

Strategic Human Resource Management Practices and Employee Retention: A Study of the Moderating Role of Job Engagement

Reza Sepahvand¹, Razieh Bagherzadeh Khodashahri^{2*}

1. Prof., Department of Management, Faculty of Economics and Administrative Sciences, University of Lorestan, Khorramabad, Iran

2. Ph.D. Candidate in Human Resources Management, Faculty of Economics and Administrative Sciences, University of Lorestan, Khorramabad, Iran

(Received: December 4, 2019– Revised: September 17, 2020 † Accepted: September 22, 2020)

Abstract

The purpose of the present paper was to investigate the moderating role of job engagement in the impact of SHRM practices on the employee retention of Guilan Technical & Vocational Training Organization, and therefore, to provide an empirical and practical contribution in order to enhance employee retention through job engagement. The statistical population consisted of 372 managers and employees, and the optimal sample was determined by Cochran's formula to be 189. The results revealed that SHRM practices and dimensions have a significant impact on employee retention, and job engagement has a moderating role in the impact of SHRM and all its dimensions except performance appraisal on employee retention. The findings also indicate the moderating effect of job engagement in the relationship between SHRM practices and employee retention for three types of job engagement, namely vigor, dedication, and absorption. The association between the demographic variables and the factors also investigated. This study provides an empirical and practical contribution to improving employee retention through job engagement. The theoretical implications, future directions, and limitations are also discussed.

Keywords: Job engagement, Employee retention, Strategic human resource management practices, Technical and Vocational Training Organization, Turnover.

Introduction

One of the current questions in the field of business administration is that how some organizations have succeeded in their career despite economic, financial, and social crises. Intellectual capital is a new topic in human resource management (HRM) literature, and includes three different components called human, structural, and relational capitals. As a basic element of the real wealth of organizations, the human capital is considered as the most vital part of the intellectual capital. Because of the intense market competition and the scarcity of experienced and skilled employees, it is vital for today's organizations to find and retain well-educated and skilled employees, which in turn leads to creating competitive advantages. Therefore, recruiting, training, and retaining are powerful and reliable factors that significantly improve organizational performance and resolve crises. Human resource management, especially in the areas of employee recruitment and retention, is essential to organizational and personal success in the public sector, and recruitment and retention continue to be a top priority for today's public sector (Yang, 2019). Further, SHRM is frequently described as the pattern of long-term planned human resource decisions and interventions that convey an organization's

* Corresponding Author, Email: bagherzadeh.ra@fh.lu.ac.ir

willingness to invest in its employees and to recognize their contribution to value creation. Successful employee retention is essential to an organization's stability, growth, and revenue. Without properly implemented strategies for employee retention, the organization may face high employee turnover rates. The bottom line is that the increased longevity of an employee's tenure is better for the organization's overall performance. High employee turnover increases cost in resources, recruitment, and time when replacing open positions. The increased cost related to recruitment includes advertising and overlapping of salary, which make it difficult to maintain positive employee culture and morale (Cloutier et al., 2015). Researchers contend that SHRM practices lead to higher commitment and limit the voluntary leave of employees and, therefore, can be used to predict the voluntary staff turnover rate (Fahim, 2018). Employees are particularly productive and satisfied when they are in an attractive working environment. It is, therefore always an advantage to be as interesting an employer as possible. In addition, employer quality increases the number of applications received and reduces voluntary turnover. Only those who are substantially attractive as employers have realistic prospects of doing well in the war for talent and of developing a positive employer image in the long term (Trost, 2020). Retention means preventing good employees from leaving the organization and thereby increases organization's profitability and productivity. Effective employee retention management ensures that good and experienced employees will remain in organization; therefore, organization's performance will improve, and customer satisfaction will be met (Dechawatanapaisal, 2018). Organization's inability to attract and retain human resources and to prevent voluntary leave of good and experienced employees leads to negative consequences such as increased organizational costs, reduced organizational growth and progress, failure to achieve collaborative goals (Khadka, 2018), reduced organizational performance (Bose, 2018), reduced synergy, and organizational mistrust (Soares & Del Gaudio). Indeed, although retention and turnover research has experienced considerable theoretical expansion in the past few years, an overview of previous studies has indicated a lack of adequate research about the relationship between SHRM practices and employee retention, particularly in the public sector, as much of this discourse in literature is associated with business. The big question here might focus on finding those HRM practices that are more likely to contribute to sustainable competitive advantage, and specifically staff retention (Fahim, 2018, p.21).

Guilan Technical & Vocational Training Organization has been successful in expanding the culture of innovation and learning skills as well as in promoting the knowledge acquisition and human resources allocation. Despite the organization's participatory workplace and good work and organizational ethics, observing standards, human capital development, and talent management development, the evidences and statistics of the organization's human resources department show that the number of people who have left the organization in recent years has increased and, as a result, the organization's success has reduced. The statistics of the Technical and Vocational Organization indicate that a considerable number of the experienced trainers of this organization have left it to set up private vocational institutes. In addition, the key employees of the organization who are unable to leave the organization because of labor market conditions and the difficulty of finding new jobs suffer from emotional resignation due to lack of progression in their career. In fact, the recessive conditions dominating the national economy have made the phenomenon of emotional resignation rampant in a great majority of organizations such as the Technical and Vocational Organization.

It is widely accepted that employee retention depends heavily on recruitment policies and human resource practices of the organization. Training and development, competitive compensation systems are among the important factors of employee retention. As an indicator of employee loyalty that has recently attracted attention of researchers and academics, the retention of expert employees is an important subject in private and public sectors. Most

employees believe that motivating factors such as responsibility, success recognition, and the sense of being important are of a greater importance compared to material factors and economic returns. Therefore, psychological and social factors as well as variables such as interaction and work engagement can be very effective in the reduction or increment of employee retention indicators (Yao et al., 2019). More than half of all organizations globally have difficulty retaining some of their most valued employee groups. Today, organizations can engage employees in order to leverage their talent and gradually this can be the culture at organizations to nurture talent and raise human potential. This eventually leads to supporting the retention measures at the organization (Radadiya & Pandey, 2020). Given the importance and necessity of training and empowerment of individuals to enter the labor market and improvement of their career anchors and their job career, maintaining competent employee and transferring their experience and skills to individuals is very important.

One of the contributions of this paper is to study the distinction between HRM and SHRM in maintaining organization's strategic employees. The strategic employees are those who are engaged in executing the organization mission, and their turnover endangers the organization's entity and philosophy of being. In terms of theory and planning, SHRM is responsible for developing strategies in the field of strategic human resources maintenance in line with the organization's general strategies, while HRM is responsible for executing the developed strategies in the form of SHRM to maintain these kinds of employees. In fact, SHRM is theoretical and subjective, and HRM is practical and objective. Given the abovementioned instances of the literature, this study aims at investigating the impact of strategic HRM practices on employee retention as well as to answer the following questions. To what extent does work engagement have an effective moderating role in the relationship between strategic HRM practices and employee retention? To what extent has the employee retention measures in Guilan Technical & Vocational Training Organization been influenced by strategic HRM practices such as education, service compensation, and so on?

Literature Review

Employee Retention

The objective of employee retention is to retain the qualified employees of the company as long as possible, because qualified employees are invaluable intangible assets of the organization. Employee retention is a process whereby an organization is able to retain its potential employees in order to remain loyal to the organization with a longer period of time. More precisely, human resources (HR) professionals should proactively address dysfunctional turnover (Wulansari et al., 2020). Retention of employees in the organizations is an important parameter of assessing the success rate of any organization. Industrial sector has been moving towards globalization and that changes the behavior of employees towards their organizations. Thus, the firms have to retain the educated and talented employees in their firms during the time of high turnover rate (Diah et al., 2020).

The most important challenge that large company leaders are faced with is the employee retention, which in turn is caused by the scarcity of skilled workforce, reduced economic growth, and employee turnover. Previous studies have shown that the loss of important employees imposes great costs to organizations. For example, employers have stated that the recruitment costs of an employee are equal to 50 to 60 percent of the first-year salary of that employee, and in certain cases (due to skills promotion), this indicator might even reach the 100% rate. Other studies have reported that the cost of losing a talented employee is more than 70% to 200% of his/her annual salary. Therefore, organizations should identify their

important and effective employees, and try to meet their job, family, educational, and social needs. Benefits of retaining important employees include the company's ability to reach its strategic business objectives as well as obtaining competitive advantage over its current and old competitors. Employee retention leads to many benefits such as customer satisfaction, better services, lower costs, reduced sensitivity, positive interactions, increased market share, and increased efficiency (Karimi & Parsafar, 2017). Retaining strategic employees of organization depends on the recruitment and promotion practices as well as human resource practices. Human resource measures directly affect employee retention. In addition, providing trainings on the missions and objectives of organization, proper employee recognition, and the use of the reward system in each organization can reduce the turnover of non-managerial employees (Yao et al., 2019).

Strategic Human Resource Management

Human Resource Management (HRM) suggests the execution of the management standards in order to deal with the workforce of an association. It is concerned with employing, creating, and holding the labor, and its end goal is making them progressively effective. At the point when regular HRM is investigated with the vital HRM or SHRM, it gets more clear (Hadi et al., 2020).

Table 1. Traditional HRM vs. SHRM

| Point of distinction | Traditional HR | Strategic HR |
|-----------------------------|---|--|
| Role of HR | Transactional change follower and respondent | Transformational change leader and initiator |
| Time horizon | Short-term | Short, medium and long (as required) |
| Control | Bureaucratic-roles, policies, procedures | Organic-flexible, whatever is necessary to succeed |
| Job design | Tight division of labor; independence, specialization | Broad, flexible, cross-training teams |
| Key investments | Capital, products | People, knowledge |
| Accountability | Cost center | Investment center |
| Responsibility for HR | Staff specialists | Line managers |

SHRM contains strategy concept, while HRM has resources concept. Strategy is associated with HRM systems. HRM becomes strategic when it is associated with organization strategy and objectives. Management is to create fit between HRM and strategy. HRM is to improve individual performance in organizations, and SHRM is related to organizational performance (Uysal, 2019). Strategic HRM can be defined as a human resource development plan to empower the organization in achieving its goals. The HRM practices can be considered as a set or a system that collectively improves the skills and motivations of the workforce (Boon et al., 2018). The HRM practices have two main purposes: improving skills and increasing motivation. The previous studies show that skill-enhancing activities include selection, training, and development, which are related to the turnover of employees as well as their financial performance. The motivating activities include performance appraisal and compensation, which lead to productivity (Fahim, 2018). The basic functions of SHRM involve designing and implementing a set of internally consistent policies and practices that ensure that the human capital of an organization contributes to the achievement of its objectives. SHRM reflects a more flexible arrangement and utilization of HR to achieve the organizational goals. Importantly, SHRM emphasizes developing the capacity to respond to the external environment through a better deployment of human resources (Muideen, 2020). SHRM practices are aligned with the organizational intention about its future direction. These include:

- Recruitment and selection: Recruitment refers to activities that an organization performs to identify and attract individuals that can help the organization achieve its strategic goals. These activities examine a set of suitable volunteers to increase their interest in the organization as well as to increase the likelihood that they accept the offered jobs. This definition specifies the difference between recruitment and selection functions and highlights the relationship between recruitment and strategy (Brandão et al., 2019).
- Training and career development: It refers to the process of acquiring or transferring the needed knowledge, skills, and abilities to perform an activity. Training and career development provide employers and employees with strategic and extensive benefits (Hammond & Churchill, 2018).
- Performance appraisal: Judgment on whether employees have carried out their duties with respect to a set of standards.
- Compensation and benefits: Compensation refers to “all the extrinsic rewards that employees receive in exchange for their work,” such as wages, bonuses, and benefits. Benefits can be monetary, such as health insurance and paid leave, or non-financial, such as flexible work arrangements and well-being programs to increase employee morale, satisfaction, and commitment (Patiar & Wang, 2020).

The Relationship Between Strategic Human Resource Management Practices and Employee Retention

Creating strategic capability through attracting skilled, committed, and motivated employees in organization is the main purpose of strategic human resource management. Although management cannot always prevent the voluntary turnover of its valuable employees, implementing effective policies and measures in relation to the management of its personnel can greatly reduce the turnover decisions. For example, by implementing different strategies based on development of human resource management systems, employers can easily retain their employees. Similarly, it is shown that when employees feel that organization attempts to meet their needs to training and development, their commitment to their jobs, their motivation to achieve the organization's goals, and their desire to stay in the organization increase. In addition, the measures such as training and development, development of a career path, and incentives and rewards directly affect employee satisfaction, and consequently employee retention (Martin, 2011; Shirazi & Hosseini Robot, 2015;). Several HRM practices can be introduced as its dimensions. It is widely believed that these dimensions have the possibility of motivating employees and help prevent employees from leaving their work by offering them some level of safety, independence, continuity, and opportunity to achieve career satisfaction (Aburumman et al., 2020). Thus, we hypothesize that:

H1: SHRM practices are positively related to employee retention.

Selection strategy is about finding the best source, hiring the best talents, keeping the organization competitive advantage in the job market, and maintaining its ability to retain its best employees. Once a pool of potentially qualified candidates has been identified through the recruitment process, the next step in the process is to select the most qualified candidates from that pool who fit the long term, effective employee exemplar. Therefore, the employees are more likely to stay in the organization using this method. Organizations could pay more attention to recruitment and selection, thereby ensuring that the organization has the kinds of human resources that grant it a high probability of survival and the ability to remain successful within the organization (Tafamel & Akrawah, 2019). Based on the above discussion, we hypothesize that:

H1a: Recruitment and selection is positively related to employee retention.

