits, and career development are positively correlation employee retention in organizations. Kundu and Gahlawat (2018) showed, career and training development, and company support indirectly influenced employee retention. Saks (2006) found that employees' engagement has a positive relationship with employee retention. In turn, Meyer and Allen (1991) found that structural commitment drives employee retention. Similarly, Meyer and Smith (2000) found that human resource management practices are directly related to employees' structural commitment, which affects their intention to stay. Kundu and Lata (2021) found that significant relationship between organizational employee retention. Kundu (2020), Haque (2024), and Kalia et al. (2024) found that human resource management practices, career, and supportive organizational environments contribute to employee retention.

3. Hypothesis of the study and Results

- 1.Strategic HRM Practices not significantly influence the Employee Retention.
2. Employee Engagement not significantly influences not Employee Retention.
3. Organizational Commitment significantly influences not Employee Retention.

4. METHODOLOGY

4.1 Research Design

The study adopted a **quantitative research design** to examine the relationship between Strategic HRM Practices, Employee Engagement, Organizational Commitment, and Employee Retention.

4.2 Data Source

Primary data were collected using a structured questionnaire. The questionnaire consisted of statements designed to measure the four major constructs included in the research model. The uploaded dataset contains two hundred and fifty respondents and 16 variables. The variables comprise five indicators for Tactical HRM Practices, five indicators for Employee Engagement, three indicators for Organizational Commitment, and three indicators for Employee Retention.

4.3 Variables of the Study

The study consists of three independent variables and one dependent variable.

<i>Code</i>	<i>Variable</i>	<i>No. of Items</i>
X_1	Tactical HRM Practices	5
X_2	Employee Engagement	5
X_3	Organizational Commitment	3
Y	Employee Retention	3

The five indicators under Strategic HRM Practices represent recruitment, training and development, performance appraisal, compensation and rewards, and career growth.

4.4 Data Analysis

The collected data were analysed using statistical methods appropriate for examining relationships among the variables. Reliability analysis was used to assess the consistency of the questionnaire items. The relationships among the variables were examined through correlation and regression analysis. Structural Equation Modelling was used to examine the proposed relationships in the conceptual model.

The structural model was specified as:

$$\text{Employee Retention} = \beta_1(\text{SHRM Practices}) + \beta_2(\text{Employee Engagement}) + \beta_3(\text{Organizational Commitment}) + \text{error}$$

5. Structural Equation Model Analysis

5.1. Model specification

The proposed structural model examines whether tactical Human Resource Management Practices, Employee Engagement, and Organizational Commitment influence Employee Retention.

The structural model can be stated as:

$$\text{Employee Retention} = \beta_1(\text{THRM}) + \beta_2(\text{Employee Engagement}) + \beta_3(\text{Organizational Commitment}) + \text{error}$$

The hypotheses are:

- **H₁:** Tactical Human Resource Management Practices have a significant positive effect on Employee Retention.
- **H₂:** Employee Engagement has a significant positive effect on Employee Retention.
- **H₃:** Organizational Commitment has a significant positive effect on Employee Retention.

5.2. Measurement reliability

Construct	No. of indicators	Cronbach's Alpha	Assessment
Tactical HRM Practices	5	0.701	Acceptable
Employee Engagement	5	0.723	Acceptable
Organizational Commitment	3	0.765	Acceptable
Employee Retention	3	0.700	Acceptable

The reliability results require attention. Employee Engagement shows an acceptable level of internal consistency, while Organizational Commitment shows a moderate level. Tactical HRM Practices and Employee Retention have relatively acceptable alpha values. These suggested constructs may be measuring a single underlying concept consistently.

In particular, the Employee Retention indicators include Intention to Stay and Turnover Intention. These two measures should be checked carefully to ensure that the turnover-intention item has been coded in the appropriate direction before the final SEM is reported.

5.3. Model fit

A covariance-based latent-variable SEM was examined using the 16 observed indicators. The main fit statistics obtained from the analysis were:

Fit measure	Result	General assessment
χ^2	236.91	Significant**
χ^2/df	2.54	Reasonable
CFI	0.803	Below commonly preferred level
TLI	0.756	Below commonly preferred level
RMSEA	0.08	Moderate
SRMR	0.005	Below preferred level

Source: Primary Data ** 5 per cent level of significant

The model has a reasonable χ^2/df ratio, and the RMSEA is within a moderate range. However, the CFI and TLI values are below the levels normally considered desirable for a well-fitting measurement model. The SRMR is also below preferred value.

Therefore, the **overall measurement model considered a strong-fitting SEM model in its present study**. This conclusion is consistent with the dependability seen for several constructions.

5.4. Structural relationships

The structural regression results are presented below.

Relationship	Standardized β	t-value	p-value	Decision
THRM $\rightarrow$ Employee Retention	0.185	2.724	0.006	Supported
Employee Engagement $\rightarrow$ Employee Retention	0.198	2.568	0.01	Supported
Organizational Commitment $\rightarrow$ Employee Retention	0.196	2.831	0.004	Supported

*****The structural model explains 82.4 per cent of the variation in Employee Retention ($R^2 = 0.824$). The overall regression model is statistically significant ($F = 23.59, p < 0.05^{**}$).**

5.5. Interpretation of the structural paths

Tactical Human Resource Management Practices $\rightarrow$ Employee Retention

The analysis shows a positive and statistically significant relationship between Strategic Human Resource Management Practices and Employee Retention ($\beta = 0.185, t = 2.724, p < 0.05^{**}$). This suggests that improved HR procedures are related with higher staff retention. Recruitment, training, performance management, salary, and career development can therefore contribute to employees' inclination to remain with a business.

Employee Engagement $\rightarrow$ Employee Retention

Employee Engagement also has a positive and significant relationship with Employee Retention ($\beta = 0.198, t = 2.568, p < 0.05^{**}$). Employees that are more invested in their work and feel encouraged and appreciated are more likely to remain in the business. The results implies that employee engagement is a major element in retaining employees.

Organizational Commitment → Employee Retention

Organizational Commitment has a positive and statistically significant relationship with Employee Retention ($\beta = 0.196$, $t = 2.831$, $p < 0.05^{**}$). Employees that have a higher degree of affiliation with the organisation are likely to stay with the company. It is significant to note that it is vital to raise the level of employee's attachment and commitment towards the organisation.

5.7. Overall interpretation

The SEM-related analysis provides evidence that Tactical Human Resource Management Practices, Employee Engagement, and Organizational Commitment are positively associated with Employee Retention. All three relationships are statistically significant at the 5 per cent level.

Among the three predictors, Employee Engagement has the largest standardized coefficient ($\beta = 0.198$), followed very closely by Organizational Commitment ($\beta = 0.196$) and Tactical HRM Practices ($\beta = 0.185$). The differences between the coefficients indicating that all three factors make a contribution to employee retention.

The model explains 82.43 per cent of the variation in employee retention, while the remaining variation may be related to all factors that were included in the present model.

5.8. CONCLUSION

The results show that organizational policies and employees' opinions toward their work and organization have an impact on employee retention. Strategic Human Resources Management practices create a framework, which can ensure employees' retention and employee engagement and organizational commitment mean the degree of employees' involvement and loyalty to the company. The significant positive linkages found in the structural analysis support all three of the proposed theories.

However, the measurement results indicate that the present questionnaire requires further examination. The low reliability of Tactical HRM Practices and Employee Retention, together with the less satisfactory overall model-fit measures, suggests that the indicators should be reviewed before presenting this as a final confirmatory SEM model. In particular, the coding and wording of the Employee Retention indicators should be checked, especially the Turnover Intention item.

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