The Dilemma of Retention in the Context of Rapidly Growing Economies Based on the Effectiveness of HRM Policies: A Case Study of Qatar

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Abstract—In 2009, the new HRM policy was implemented in Qatar for public sector organisations. The purpose of this research is to examine how Qatar’s 2009 HRM policy was significant in influencing employee retention in public organisations. The conducted study utilised quantitative methodology to analyse the data on employees’ perceptions of such HRM practices as Performance Management, Rewards and Promotion, Training and Development associated with the HRM policy in public organisations in comparison to semi-private organisations. Employees of seven public and semi-private organisations filled in the questionnaire based on the 5-point Likert scale to present quantitative results. The data was analysed with the correlation and multiple regression statistical analyses. It was found that Performance Management had the relationship with Employee Retention, and Rewards and Promotion influenced Job Satisfaction in public organisations. Relationship between Job Satisfaction and Employee Retention was also observed. However, no significant differences were observed in the role of HRM practices in public and semi-private organisations.

Keywords—Performance management, rewards, promotion, training and development, job satisfaction, employee retention, SHRM, configurationally perspective.

I. INTRODUCTION

PUBLIC sector organisations all over the world began to reform in order to overcome economic pressures, to address ideas of innovativeness and flexibility, and to respond to employees’ needs while improving their productivity and performance [1], [2]. Qatar is currently discussed as experiencing the rapid economic growth, and its public sector adapts to the changes in global tendencies [3], [4]. The intensive economic growth in the country led to increasing the number of semi-private organisations, and the public sector reported changes in the human resources and their decreased interest in positions within the public sector [5], [6]. In order to respond to these changes, Qatar implemented a new human resource management (HRM) policy in 2009, and the policy was designed to regulate the public sector employment and ensure that more employees are retained in the sector by providing a range of benefits for the Qatari nationals [7].

The implementation of the HRM policy was based on the principles of the strategic human resource management (SHRM) configurationally perspective. This SHRM approach is also followed in implementing policies in Qatar’s semi-private sector [7], [8]. The configurational perspective depends on the idea that HRM practices supported with the HRM policy need to be implemented in organisations as bundles in order to expect synergy in practices. The implementation of Qatar’s 2009 HRM policy based on the SHRM framework is important to support human resources and adopt innovative employee management programmes and practices to increase their productivity and performance and promote the retention of talent while reducing turnover levels [9].

Employee retention in the public sector is often achieved with the help of various HRM practices that include salary increases, bonuses, employee development and training programs, opportunities for promotion, and the provision of the supervisors’ support [10]-[12]. However, to date there is no empirical study in the context of Qatar to evaluate how implementation of HRM practices in bundles in public organisations can affect the employee retention in comparison with the situation in the semi-private sector. Therefore, the current research aims to evaluate how significant Qatar’s 2009 HRM policy was in influencing the factor of employee retention in the governmental sector. The study also refers to the comparison of the situation in public and semi-private sectors to determine possible obstacles associated with implementation of HRM practices in governmental organisations of Qatar.

The structure of this paper as follow: Section II will discuss the proposed hypotheses and expected research outcome. Section III of the research is the literature review. Section IV provides the collected data and presents the data analysis and discussion. The final section is the concluding one.

II. HYPOTHESES AND OUTCOMES

A. Hypotheses

- **H1:** Employees’ perception of effectiveness of the selected HRM practices (performance management, rewards and promotion, training and development) in the HRM policy is positively contributing to employee retention in the public sector.
- **H2:** Employees’ perception of effectiveness of the selected HRM practices in the HRM policy positively effect on job satisfaction, which in turn influences employee retention in the public sector.
- **H3:** The impact of the selected HRM practices in the HRM policy in the semi-private sector is likely to have the more positive effect on employee retention than in the public sector.

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**H4:** The impact of the selected HRM practices in the HRM policy in the semi-private sector is likely to have the more positive effect on job satisfaction, which in turn influences employee retention than in the public sector. The relationships of the study variables and determined hypotheses are provided in Fig. 1.

![Fig. 1 The conceptual framework](image)

**B. Expected Research Outcomes**

Findings of the research are expected to show how the employees’ perception of the HRM practices related to the 2009 Qatar HRM policy can influence their job satisfaction and retention. Furthermore, the findings are expected to demonstrate how employees’ perception and retention are different in public and semi-private sectors. In addition, the comparison of results for two sectors will be important to identify possible challenges in the HRM policy implementation in the public sector for recommending any possible solutions.