Career development opportunities and training have a direct effect on employee retention. The challenge for the HR professionals is to develop and identify the career development strategies and train them that would improve the commitment of employee; then, he or she would feel that they are taken into account. This will help the organization to retain employees, and keep the employees more motivated to work hard and enthusiastically; this will help the organization achieve its goals effectively and efficiently (Jeffrey & Prasetya, 2019). Based on the above discussion, we hypothesize that:

H1b: Training and career development is positively related to employee retention.

Performance appraisal can also serve as a means of communication between management and employees. This can then support retention, because employees can view the assessment process positively. It is important for organizations to understand how employees feel the effectiveness of their performance appraisal systems to obtain positive employee performance results (Jeffrey & Prasetya, 2019). Based on the above discussion, the following hypothesis is given;

H1c: Performance appraisal is positively related to employee retention.

The remuneration that an organization gives to its employee is the primary factor, which reveals the commitment and intention towards the employee and is one of the compelling reasons for an employee to stay in that organization. However, payment is not sufficient by itself to motivate employees to stay in the organization. An employee may decide to leave the organization for better monetary considerations, but high payments do not necessarily make the employees stick with an organization. There can be different other factors as well that affect the employees' decision to stay in the organization. These factors play a vital role in influencing the employee's commitment to the organization. The management must pay attention to these factors along with compensation (Haider et al., 2019). Based on the above discussion, the following hypothesis is given:

H1d: Compensation and benefits is positively related to employee retention.

Job Engagement

Job engagement is a work-related state that is characterized by vigor, dedication, and absorption (Bakker et al., 2020). It refers to one's active allocation of personal resources and energies in performing his/her job (Eldor et al., 2020). Job engagement is a positive mental state to fulfill and finish the work with the following three dimensions:

- Vigor: mental toughness and strong effort to struggle while working (Wiroko & Fadillah, 2020).
- Dedication: emotional involvement with one's work and the experience of a sense of enthusiasm, inspiration, and pride.
- Absorption: cognitive concentration on one's work to the point of experiencing time as passing quickly (Eldor et al., 2020).

Job Engagement, Strategic Human Resource Management and Employee Retention

Efficient human resources are important and essential ones that organizations need to obtain their objectives. Although management cannot always prevent the leaving of its valuable employees, the implementation of effective policies and measures relating to human resources management can reduce its occurrence to a large extent (Shirazi & Hosseini Robot, 2015). What values the managers and employees own directly guides their way of thinking, regarding all the talent management stages, e.g., attracting, hiring, compensating and rewarding, developing, and retaining talents (Kamel, 2019). Strategic human resource management is valuable and has an immense influence on employee retention. Some people

view employee retention as the result of the implementation of strategic human resource policies and processes that assist employees to remain with the company because of the provision of a work environment that meets the employees' needs. Organizations can increase and sustain competitive advantage through effective management of human resources, as the success of any organization is dependent on the quality and efficiency of its human resources (Atieno, 2019). Effective human resource management (HRM) practices can influence levels of work engagement and improve the client's service quality, satisfaction and retention, offer a distinctive competitive advantage, and improve the performance of the organization (Shibiti, 2020). Based on the discussion above, the following hypothesis is presented:

H2: Job engagement moderates the relationship between SHRM practices and employee retention.

Job engagement is a display of vigor, dedication, and absorption in one's job. It is an undefined force that inspires employees to move toward advanced stages of performance and illustrates the degree to which workers are satisfied with their occupations, feel appreciated in their roles, and experience teamwork and trust. Job engagement is an individual's participation and satisfaction displayed through their eagerness for work and strong effort to struggle while working. Engaged employees generally feel involved, loyal, enthusiastic, and empowered, and exhibit those feelings in their work behavior. More specifically, such employees have great energy, are passionate about their work, and are often fully absorbed in it such that work time passes quickly in their eyes, which will significantly contribute towards productivity, efficiency, and effectiveness of the organization with lower employee turnover rates. In addition, effective human resource management practices can influence job engagement such as vigor, dedication, absorption and can improve the employee retention (Singh et al., 2016). Based on the above discussion, the following hypotheses are as follows:

H2a: Vigor moderates the relationship between SHRM practices and employee retention.

H2b: Dedication moderates the relationship between SHRM practices and employee retention.

H2c: Absorption moderates the relationship between SHRM practices and employee retention.

Job Engagement, Recruitment and Selection, and Employee retention

Employee recruitment and selection is a process of choosing individuals who have relevant qualifications to fill existing or projected job openings. The firms with less than 20 employees implement easy attitude towards employee recruitment and selection, which in turn could lead to high employee turnover. Therefore, recruitment and selection have effects on employee retention (Mohammad, 2015). The acquisition and retention of skilled employees assume a significant purpose in any organization, since the skills and knowledge of employees have paramount effects on organization's capability to be economically competitive. Managers in both service and production sectors do realize that it is the individual within an organization that ultimately ensures its perpetual existence. This heavily depends on proper selection and recruitment that support retention of the employees in the organization (Miheo et al., 2019). Company leaders should only invest in recruitment, training, and development practices to reduce employee turnover. Relating to employee recruitment and retention, the implementation of various HR policies to enhance job performance improves job satisfaction and lowers turnover (Fitz-Lewis, 2018). Evidences indicate that engaged and committed workforce can bring about abundant benefits for the organization, essentially in terms of lower turnover intentions and reduced absenteeism. Employees who have trust in senior

management show higher levels of engagement and lower intention to leave the organization (Kundu & Lata, 2017). In other words, the more highly engaged the employee, the more likely he or she will be to say positive things about the organization, thereby contributing to the development of a positive employer brand; that is to say, they want to remain within the organization, thereby the turnover is minimized (Erwin et al., 2019). Based on the above discussion, we hypothesize that:

H3: Job engagement moderates the relationship between recruitment and selection and employee retention.

Organizations utilize several techniques to recruit and eventually hire employees to help their company perform successfully. Candidates will get the opportunity to make the correct job choice, will be more satisfied with the job because of the fit between expectations and reality, and will be more committed to the organization. In addition to this, the high levels of energy, sense of significance, and deep engrossment with one's work can be utilized to increase work engagement, which is an important aspect in the employee retention (Fahim, 2018). Based on the above discussion, the following hypotheses are as follows:

H3a: Vigor moderates the relationship between recruitment and selection and employee retention.

H3b: Dedication moderates the relationship between recruitment and selection and employee retention.

H3c: Absorption moderates the relationship between recruitment and selection and employee retention.

Job Engagement, Training and Career Development and Employee Retention

Career development opportunities and training have a direct effect on employee retention. Career development is a system which is organized; it is a planned effort of achieving a balance between the career needs of the individual and the organization's workforce requirement. The challenge for the HR professionals is to develop and identify the career development strategies and train them, which would improve the commitment of employee, where he/she would feel that they are being given importance and significance. This will help the organization retain employees, as they will be more motivated to work hard and enthusiastically, which will help the organization achieve its goals efficiently and effectively. HR professionals should try to create career development opportunities and train them and make employee satisfied and retain them in organization (Hassan et al., 2013). Employees are expected to learn new skills and knowledge to improve themselves and the work they do. It is important to them to feel that they are learning, growing, and remaining competitive comparing to their industry peers (Al-Sharafi et al., 2018). Organizations are completely at a loss when the employees leave their job once they are fully trained and developed, and more so when they already have the experience of operations in the organization. Thus, employee retention should take into account the various measures so that an individual stays in an organization for the maximum period of time. HR managers try to prevent the employee turnover by implementing effective retention strategies. Employees are less likely to leave when they share similar values as their organizations, HRM practices can be used strategically to improve the employee-organization value fit to improve retention. The retention of employees can be further increased through job specific training, career development chances, friendly work environment, rewards, and other benefits that should be planned by the organization. Job engagement and rewards, work-life balance, and promotion policy have a big role in increasing job satisfaction, which may secure employee retention in organizations. Creating an amicable and conducive working environment can make the

employees to work and stay in the organization. Thus, job engagement can affect employee retention, with a focus on opportunities for development (Akther & Tariq, 2020). Based on the above discussion, we hypothesize that:

H4: Job engagement moderates the relationship between training and career development and employee retention.

Organizations that provide continuous training and skills upgrading programs can maintain their competitive advantage, and they are at the same time more likely to satisfy and retain their valuable employees. Organizations that implement career development programs are more likely to have a high level of commitment and retention among their employees. The career development opportunities among other unpopular factors such as job content and work-life balance have a higher impact on employees' retention (Al-Sharafi et al., 2018). In addition to this, employees armed with vigor present strong motivations toward excelling in workplace duties (regardless of the challenges they face), and are interested in learning. Highly engaged employees are more positive about their jobs and organizations, treat co-workers with more respect, help others improve work efficacy, continually improve work-related skills, are highly active, and demonstrate in- and extra-role performance (Lu et al., 2016). Based on the above discussion, the following hypotheses are as follows:

H4a: Vigor moderates the relationship between training and career development and employee retention.

H4b: Dedication moderates the relationship between training and career development and employee retention.

H4c: Absorption moderates the relationship between training and career development and employee retention.

Job Engagement, Performance Appraisal and Employee Retention

Employee performance appraisal is frequently used for the purpose of making distinctions among employees, identifying employees' strengths and weaknesses, evaluating HR systems, documenting personnel decisions, and enhancing employee performance. PA is a key aspect of establishing performance goals, addressing performance problems, distributing rewards, and initiating disciplinary procedures, including dismissals (Eyoum et al., 2020). Feedback, selection, communication, performance evaluation, and periodic analysis are key components of the performance assessment. Employee feedback encourages behavioral shaping and improves learning that helps drive retention and performance. The communication system also encourages employees to participate voluntarily in the evaluation process, which results in a positive influence on the retention of employees. The performance review has helped maintain employee retention, because trust is provided to employees that the company is dedicated to meet employee needs and performance growth (Kalyanamitra et al., 2020). It is a management philosophy that retaining talent is better than frequent hiring. This can be due to various reasons such as the cost involved in the recruiting process, the loss of expert staff that have been in the job for a long time, the loss of consistency and control, etc. Voluntary turnover results in employees departing and switching over to competing firms. Performance appraisal techniques play an important role in employee retention (Rajarajeshwari & Cynthia, 2020). In the data related to job engagement, it is noted that through increased job satisfaction, organizations can retain their employees easier (Sergio & Rylova, 2018). An employee with the intention to stay in an organization is usually engaged with the job and has higher productivity (Jaharuddin & Zainol, 2019). Based on the discussion above, we hypothesize that:

H5: Job engagement moderates the relationship between performance appraisal and employee retention.

The systematic feedback on work performance may influence intrinsic motivation through increased experienced responsibility for the outcomes and knowledge of the actual results of the work. Feedback received through PA activities may increase intrinsic motivation to the extent that it increases employees' perceived competence and it may affect the employee retention. The elements of job engagement types – including vigor, dedication, and absorption – also can be internal, affective representations of the individual's energy reservoirs related to the job. Thus, an individual experiencing vigor at work perceives him/herself to be peppy, physically enlivened, cognitively quick and creative, and able to have meaningful interactions with others. Thus, highly engaged employees show lower intention to leave the organization (Jeffrey & Prasetya, 2019). Based on the discussion above, the following hypotheses are as follows:

H5a: Vigor moderates the relationship between performance appraisal and employee retention.

H5b: Dedication moderates the relationship between performance appraisal and employee retention.

H5c: Absorption moderates the relationship performance appraisal and employee retention.

Job Engagement, Compensation and Benefits and Employee Retention

Pay is an important driver of turnover. Compensation is correlated with public sector employees' intention to stay, and compensation is a significant predictor of employees' retention. Extrinsic monetary rewards and intrinsic rewards are motivating for employees, and motivate them to stay in the organization (Rasdi & Chen, 2018). Compensation is a valuable tool for employees' effectiveness and can affect the staff behavior positively. Moreover, compensation governs the attraction and retention of talented workers to accomplish goals and it is the main source for encouraging and retaining employees. The employees could best retained by providing them with higher salaries (Adil et al., 2020). A profound understanding of the factors that may improve employee retention is needed along with an understanding of the way in which variables such as retention factors and job engagement affect the retention of employees. Work engagement is imperative because, in general, engaged employees are very fond of the organization they work for, and are more likely to remain indefinitely. Work engagement has been linked strongly with employee retention in the literature (Shibiti, 2020). In addition, an attractive benefits package that includes professional development support and flexible work options that rival those of an organization's competitors could help with employee retention (Antony, 2020). Based on the discussion above, the following hypothesis is proposed:

H6: Job engagement moderates the relationship between compensation and benefits and employee retention.

An effective way to maintain employee engagement is to show them that they are appreciated. A good organization must have a good compensation management system and be able to increase employee engagement in the organization. Compensation can also be given in the form of recognition or appreciation of the work of employees and can increase work attachment to the organization. Employee work engagement with vigor, dedication, and absorption reflects individual involvement and satisfaction as well as enthusiasm in working. Employees who have a high level of engagement will have a high emotional attachment to the organization (so, it will have an effect on completing work) and tend to have satisfying work quality (Robianto & Masdupi, 2020). Based on the discussion above, the following hypotheses are given in:

H6a: Vigor moderates the relationship between compensation and benefits and employee retention.

H6b: Dedication moderates the relationship between compensation and benefits and employee retention.

H6c: Absorption moderates the relationship compensation and benefits and employee retention.

Age, Gender, Education and Work Experience as Moderators

The study of human population is called demographics. It consists of such personal information as race, family size, income level, educational level, location, ethnicity, gender, and age. Age is still a source of discrimination in the workplace and a potential barrier for employees' involvement and participation in HR development practices. Research shows that companies devote most training investments to young 'high potentials' and older employees are more likely to be discriminated in the workplace in respect to learning and development compared to their younger colleagues. Gender is the social distinction between women and men, their roles, and the way they construct the society. Education level has emerged as an important factor in human behavior, and has thus been used as the criterion in a variety of categorizations such socioeconomic status (Akram et al., 2016). Work duration also has an important effect on the relationship between SHRM and employee retention in organizations. Based on the discussion above, the following hypotheses are proposed:

H7: Age moderates the positive relationship between SHRM practices and employee retention.

H8: Gender moderates the positive relationship between SHRM practices and employee retention.

H9: Education moderates the positive relationship between SHRM practices and employee retention.

H10: Work experience moderates the positive relationship between SHRM practices and employee retention.

H11: Age moderates the positive relationship between job engagement and employee retention.

H12: Gender moderates the positive relationship between job engagement and employee retention.

H13: Education moderates the positive relationship between job engagement and employee retention.

H14: Work experience moderates the positive relationship between job engagement and employee retention.

Methods

The study used a quantitative approach by carrying out a survey to collect primary data. The research statistical population included all the managers and employees working in the strategic jobs of Guilan Technical & Vocational Training Organization. Iran Technical and Vocational Training Organization was founded in 1980 by integrating three training bodies – MOLSA'S General Directorate for Vocational Trainings, Apprenticeship Fund, and Apprenticeship Society – into Technical and Human Force Training Organization. Later in 1981, it was renamed as Technical and Vocational Training Organization. The organization's main missions are skills training, research, developing training standards, and labor force assessment. In this organization, target groups include job seekers, employees (enterprises, unions, guilds, etc.), college students and graduates, students, soldiers, inhabitants of deprived areas, borders, and non-formal settlements, vulnerable groups (breadwinner women, child laborers, etc.),

housewives, the disabled, villagers and nomads, prisoners and their families, rehabilitated ex-addicts, social sufferers, foreigners and refugees, and other countries' instructors.

Tactical work focuses on what needs to be done today. Strategic work tackles what managers and experts do when they enact strategy growth such as 'collaborative work,' 'private work,' and 'negotiating work' (Jarzabkowski et al., 2015). It focuses on the future and on the improvements and innovations needed to create an exceptional organization. It starts with conceiving the dream, vision, purpose, and mission of organization and then building the systems that produce exceptional results for labor market and all other stakeholders. It should be explained that in this organization, 650 organization employees, 372 people (either as managers or decision-makers or as professional and experienced trainers) consider the organization's major mission as causing some distinction in the field of skills training needed to labor market. Moreover, they deem that the failure of the organization in designing suitable plans for maintaining strategic employees endanger the organization's mission. In this study, the population consisted of 372 people and the sample based on Cochran's formula was equal to 189. Given the limited and definite number of these individuals, the sample size by the Cochran formula is:

$$n = \frac{p(1-p)NZ_{\frac{\alpha}{2}}^2}{e^2(N-1) + p(1-p)Z_{\frac{\alpha}{2}}^2} = \frac{0.5 \times 0.5 \times 372 \times (1.96)^2}{(0.05)^2(372-1) + 0.5 \times 0.5 \times (1.96)^2} = 189$$

The stratified random sampling method was used so that the population would be homogeneous with respect to the characteristics under study. Initially, 200 questionnaires were distributed within the organization. In total, three of the original 200 participants did not respond. A total of 197 questionnaires were received. Finally, 197 questionnaires were completed and collected for final analysis.

The questionnaire of the research consisted of two parts. The first part relates to the demographic variables such as gender, age, educational level, and work experience. Table 3 presents results of the demographic analysis of this questionnaire.

Table 2. Distribution of the Sample Based on Stratified Sampling Method

| Group Name | Population | | Sample | |
|----------------------------|------------|---------|-------------------|------------------------------------|
| | Frequency | Percent | Number of samples | Number of collected questionnaires |
| Industry | 182 | 49% | 91 | 92 |
| Agriculture | 55 | 15% | 28 | 29 |
| Art & Culture | 75 | 20% | 39 | 40 |
| Services | 50 | 13% | 26 | 29 |
| International Interactions | 10 | 3% | 5 | 7 |
| Total | 372 | 100 | 189 | 197 |

Table 3. Distribution and Characteristics of the Sample

| demographic variables | Number | % |
|-----------------------|-------------------|------|
| | Gender | |
| Female | 50 | 25.4 |
| Male | 147 | 74.6 |
| | Age | |
| 20-30 | 12 | 6.1 |
| 31-40 | 122 | 61.9 |
| >40 | 63 | 32.0 |
| | Educational level | |
| BSc./B.A. | 136 | 69.0 |
| MSc./M.A. | 33 | 16.8 |
| Ph.D. | 28 | 14.2 |
| | Work experience | |
| 5-10 | 12 | 6.1 |
| 11-15 | 54 | 27.4 |
| 16-20 | 86 | 43.7 |
| >20 | 45 | 22.8 |

The second part of the questionnaire included 12 questions to measure strategic HRM practices, and 12 questions to measure employee retention, which was validated by Fahim’s standard questionnaire (2018), that is in turn designed based on El-Ghalayini (2017), Allui and Sahni (2016), Mbugua (2015), and Francis (2014) studies. A 12-item strategic HRM practices questionnaire developed and validated by Fahim (2018) was used. The sample items of strategic HRM practices were “The organization conducts impartial tests and personal interviews to assess the potential of candidates and their qualifications to choose the best, with preference to internal hiring” and “The organization encourages staff career development through job enrichment and periodical job rotation, in addition to the commitment to promote capable employees into higher positions.” A 12-item employee retention questionnaire developed and validated by Fahim (2018) was used. Sample items were “You like your work at the organization and enjoy the sense of challenge and achievement you get from doing your job” and “You feel valued and your job efforts are appreciated at work.” In addition, the second part of the questionnaire included 17 questions to measure employees’ job engagement, and it was validated by the standard questionnaire of Schaufeli et al. (2002). Sample items included “At your job, you feel strong and vigorous” and “When you are working, you forget everything else around you.” As it is clear-cut in the questionnaire items, the employees and trainers answered the questions pertaining to employee retention and job engagement, and the managers answered the SHRM-related items. It is worth mentioning here that the study used the questionnaire to gather data using a five-point Likert scale as the measurement tool, ranging from 1 = strongly disagree to 5 = strongly agree. The Smart PLS-2 and the structural equation modeling (SEM) with the partial least square’s method were used to test the research hypotheses. Figure I shows the model used in this study. Following the methodology used by Fahim (2018), strategic HRM practices with dimensions of recruitment and selection, training and career development, performance appraisal and compensation, and benefits comprised the research independent variable and the employee retention was the research dependent variable. In addition, following Kundu and Lata (2017), job engagement with the three dimensions of vigor, dedication, and absorption was used as the research moderating variable.

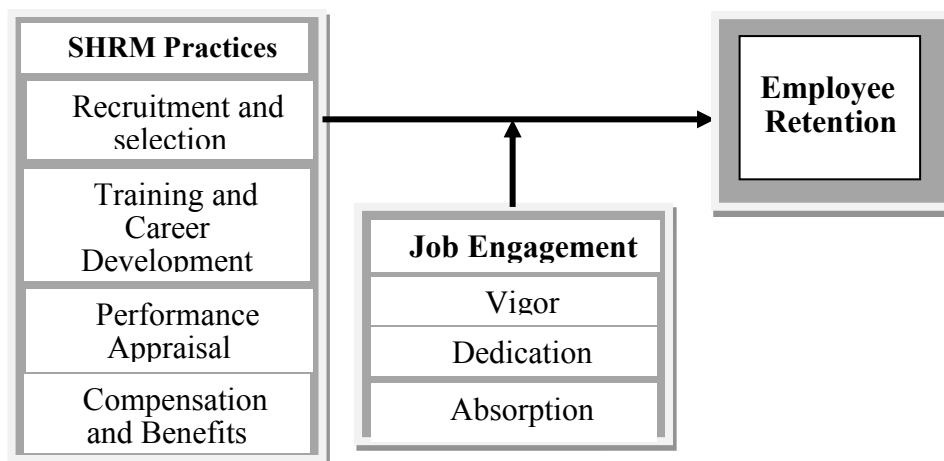


Figure 1. Proposed Conceptual Model

We used opinions of several management faculty members to confirm the content validity of the questionnaire and to ensure that the questionnaire content was suitable for measuring variables in the target population. As can be seen, Cronbach's alpha coefficient was greater than 0.7 for all the components, indicating the good internal compatibility of the model. In addition, the values of the composite reliability coefficients for the research variables were

greater than 0.7, which confirms the composite reliability of the research questions in measuring variables, and as a result, the fitness of the model was confirmed. As can be seen, items 35 and 29 (out of the 41 measurement items) had unacceptable factor loadings, and thus were removed from the research model and the rest of the factor loadings were greater than 0.7; thus, they were suitable for estimating the relevant variables. According to the results of the convergent validity, which are presented in Table 4, the average variance extracted for all the research variables was greater than 0.5, confirming the convergent validity of the measurement model.

Table 4. Factor Loadings, Validity, and Reliability Values

| Variable | Indicator | Loading | Composite reliability | AVE | variable | Indicator | Loading | Composite reliability | AVE |
|------------------------------------|-----------|---------|-----------------------|------|------------------------------------|-----------|---------|-----------------------|------|
| Rec. Cronbach's Alpha: 0.936 | 1 | 0.93 | 0.96 | 0.89 | Ret. Cronbach's Alpha: 0.978 | 19 | 0.91 | 0.98 | 0.81 |
| | 2 | 0.95 | | | | 20 | 0.91 | | |
| | 3 | 0.94 | | | | 21 | 0.91 | | |
| | | | | | | 22 | 0.92 | | |
| | | | | | | 23 | 0.93 | | |
| 24 | 0.90 | | | | | | | | |
| Tra. Cronbach's Alpha: 0.929 | 4 | 0.93 | 0.95 | 0.88 | Vig. Cronbach's Alpha: 0.929 | 25 | 0.88 | 0.95 | 0.78 |
| | 5 | 0.94 | | | | 26 | 0.91 | | |
| | 6 | 0.94 | | | | 27 | 0.79 | | |
| Per. Cronbach's Alpha: 0.933 | 7 | 0.95 | 0.96 | 0.88 | Ded. Cronbach's Alpha: 0.883 | 28 | 0.91 | 0.92 | 0.74 |
| | 8 | 0.92 | | | | 30 | 0.93 | | |
| | 9 | 0.94 | | | | 31 | 0.87 | | |
| Com. Cronbach's Alpha: 0.932 | 10 | 0.95 | 0.96 | 0.88 | Abs. Cronbach's Alpha: 0.963 | 32 | 0.89 | 0.97 | 0.84 |
| | 11 | 0.95 | | | | 33 | 0.82 | | |
| | 12 | 0.92 | | | | 34 | 0.85 | | |
| Ret. Cronbach's Alpha: 0.978 | 13 | 0.87 | 0.98 | 0.81 | Abs. Cronbach's Alpha: 0.963 | 36 | 0.90 | 0.97 | 0.84 |
| | 14 | 0.84 | | | | 37 | 0.86 | | |
| | 15 | 0.89 | | | | 38 | 0.91 | | |
| | 16 | 0.91 | | | | 39 | 0.94 | | |
| | 17 | 0.89 | | | | 40 | 0.95 | | |
| | 18 | 0.90 | | | | 41 | 0.93 | | |

Notes: Rec., Recruitment and Selection; Tra., Training and Career Development; Per. Performance Appraisal; Com., Compensation and Benefits; Vig., Vigor; Ded., Dedication; Abs., Absorption; Ret., Employee Retention.

Fornell and Larcker criterion (1981) was used to examine the discriminant validity of the questionnaire, and the results showed that the square roots of the variance for the main variables of the research, which are placed in the original diameter of the matrix are greater than the correlation between the variables, which are located in entries below the main

diameter (Moazen Jamshidi & Khani, 2013). Accordingly, the discriminant validity of the research model is also confirmed.

Table 5. Discriminant Validity

| | Abs. | Com. | Ded. | Per. | Rec. | Ret. | Tra. | Vig. |
|------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Abs. | 0.92 | | | | | | | |
| Com. | 0.54 | 0.94 | | | | | | |
| Ded. | 0.54 | 0.47 | 0.86 | | | | | |
| Per. | 0.45 | 0.68 | 0.44 | 0.94 | | | | |
| Rec. | 0.62 | 0.75 | 0.50 | 0.75 | 0.94 | | | |
| Ret. | 0.64 | 0.59 | 0.42 | 0.59 | 0.67 | 0.90 | | |
| Tra. | 0.50 | 0.75 | 0.44 | 0.78 | 0.78 | 0.65 | 0.94 | |
| Vig. | 0.78 | 0.52 | 0.56 | 0.43 | 0.57 | 0.62 | 0.52 | 0.88 |

Notes: Rec., Recruitment and Selection; Tra., Training and Career Development; Per. Performance Appraisal; Com., Compensation and Benefits; Vig., Vigor; Ded., Dedication; Abs., Absorption; Ret., Employee Retention.

Data Analysis and Results

To estimate the conceptual model and analyze the structural path, the hypotheses were analyzed with Smart-PLS2. After examining and verifying the model validity, regression coefficients and “t” statistics were used to test the hypotheses. Table 6 and Figure 2 evidently outline a positive relationship between SHRM Practices and employee retention ($\beta=0.897$, $T= 47.137>1.96$). In addition to this, the findings in Table 6 and Figure 3 confirm that recruitment and selection significantly influence employee retention ($\beta= 0.234$, $T= 2.867>1.96$). Hence, H1a is supported. Furthermore, the findings from Table 6 and Figure 3 endorse that training and career development positively influence employee retention ($\beta= 0.252$, $T= 3.209>1.96$), and confirm H1b. The influence of the performance appraisal on employee retention was positive and significant ($\beta = 0.207$, $T = 2.762>1.96$), showing that H1c is supported. Similarly, the findings in Table 6 provide empirical support for H1d, where the influence of the compensation and benefits on employee retention is positive and significantly affects the employee retention ($\beta = 0.263$, $T = 4.193>1.96$), confirming the hypothesis (H1d).

Table 6. Path Coefficient and T-Statistics/ Model 1 without Moderating Construct

| Path/ Hypothesis | β | T-Value | Result |
|--------------------------|---------|---------|-----------|
| SHRM. \rightarrow Ret. | 0.897 | 47.137 | Supported |
| Rec. \rightarrow Ret. | 0.234 | 2.867 | Supported |
| Tra. \rightarrow Ret. | 0.252 | 3.209 | Supported |
| Per. \rightarrow Ret. | 0.207 | 2.762 | Supported |
| Com. \rightarrow Ret. | 0.263 | 4.193 | Supported |

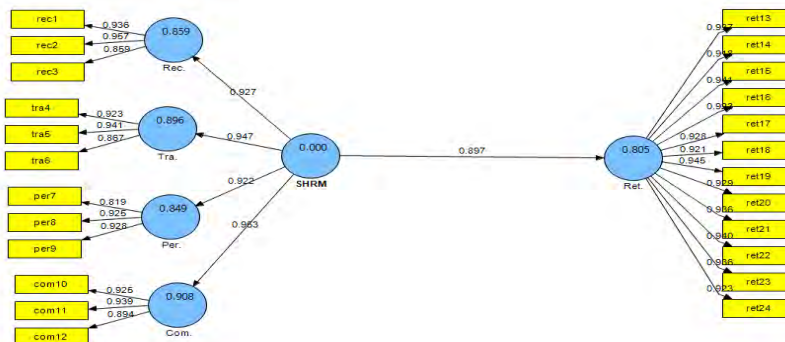


Figure 2. Results of the Structural Model, SHRM and Retention

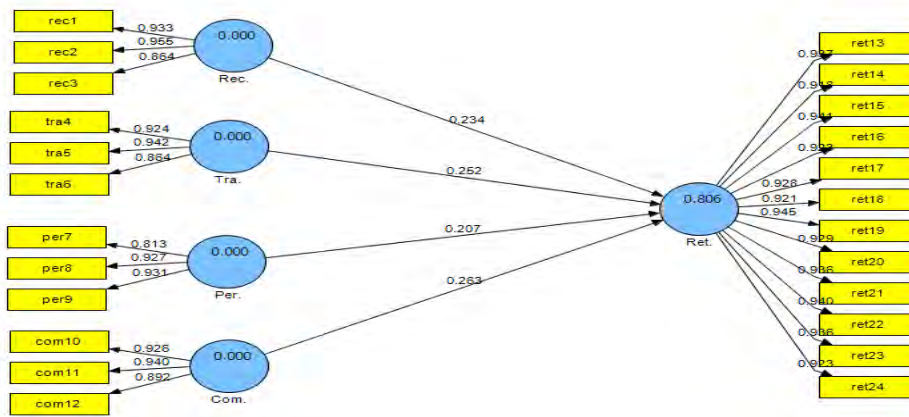


Figure 3. Results of the Structural Model, Dimensions of SHRM and Retention

The greater the beta coefficient (β), the stronger the effect of an exogenous latent construct on the endogenous latent construct. Table 6 and Figure 3 show that the compensation and benefits have the topmost path coefficient of $\beta = 0.263$ when compared to other β values in the model, which shows that it has a greater value of variance and high effect with regard to affecting the employee retention. However, the performance appraisal has the least effect on employee retention with $\beta = 0.207$.

Table 7 and Figure 4 illustrate the results from PLS analysis, and show the statistical significance of each hypothesis under path coefficients (β) and t -tests. We added the moderating construct of "SHRM Practices * Job Engagement" to investigate the moderating effect in the model. As indicated in Table 7, this hypothesis is confirmed. These findings confirm this hypothesis at the confidence level of 95% ($\beta= 0.188, T= 2.194 > 1.96$), as the T-Value is greater than the threshold value of 1.96.

Table 7. Results of the Structural Model /H2

| Path/ Hypothesis | β | T-Value | Result |
|-------------------------|---------|---------|-----------|
| SHRM \rightarrow Ret. | 0.458 | 5.951 | Supported |
| H2 | 0.188 | 2.194 | Supported |

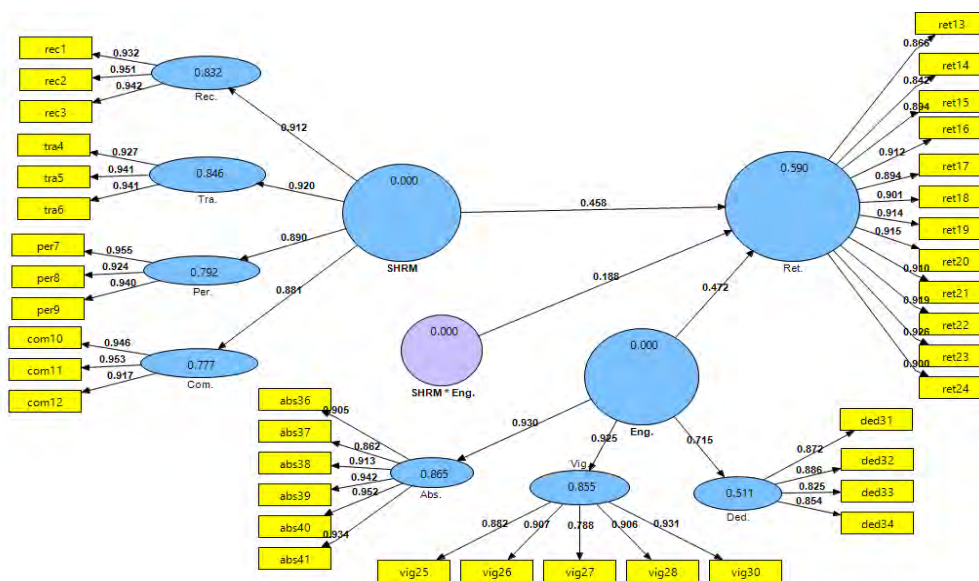


Figure 4. Results of the Structural Model

To better understand the nature of the identified moderating effect of job engagement in the relationship between SHRM practices and employee retention, we created a plot of the interaction (Figure 5). As can be seen in Figure 5, job engagement has a beneficial effect and strengthens the positive relationship between SHRM practices and employee retention. In contrast, in a situation when the job engagement is not perceived, the association becomes dampened.

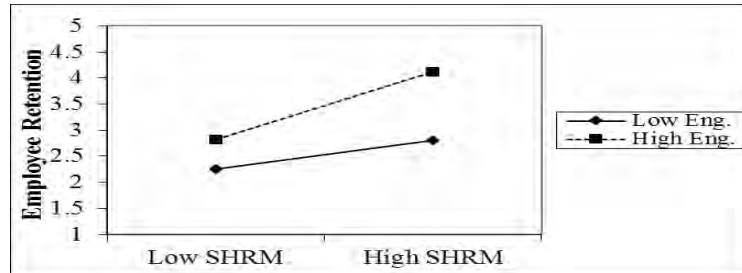


Figure 5. Interaction Plot of SHRM and Eng

In addition to this, the findings in Table 8 and Figure 6 confirm that vigor, dedication, and absorption interact significantly with SHRM to influence employee retention.

Table 8. Results of the Structural Model

| Path/ Hypothesis | β | T-Value | Result |
|--------------------------|---------|---------|-----------|
| SHRM. \rightarrow Ret. | 0.444 | 5.046 | Supported |
| H2a | 0.202 | 2.212 | Supported |
| H2b | 0.299 | 2.964 | Supported |
| H2c | 0.233 | 2.787 | Supported |

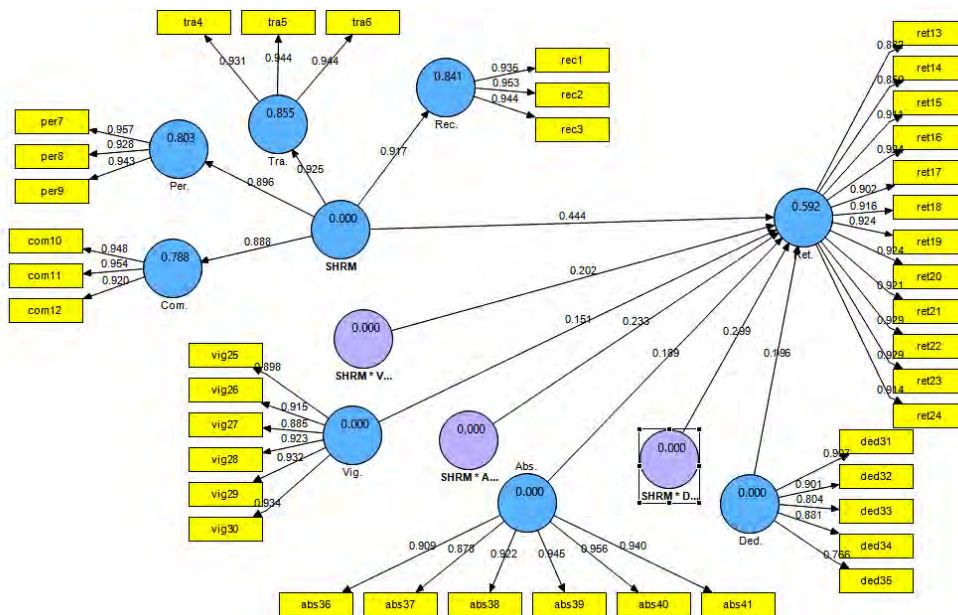


Figure 6. Results of the Structural Mode

As can be seen in Figure 7, vigor, dedication, and absorption have beneficial effects and strengthen the positive relationship between SHRM practices and employee retention.

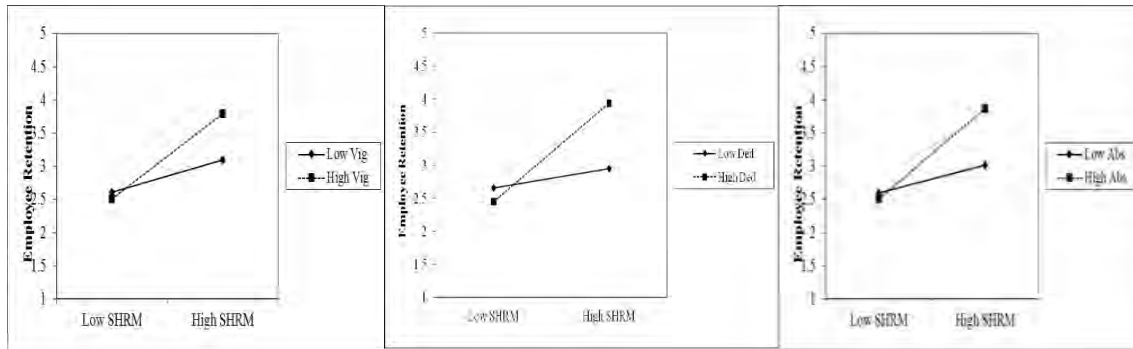


Figure 7. Interaction Plot of SHRM and Vig, Ded, Abs.

The moderating construct of "Recruitment and selection * Job Engagement" was added to investigate the moderating effect in the model. As indicated in Table 9 and Figure 8, this hypothesis is confirmed. These findings confirm this hypothesis at the confidence level of 95% ($\beta = 0.161$, $T = 2.095 > 1.96$), as the T-Value is greater than the threshold value of 1.96

Table 9. Results of the Structural Model /H3

| Path/ Hypothesis | β | T-Value | Result |
|-------------------------|---------|---------|-----------|
| Rec. \rightarrow Ret. | 0.411 | 5.565 | Supported |
| H3 | 0.161 | 2.095 | Supported |

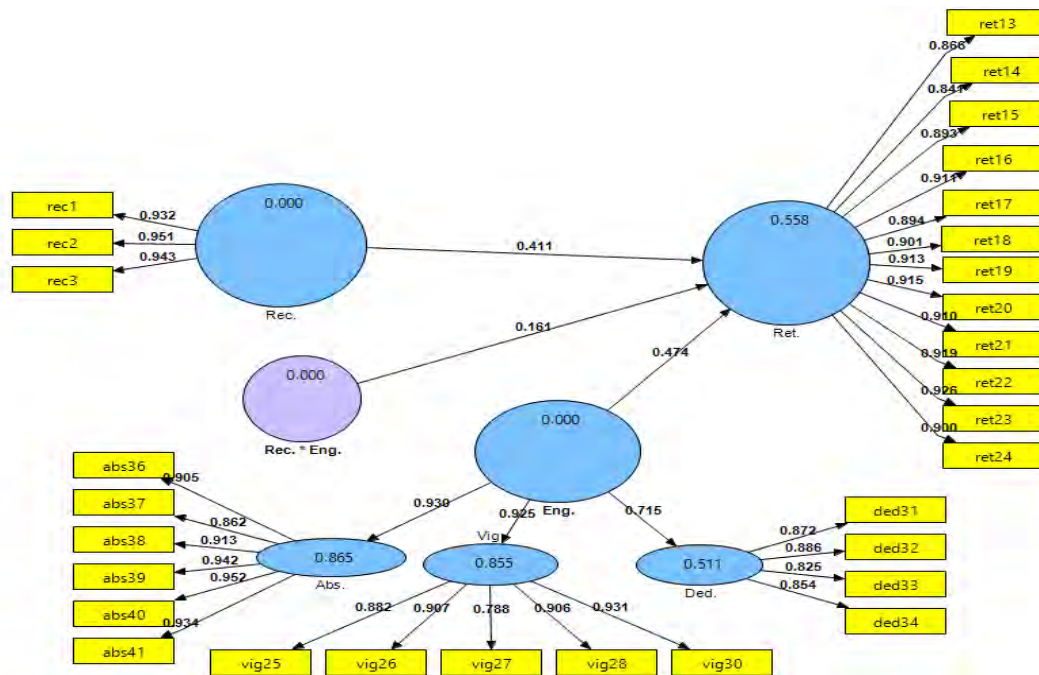


Figure 8. Results of the Structural Model

As can be seen in Figure 9, job engagement has a beneficial effect and strengthens the positive relationship between recruitment and selection and employee retention. In contrast, in a situation where the job engagement is not perceived, the association becomes dampened.

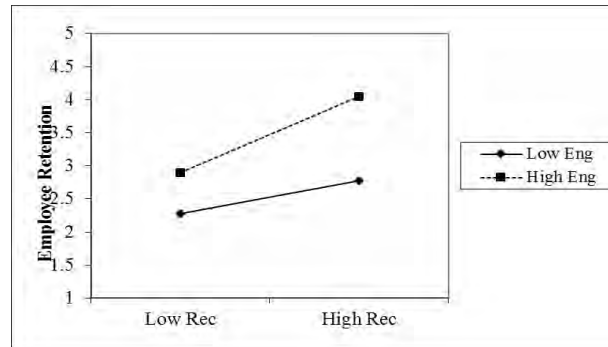


Figure 9. Interaction Plot of Rec and Eng

In addition to this, the findings in Table 10 and Figure 10 confirm that vigor, dedication, and absorption interact significantly with recruitment and selection to influence employee retention.

Table 10. Results of the Structural Model

| Path/ Hypothesis | β | T-Value | Result |
|-------------------------|---------|---------|-----------|
| Rec. \rightarrow Ret. | 0.436 | 5.883 | Supported |
| H3a | 0.249 | 2.460 | Supported |
| H3b | 0.247 | 2.376 | Supported |
| H3c | 0.228 | 2.287 | Supported |

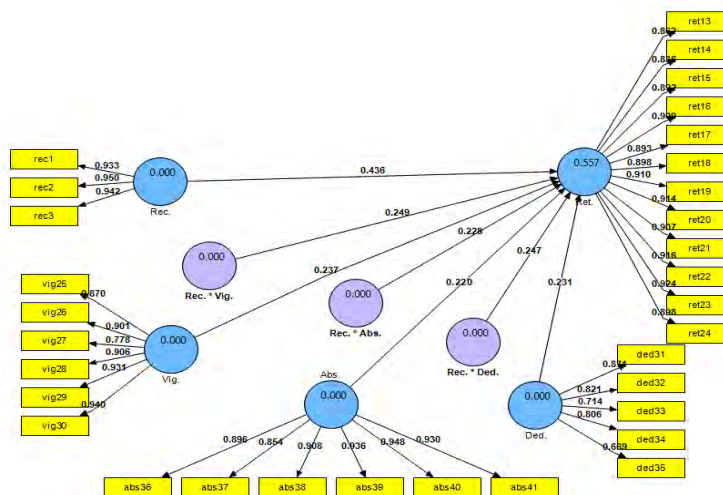


Figure 10. Results of the Structural Model

As can be seen in Figure 11, vigor, dedication, and absorption have beneficial effects and strengthen the positive relationship between recruitment and selection and employee retention.

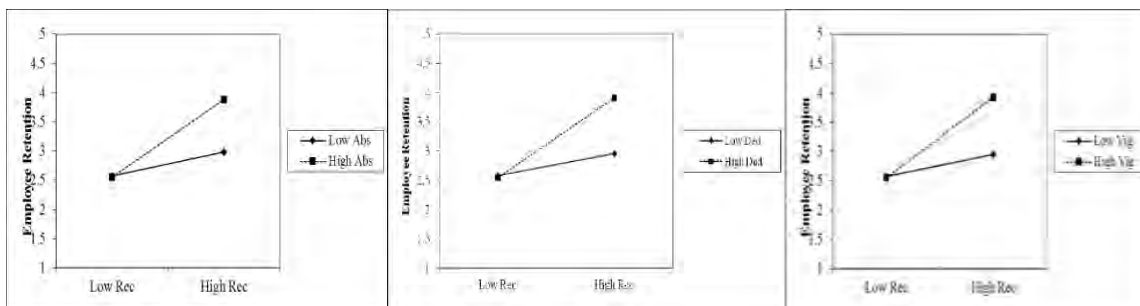


Figure 11. Interaction Plot of Rec and Vig, Ded, Abs.

The moderating construct of " Training and Career Development * Job Engagement" is added to investigate the moderating effect in the model. As indicated in Table 11 and Figure 12, this hypothesis is confirmed. These findings confirm this hypothesis at the confidence level of 95% ($\beta = 0.186$, $T = 2.156 > 1.96$), as the T-Value is greater than the threshold value of 1.96is.

Table 11. Results of the Structural Model /H4

| Path/ Hypothesis | β | T-Value | Result |
|------------------|---------|---------|-----------|
| Tra. → Ret. | 0.391 | 6.625 | Supported |
| H4 | 0.186 | 2.156 | Supported |

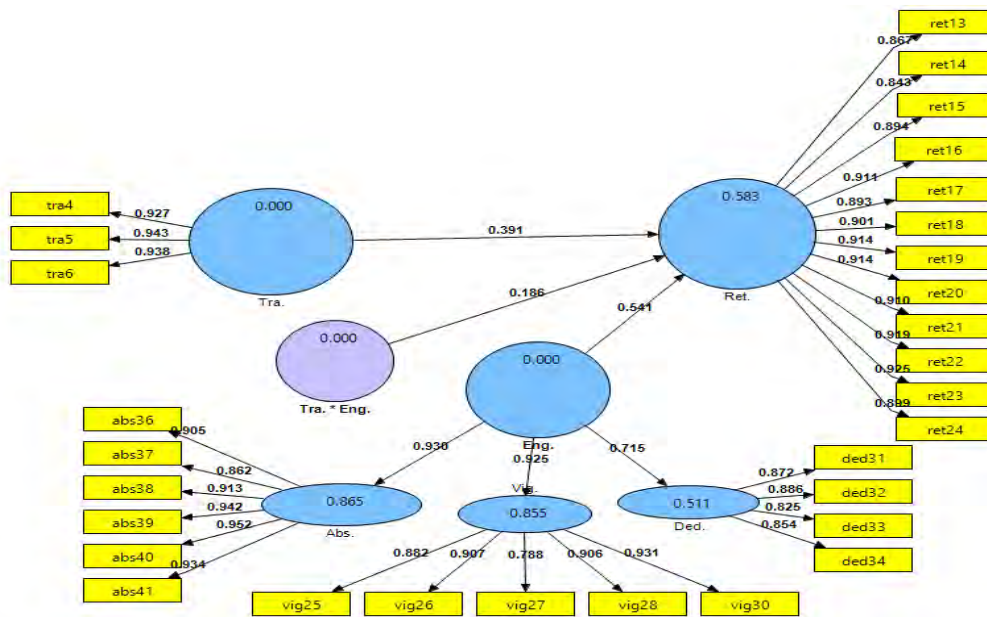


Figure 12. Results of the Structural Model

As can be seen in Figure 13, job engagement has a beneficial effect and strengthens the positive relationship between training and career development and employee retention.

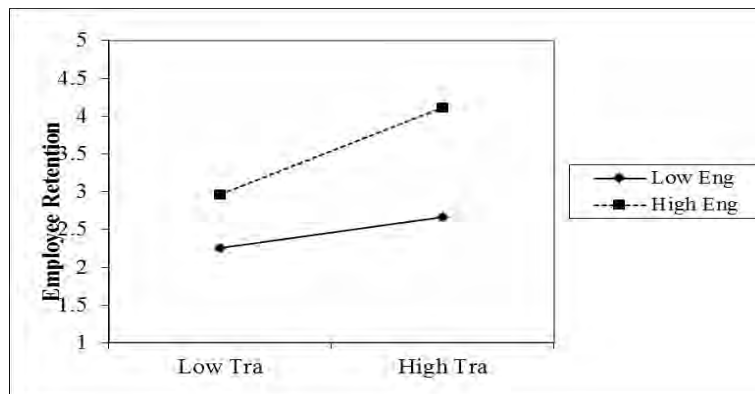


Figure 13. Interaction Plot of Tra and Eng.

In addition to this, the findings in Table 12 and Figure 14 confirm that vigor, dedication, and absorption interact significantly with training and career development to influence employee retention.

Table 12. Results of the Structural Model

| Path/ Hypothesis | β | T-Value | Result |
|-------------------------|---------|---------|-----------|
| Tra. \rightarrow Ret. | 0.412 | 6.120 | Supported |
| H4a | 0.267 | 2.555 | Supported |
| H4b | 0.302 | 2.965 | Supported |
| H4c | 0.210 | 2.743 | Supported |

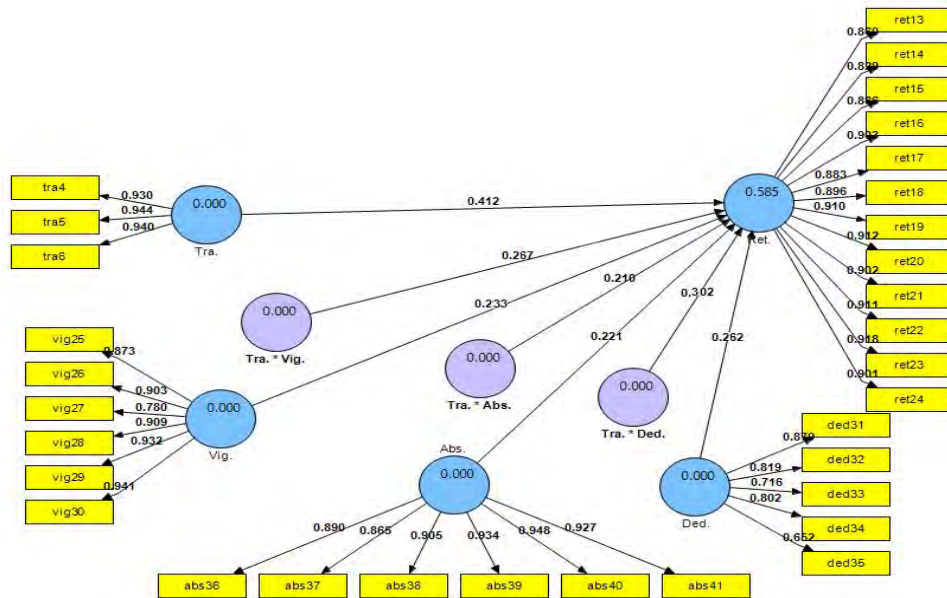


Figure 14. Results of the Structural Model

As can be seen in Figure 15, vigor, dedication, and absorption have beneficial effects and strengthen the positive relationship between training and career development and employee retention.

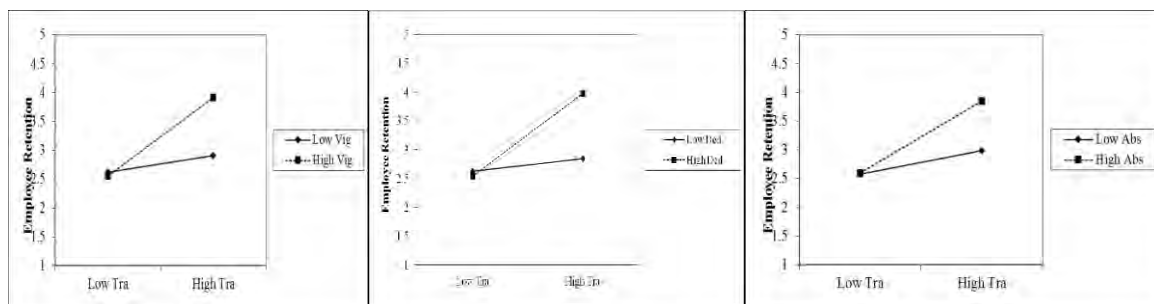


Figure 15. Interaction Plot of Tra and Vig, Ded, Abs.

The results of testing the “H5” of the research are presented in Table 13 and Figure 16. We added the moderating construct of "Performance Appraisal * Job engagement" to investigate the moderating effect in the model. Since the T-Value for this variable is (0.810), and it is between -1.96 and 1.96, this hypothesis is rejected at the confidence level of 95%.

Table 13. Results of the Structural Model /H5

| Path/ Hypothesis | β | T-Value | Result |
|-------------------------|---------|---------|-----------|
| Per. \rightarrow Ret. | 0.348 | 5.254 | Supported |
| H5 | 0.111 | 0.810 | Rejected |

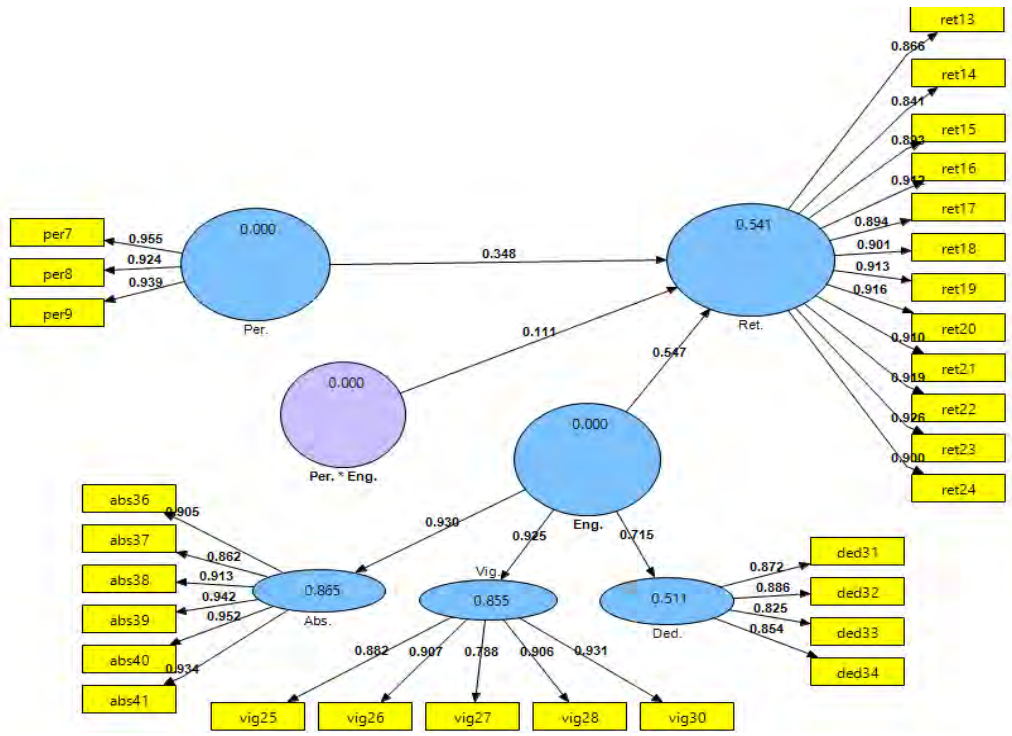


Figure 16. Results of the Structural Model

As can be seen in Figure 17, this hypothesis is rejected.

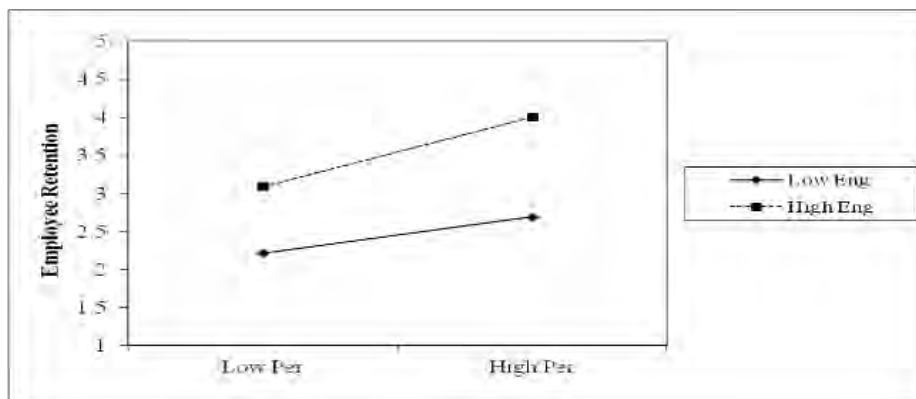


Figure 17. Interaction Plot of Per and Eng.

In addition to this, the findings in Table 14 and Figure 18 confirm that vigor, dedication, and absorption do not alter the relationship between performance appraisal and employee retention. Hence, H5a, H5b, H5c are not supported.

Table 14. Results of the Structural Model

| Path/ Hypothesis | β | T-Value | Result |
|------------------|---------|---------|----------|
| Per → Ret. | 0.338 | 4.071 | Rejected |
| H5a | 0.017 | 0.118 | Rejected |
| H5b | 0.028 | 0.476 | Rejected |
| H5c | 0.098 | 0.482 | Rejected |

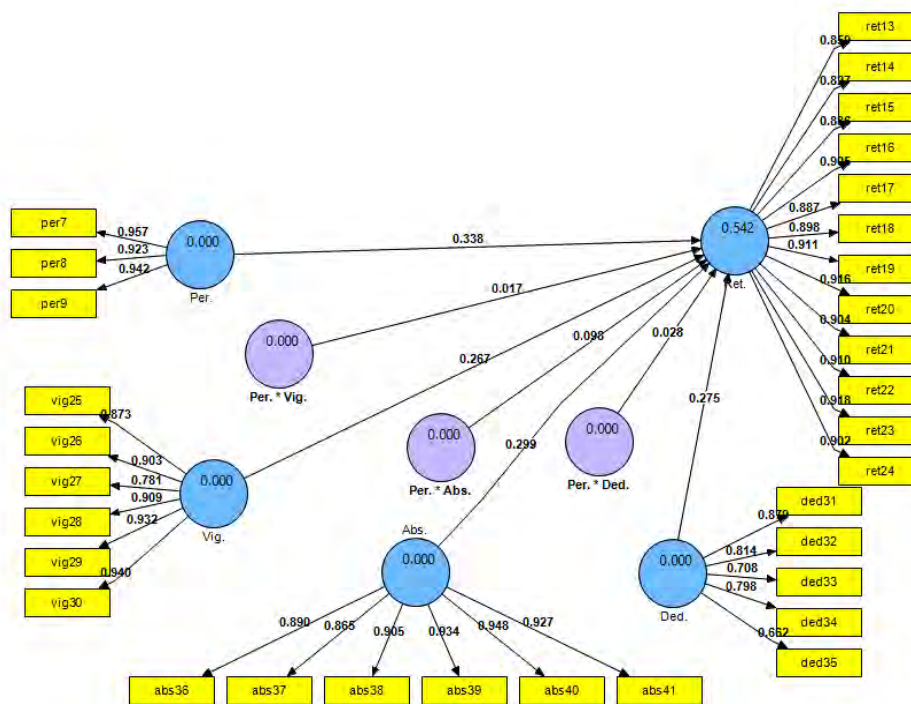


Figure 18. Results of the Structural Model

Figure 19 presents a graphical representation of these interactions, showing similar slopes of performance appraisal and employee retention based on the three types of job engagement, i.e. vigor, dedication, and absorption.

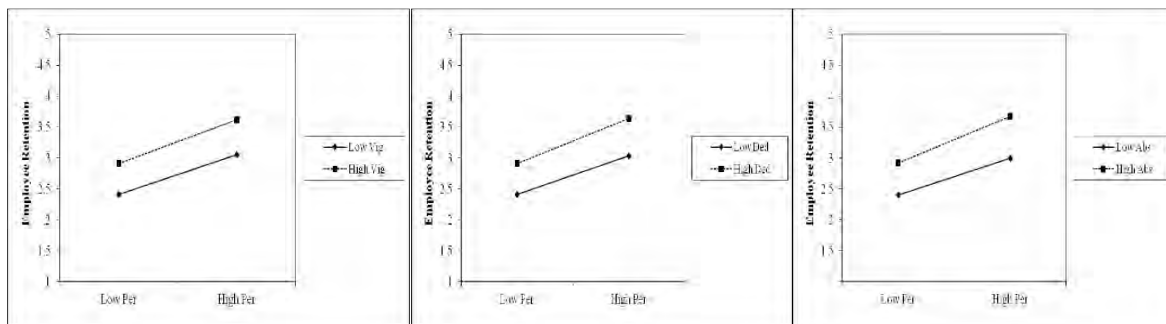


Figure 19. Interaction Plot of Per and Vig, Ded, Abs.

The moderating construct of "Compensation and Benefits * Job Engagement" was added to investigate the moderating effect in the model. As indicated in Table 15 and Figure 20, this hypothesis is confirmed. These findings support confirm this hypothesis at the confidence level of 95% ($\beta = 0.224$, $T = 3.093 > 1.96$), as the T-Value is greater than the threshold value of 1.96.

Table 15. Results of the Structural Model /H6

| Path/ Hypothesis | β | T-Value | Result |
|------------------|---------|---------|-----------|
| Com. → Ret. | 0.339 | 4.789 | Supported |
| H6 | 0.224 | 3.093 | Supported |

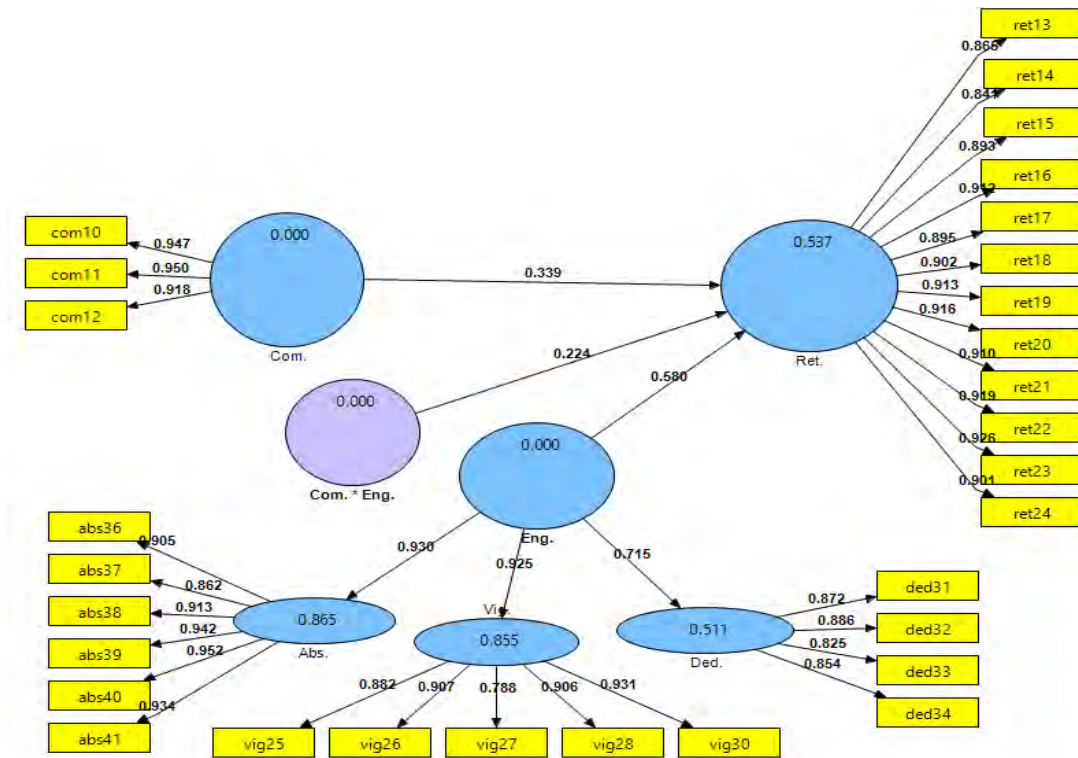


Figure 20. Results of the Structural Model

As can be seen in Figure 21, job engagement has a beneficial effect and strengthens the positive relationship between compensation and benefits and employee retention.

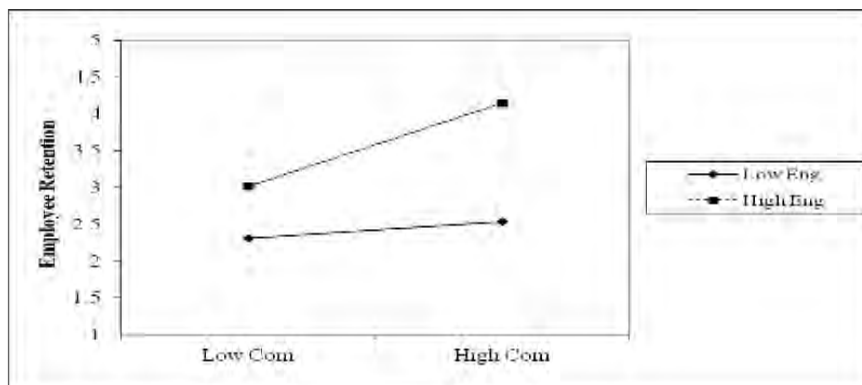


Figure 21. Interaction Plot of Com and Eng.

In addition to this, the findings in Table 16 and Figure 22 confirm that vigor, dedication, and absorption interact significantly with compensation and benefits to influence employee retention.

Table 16. Results of the Structural Model

| Path/ Hypothesis | β | T-Value | Result |
|------------------------|---------|---------|-----------|
| Com \rightarrow Ret. | 0.347 | 4.289 | Supported |
| H6a | 0.251 | 2.947 | Supported |
| H6b | 0.299 | 3.664 | Supported |
| H6c | 0.267 | 2.996 | Supported |

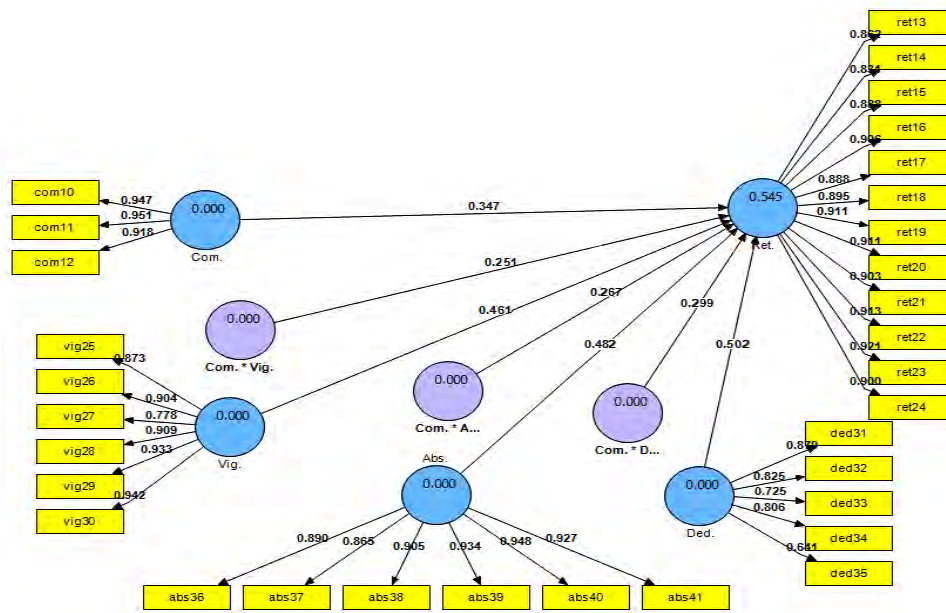


Figure 22. Results of the Structural Model

As can be seen in Figure 23, vigor, dedication, and absorption have beneficial effects and strengthen the positive relationship between compensation and benefits and employee retention.

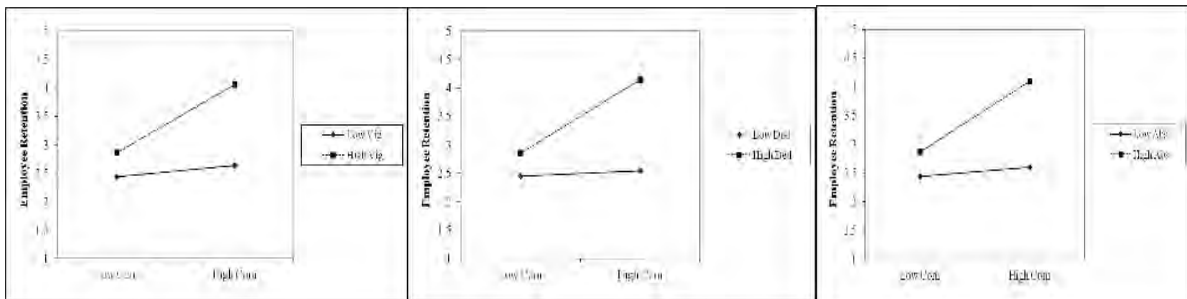


Figure 23. Interaction Plot of Com and Vig, Ded, Abs.

Figure 24 represents a graphical representation of this different demographic interaction, showing a clear difference in the slopes of SHRM practices and employee retention as well as job engagement and employee retention based on different demographic variables. Hence, H7, H10, and H13 were supported.

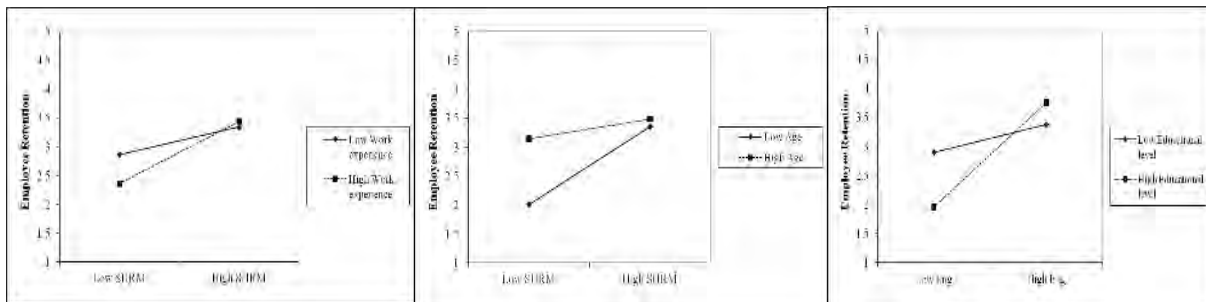


Figure 24. Interaction Plot of Com and Vig, Ded, Abs.

The f^2 coefficient was calculated for the confirmed hypotheses to determine the intensity of the effect of the moderating variable, and the results are shown in the table below. It can be concluded that the intensity of the moderating effect of the "Training and Career Development" and "Compensation and Benefits" are relatively stronger than that of other variables.

Table 17. F^2 Coefficient

| | | SHRM. | Rec. | Tra. | Com. | |
|------------|--|--|-------|-------|-------|-------|
| Effectless | | $f^2 < 0.02$ $0.02 < f^2 < 0.15$ $0.15 < f^2 < 0.30$ $f^2 > 0.30$ | 0.117 | | | |
| Relatively | | | | 0.249 | | |
| Strong | | | | | 0.369 | 0.410 |

Discussion and Conclusion

Today, regarding rapid environmental changes and the growing trend of global competition, retaining talented employees is a vital factor for the organizations' success and failure. Therefore, effective policies and procedures based on proper analysis of conditions should be employed to retain valuable human resources. Given the relationship between strategic HRM practices and employee retention and the relationship between job engagement and employee retention, the expected results can be achieved. Therefore, this research aimed at investigating the impact of strategic HRM practices on the employee retention with the moderating role of the job engagement. The results obtained from testing the first hypothesis confirmed a positive relationship between SHRM practices and employee retention, and showed that the compensation and benefits had a greater value of variance and high effect with regard to affecting the employee retention, which are consistent with the theoretical foundations of the research. According to Haider et al. (2019), the compensation and benefits, which an organization gives to its employee, comprise the primary factor that reveals the commitment and intention towards the employee and is one of the compelling reasons for an employee to stay in that organization. However, the pay by itself is not sufficient to motivate employees to stay in the organization. There can be different other factors as well that affect the employees' decision to stay in the organization. These factors play a vital role in affecting employee commitment with the organization that must pay attention to these factors along with compensation. The results obtained from testing the second hypothesis confirmed the moderating role of the job engagement in the relationship between employee retention and strategic HRM practices, which is consistent with the theoretical foundations of the research. For example, our findings are consistent with results obtained by Fahim (2018), Kundu and Lata (2017); besides supporting this hypothesis, they concluded that high level of job engagement and interaction increases the motivation and engagement of employees, and consequently helps keep valuable employees in the organization. Martin (2011) believes that by effective implementation of human resources practices, organizations can demonstrate a high level of commitment to their employees, which in turn leads to increased organizational effectiveness, increased job engagement, and ultimately the retention of employees in the organization. Results of testing the third hypothesis indicated that job engagement moderates the impact of the recruitment and selection on employee retention, which is consistent with the theoretical foundations of the research. Our findings are consistent with the results obtained by Kundu and Lata (2017). Since an organization recruits its employees, it should perform some measures to retain its valuable employees. To this end, organizations should have competitive advantages in attracting and retaining their valuable employees and should provide opportunities for the employees and the recruitment candidates that similar,

neighboring, and competing organizations do not provide, so that in addition to attracting active volunteers they can also manage to attract inactive volunteers. In other words, even if someone is employed and he does not look for a new job, he might become attracted to interesting and tempting suggestions. Results of testing the fourth hypothesis indicated that job engagement moderates the effect of training and career development of human resources on employee retention, which is consistent with the theoretical foundations of this research. Our findings are consistent with those obtained by Fahim (2018) and Reina et al. (2018). Training aims at socializing new employees, increasing commitment, and introducing values, methods, and goals. If employees feel that the organization is willing to use their potential capabilities and understand that promotion is realized through education, then their engagement and interaction with work environment – which depends on employees' attitude, intention, and behavior to the organization – and consequently their interest to remain in the organization increases. Suitable trainings should provide opportunities for learning and growth, and consequently it should improve the performance of employees and organization through creating competitive advantages. The results of testing the fifth hypothesis do not support the moderating effect of job engagement on the relationship between performance appraisal and employee retention, which is not consistent with theoretical foundations of the research. The reason for this may be related to the intended population, which consists of specialists who are responsible for the strategic affairs of an organization and have potential and actual capabilities. Performance appraisal of these valuable employees is usually carried out through self-controlling and, in general, all the efforts carried out on integrating the goals of employees and organizations somehow have aimed to realize self-controlling. Inasmuch as self-control is an internal process, and it can be implemented enthusiastically and without any coercion and threat, one considers him/herself responsible for his/her behavioral evaluation and consequences, and makes the organizational atmosphere replete with confidence, eagerness, and honesty. Therefore, this kind of individual attitude has made the job engagement internalized, and its external mechanism in increasing or decreasing the employees' retention is not effective.

Balozian et al. (2019) stated that drawing from McGregor's Theory of X and Y, some managers might operate under the assumption that the average user has an inherent dislike for responsibility and avoids compliance wherever possible. Managers holding this assumption may apply coercion, command-and-control, and the threat of punishment for noncompliance. Other managers may operate under the assumption that users are self-directing, self-controlling, and responsible beings in the service of objectives to which they are committed. A person displays self-control when, in the relative absence of immediate external constraints, he engages in behavior whose previous probability has been less than that of alternatively available behaviors. Self-control is the ability to keep emotions under control and to restrain negative actions when tempted, when faced with opposition or hostility from others, or when working under conditions of stress. These trait competencies are characteristics of successful human resources.

The results of testing the sixth hypothesis indicated that job engagement moderates the effect of compensation and benefits on employee retention. In addition, the intensity of the moderating effect of job engagement in this hypothesis was greater than that in other hypotheses, which is consistent with the theoretical foundations of the research. Our findings are consistent with those obtained by Karimi and Parsafar (2017) and Shirazi and Robot (2015). Karimi and Parsafar (2017) stated that payment aims at facilitating the organization performance, controlling operation costs, attracting and retaining competent employees, and rewarding employee partnerships and performance. Rewards greatly affect the employee retention, so that organizational rewards greatly affect the employee satisfaction and they

think leaving such a competitive reward is costly, and it is unlikely that they can find such a reward elsewhere. However, the reward system can encourage and motivate employees only if it grants awards to effective performances.

At last, the hypotheses related to demography indicated that the variables of age and service experience had a moderating role in relation to SHRM and employee retention, as the level of education had a moderating role in relation to job engagement and employee retention. Employees' continuing education leads to the acquisition of specialized knowledge, which in turn helps them to understand client's behavior resulting in more effective communication. The motivational structures of older and younger employees and work experience may differ due to changes across the life span in terms of certain individual differences, organizational rewards, and career situations.

As we push forward in our business, we are lamentably confronting an expanded lack of profoundly talented employees. Employee retention is important for organizations' current showcase. There are broad business doors open for talented professionals. The higher skilled the employees are, the more noteworthy the interest for their administrations. The information related to the workforce is becoming quicker. The expense to supplant an employee is getting progressively recorded and the news is not useful for managers. It costs a lot to supplant an employee. Findings of this research give sufficient evidence that compensation is one of the essential factors for building loyalty amongst employees. Recognition of works by the organization can motivate them and will enhance their job satisfaction. All the major factors of compensation, especially salary, lead to an influential relationship with the employee retention plan, and could conclude that the remuneration, especially salary, is the basic and most important factor of employee retention. In addition, our research findings provide other valuable insights into how strategic HRM practices interact with job engagement in influencing employee retention. That is, we found strategic HRM practices to be positively related to employee retention when employees perceived organization as a place with high participation, high level of commitment, brand reputation for competitive advantage, communicating effectively with colleagues and their superiors as encouraging, and enabling them to engage in expressing their comments and suggestions for addressing and solving critical work problems and issues. The study also showed that the performance appraisal of valuable employees is usually carried out through self-monitoring.

In this hypothesis, the moderating role of job engagement has less strength and intensity. In this regard, there is less time span in selection and recruitment compared with training and service compensation, and less trial and error opportunities, and ultimately there is less efficiency in communications and interactions, leading to the employees' retention. Therefore, the educational organizations' managers, e.g., Guilan Technical and Vocational Education Organization, prior to executing strategic human resource management plans for maintaining strategic and value-creating employees, must be informed of the coordination of these plans with the organization's general strategies causing distinctions in the field of skills training that is suitable to the labor market. Theoretical the confidence in the coordination of SHRM with the organization's general strategies causes the development and execution of plans in order to recruit the best and most skillful educational trainers who are dispatched to new skills training courses to develop professionally and to benchmark the best educational institutions. In addition, the organization, in line with its distinction strategy, must consider designing and executing forced distribution performance appraisal systems to guarantee the flow of the arrival of the new talents to organization while triggering competition in performance. In the end, those educational organizations intending to cause distinction in education service market must design a compensation system whose main part is based on the members'

performance, and is supported and magnified through indirect rewards in order to maintain their strategic employees.

It must be emphasized that we examined the joint impact of strategic HRM practices and job engagement on employee retention in only one type of organization. It is possible that work environment and organization type shape the magnitude of the effects of strategic HRM practices on employee retention, and the extent to which these effects are moderated by job engagement. For example, the joint effects of strategic HRM practices and job engagement might be more pronounced in work and organizational settings characterized by complex tasks and rapidly changing environments, as was partly the case in the organization in this research project. Likewise, as the present findings are based on the responses of participants who worked in a single geographic area, one may argue that our results are culturally specific and thus cannot be generalized to other contexts.

References

- Aburumman, O., Salleh, A., Omar, K., & Abadi, M. (2020). The impact of human resource management practices and career satisfaction on employee's turnover intention. *Management Science Letters*, 10(3), 641-652.
- Adil, H., Rao, C. K., Ayaz, M. Q., & Shinwari, A. (2020). Effect of compensation packages on job satisfaction and employees retention: A case of Jalalabad-based Private Universities of Afghanistan. *Asia Pacific Journal of Multidisciplinary Research*, 8(2), 26-35.
- Akram, U., Hui, P., Khan, M. K., Hashim, M., & Rasheed, S. (2016). Impact of store atmosphere on impulse buying behaviour: Moderating effect of demographic variables. *International Journal of u-and e-Service, Science and Technology*, 9(7), 43-60.
- Akther, S., & Tariq, J. (2020). The impact of effective training on employee retention: A study in private banks of Bangladesh. *Journal of Economics and Business*, 3(1), 96-114.
- Allui, A., & Sahni, J. (2016). Strategic human resource management in higher education institutions: empirical evidence from Saudi. *Procedia-Social and Behavioral Sciences*, 235(2), 361-371.
- Al-Sharafi, H., Hassan, M. E. M., & Alam, S. S. (2018). The effect of training and career development on employees retention - A study on the telecommunication organizations in Yemen. *The Journal of Social Sciences Research*, 2, 420-430.
- Antony, S. (2020). A study on the SHRM-employees compensation and its benefits. *Studies in Indian Place Names*, 40(44), 173-182.
- Atieno, A. D. (2019). *Strategic human resource management practices and employee retention in the software development industry in Kenya* (unpublished doctoral dissertation). Kenyatta University.
- Bakker, A. B., Petrou, P., Op den Kamp, E. M., & Tims, M. (2020). Proactive vitality management, work engagement, and creativity: The role of goal orientation. *Applied Psychology*, 69(2), 351-378.
- Balozian, P., Leidner, D., & Warkentin, M. (2019). Managers' and employees' differing responses to security approaches. *Journal of Computer Information Systems*, 59(3), 197-210.
- Boon, C., Eckardt, R., Lepak, D. P., & Boselie, P. (2018). Integrating strategic human capital and strategic human resource management. *The International Journal of Human Resource Management*, 29(1), 34-67.
- Bose, S. C. (2018). Impact of human resource practices on organizational commitment and employee retention-A study in private sector banks in Madurai district. *IJICS*, 5(1), 10-17.
- Brandão, C., Silva, R., & dos Santos, J. V. (2019). Online recruitment in Portugal: Theories and candidate profiles. *Journal of Business Research*, 94, 273-279.
- Cloutier, O., Felusiak, L., Hill, C., & Pemberton-Jones, E. J. (2015). The importance of developing strategies for employee retention. *Journal of Leadership, Accountability & Ethics*, 12(2), 119-129.
- Dechawatanapaisal, D. (2018). Employee retention: The effects of internal branding and brand attitudes in sales organizations. *Personnel Review*, 47(3), 675-93.
- Diah, A. M., Hasiara, R. L. O., & Irwan, M. (2020). Employee retention of pharmaceutical firms in Indonesia: Taking investment in employee development and social and economic exchange as predictors. *Systematic Reviews in Pharmacy*, 11(1), 564-572.
- Eldor, L., Harpaz, I., & Westman, M. (2020). The work/nonwork spillover: The enrichment role of work engagement. *Journal of Leadership & Organizational Studies*, 27(1), 21-34.
- El-Ghalayini, Y. (2017). Human resource management practices and organizational performance in public sector organization. *Journal of Business Studies Quarterly*, 8(3), 65-80.
- Erwin, S., Rahmat, S. T. Y., Angga, N. D., & Semerdanta, P. (2019). Transformational leadership style and work life balance: The effect on employee satisfaction through employee engagement. *Russian Journal of Agricultural and Socio-Economic Sciences*, 91(7), 310-318.
- Eyoun, K., Chen, H., Ayoun, B., & Khelifat, A. (2020). The relationship between purpose of performance appraisal and psychological contract: Generational differences as a moderator. *International Journal of Hospitality Management*, 86, 1-8.
- Fahim, M. G. A. (2018). Strategic human resource management and public employee retention. *Review of Economics and Political Science*, 3(2), 20-39.

- Fitz-Lewis, T. (2018). *Human resources strategies for retaining employees in St. Lucian banks* (unpublished PhD dissertation). Walden university
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of marketing research*, 18(1), 39-50.
- Francis, A.U. (2014). Human resource management practices and employee retention in Nigeria's manufacturing industries. *International Journal of Scientific & Engineering Research*, 5(2), 1741-1754.
- Hadi, A., Yanita, P., Hartanto, C. F. B., & Sychanina, S. N. (2020). Strategic environment resource management concept and needs. *Journal of Environmental Treatment Techniques*, 8(1), 652-656.
- Hammond, H., & Churchill, R. Q. (2018). The role of employee training and development in achieving organizational objectives: A study of Accra Technical University. *Archives of Business Research*, 6(2), 67-74.
- Hassan, W., Razi, A., Qamar, R., Jaffir, R., & Suhail, S. (2013). The effect of training on employee retention. *Global Journal of Management and Business Research*, 13(1), 16-20.
- Jaharuddin, N. S., & Zainol, L. N. (2019). The impact of work-life balance on job engagement and turnover intention. *The South East Asian Journal of Management*, 13(1), 106-118.
- Jarzabkowski, P., Burke, G., & Spee, P. (2015). Constructing spaces for strategic work: A multimodal perspective. *British Journal of Management*, 26, 1-44.
- Jeffrey, I., & Prasetya, A. B. (2019). The employee performance assessment and employee training, on employee intension. *Journal Aplikasi Manajemen*, 17(1), 56-65.
- Kalyanamitra, P., Saengchai, S., & Jermstittiparsert, K. (2020). Impact of training facilities, benefits and compensation, and performance appraisal on the employees' retention: A mediating effect of employees' job satisfaction. *Systematic Reviews in Pharmacy*, 11(3), 166-175.
- Karimi, A., & Parsafar, E. (2017). The relationship between human resource retention system and organizational commitment of employees (case study: one of the privatized banks). *International Journal of Information Science and Management*, 190, 110-119.
- Khadka, S. (2018). *Employee retention in banking industry of Nepal* (unpublished doctoral dissertation). Singhanian University.
- Kundu, S. C., & Lata, K. (2017). Effects of supportive work environment on employee retention: Mediating role of organizational engagement. *International Journal of Organizational Analysis*, 25(4), 703-722.
- Lu, L., Lu, A. C. C., Gursoy, D., & Neale, N. R. (2016). Work engagement, job satisfaction, and turnover intentions. *International Journal of Contemporary Hospitality Management*, 28(4), 737-761.
- Martin, M. J. (2011). *Influence of human resource practices on employee intention to quit* (unpublished doctoral dissertation). Virginia Tech.
- Mbugua, G. M. (2015). *Relationship between strategic human resource management practices and employee retention in commercial banks in Kenya* (Unpublished doctoral dissertation). Jomo Kenyatta University of Agriculture and Technology.
- Miheso, P., Manyasi, J., & Wanjere, D. (2019). Effect of recruitment and selection practices on employee retention in SACCOS in Kakamega County. *The Strategic Journal of Business & Change Management*, 6(3), 356-360.
- Moazen Jamshidi, M. H., & Khani, N. (2013). *PLS guide: A practical guide to design and analysis of structural equation models in social science research using PLS (Partial Least Squares)*. USA: Create Space.
- Mohammad, A. Q. (2015). Employee recruitment, selection and retention in Saudi Arabian family owned small and medium scale enterprises (SME'S). *Kuwait Chapter of Arabian Journal of Business and Management Review*, 33(2581), 1-16.
- Muideen, O. (2020). Strategic human resource practices and corporate performance in manufacturing industries in Ogun State Nigeria. *Studies in Indian Place Names*, 40(60), 3377-3388.
- Patiar, A., & Wang, Y. (2020). Managers' leadership, compensation and benefits, and departments' performance: Evidence from upscale hotels in Australia. *Journal of Hospitality and Tourism Management*, 42, 29-39.

- Radadiya, M. U., & Pandey, R. K. (2020). Employee retention & organizational culture. *Purakala*, 31(4), 633-645.
- Rajarajeshwari, R., & Cynthia, A. I. (2020). An analysis on human capital management with special focus on employee retention through 360 degree appraisal technique. *Studies in Indian Place Names*, 40(29), 167-172.
- Rasdi, R. M., & Chen, Y. S. (2018). People management for managing employees' retention in the organizations. *International Journal of Academic Research in Business and Social Sciences*, 8(12): 499-509.
- Reina, C. S., Rogers, K. M., Peterson, S. J., Byron, K., & Hom, P. W. (2018). Quitting the boss? The role of manager influence tactics and employee emotional engagement in voluntary turnover. *Journal of Leadership & Organizational Studies*, 25(1), 5-18.
- Robianto, F., & Masdupi, E. (2020, March). The effect of career development, compensation, work environment and job satisfaction on work engagement. *International Conference on Education, Economics, Business and Accounting*, 124, 737-748.
- Schaufeli, W. B., Salanova, M., González-Romá, V., Bakker, A. B. (2002). The measurement of engagement and burnout: A two sample confirmatory factor analytic approach. *Journal of Happiness Studies*, 3(1), 71-92.
- Haider, M., Rasli, A., Akhtar, S., Yusoff, R. B. M., Malik, O. M., Aamir, A., ... & Tariq, F. (2019). The impact of human resource practices on employee retention in the telecom sector. *Complexity International*, 23(2), 63-69.
- Sergio, R. P., & Rylova, M. (2018). Employee engagement and empowerment as gateway towards retention: The case of Volkswagen group. *Journal of Eastern European and Central Asian Research*, 5(2), 120-127.
- Shibiti, R. (2020). Public school teachers' satisfaction with retention factors in relation to work engagement. *SA Journal of Industrial Psychology*, 46(1), 1-9.
- Shirazi A., Hosseini Robat S. M. (2015). Analysis of impact of human resource management's practices over employee's retention. *Journal of Development & Evolution Management*, 19, 11-18.
- Singh, S. K., Burgess, T. F., Heap, J., & Al Mehrzi, N. (2016). Competing through employee engagement: a proposed framework. *International Journal of Productivity and Performance Management*, 65 (6), 831-843.
- Soares, P. H., & Del Gaudio, R. (2019). On the imperative of planning employee communications: Theoretical considerations and the case study of vale. In G. S. Thornton, V. Mansi, B. Carramenha, & T. Cappellano (Eds.), *Strategic Employee Communication* (pp. 237-253). Palgrave Macmillan, Cham.
- Tafamel, E. A., & Akrawah, O. D. (2019). Recruitment strategies of the banking industry in Nigeria: The head hunting panacea. *African Journal of Business Management*, 13(13), 449-455.
- Trost, A. (2020). *Human Resources Strategies*. Springer.
- Uysal, G. (2019). 3rd definition of SHRM: HR systems approach. *Management Studies*, 7(5), 496-501.
- Wiroko, E. P., & Fadillah, M. R. (2020). Patience and work engagement among islamic bank employees. *Jurnal Psikologi Islam dan Budaya*, 3(1), 1-12.
- Wulansari, P., Meilita, B., & Ganesan, Y. (2020). The effect of employee retention company to turnover intention employee—Case study on head office Lampung bank. *3rd Global Conference on Business, Management, and Entrepreneurship (GCBME 2018)*, 117, 236-239.
- Yang, Z. (2019). *The generation gap and its impact on public sector* (unpublished doctoral dissertation). California State University, Northridge.
- Yao, T., Qiu, Q., & Wei, Y. (2019). Retaining hotel employees as internal customers: Effect of organizational commitment on attitudinal and behavioral loyalty of employees. *International Journal of Hospitality Management*, 76, 1-8.