**III. LITERATURE REVIEW**

Previous studies have indicated that such HRM practices as Performance Management, Rewards and Promotion, and Training and Development have an effect on Job Satisfaction and Employee Retention in public and semi-private organisations [13]-[15]. It has been found that employees perceive HRM more positively when they are implemented in bundles, according to the configurational perspective of the strategic human resource management (SHRM) [16].

**A. The SHRM Configurational Perspective**

While discussing the SHRM configurational perspective, theorists focus on “configurations, or unique patterns of factors, that are posited to be maximally effective” to promote the organisation’s performance [17], [18]. Reference [19] indicate that a set of configurations that are properly selected to be implemented as a unit in the organisation are ‘bundles’, in which certain HRM practices support other practices to lead the organisation to completing the strategic goals. The role of bundling HRM practices is important because these practices supported with the HRM policy are interrelated, and their main function is to reinforce each other [20], [21]. Choi and Lee also suggest that the congruence among definite HRM practices followed in the organisation leads to the success and progress in the development because some combinations of HRM practices are “more likely to have positive effects on organisational performance than the application of a single HR practice, such as pay for performance, employee participation, or training” [22]. HRM practices implemented in bundles are important to ensure that employees can acquire necessary skills with the focus on training and to increase their motivation with the help of performance management and rewards [23], [24]. In this context, researchers propose to distinguish between HRM practices discussed at the employees’ individual level and SHRM practices oriented to improving the organisational performance [25], [26].

Following the claim by [27], the configurational model is a single approach to SHRM that allows focusing on the quantitative method in the research that is supported with references to the cluster analysis and factor analysis. As a result, this model is usually used in empirical SHRM studies that are focused on discussing different sets of HRM practices as effective for different organisations [28]-[30].

**B. Employees’ Perception of HRM Practices**

Employees’ perception is their personal interpretation of experiences and impressions in the workplace [12]. In this study, the term “perception” is used to describe how employees individually interpret HRM practices and view their effectiveness because perception necessarily follows the stage of the HRM practices’ implementation. A number of researchers have focused on a positive impact of HRM practices on the employees’ perceptions in terms of increasing the employees’ productivity and job satisfaction as well as decreasing turnover intentions and absenteeism [31]. References [11] state that it is important to distinguish between implemented and perceived HRM practices because intended HRM practices implemented by managers in bundles can be perceived by employees differently. Therefore, the effectiveness of these practices need to be assessed with references to the changes in the employees’ attitudes and behaviours that influence the aspect of employee retention associated with turnover and absenteeism [32], [33]. Thus, such HRM practices as performance management and rewards and promotion usually have positive effects on employees’ perceptions because being provided with relevant and fair opportunities, they are inclined to perceive their organisation positively and they can be discussed as committed to organisations [33].

**C. Job Satisfaction**

The discussion of the concept of job satisfaction is important to focus on mediating the relationship between the employee of the HRM practices integrated in a bundle and the retention [34]. Thus, employees point at job satisfaction and other positive feelings associated with job when their work situation is regarded as promising for their development in terms of compensation [35], [36]. Similar
results are observed when employees are satisfied with their development and promotion opportunities [37], [38]. In addition, [22] have found that HRM practices associated with training, appraisal systems, feedback systems, and promotion are oriented to developing the employees’ competencies and increasing their self-efficacy as well as job satisfaction.

Reference [39] has defined job satisfaction as “the extent to which a person derives pleasure from a job”. These researchers found that job satisfaction and job-related stress are significantly associated with such factors as salary, job position, and the achieved education level. Reference [40] found that job satisfaction is positively associated with organisational productivity and commitment, while negatively associated with employee quit intentions and absenteeism. Focusing on job satisfaction in the public organisations, [41] developed the idea that job satisfaction is not only a principal psychological factor in deciding whether the public sector is attractive to work in, but also influences HRM policies within the sector. This opinion was also followed by [42] and [43]. Thus, employees can demonstrate a desire to leave the organisation if they view this organisation as offering fewer opportunities for achieving job satisfaction through available HRM practices, such as rewards and promotion, career development, and performance management [40], [41], [44].

D. Employee Retention

Employee retention is associated with the affective commitment when employees choose to stay with the organisation instead of leaving it [13]. According to [45], if employees feel the commitment to the organisation because of their satisfaction or obligation, managers can rely on the high retention rate in the company. In this context, researchers note that HRM practices implemented in organisations should promote the employees’ sense of significance, motivation, inspiration, and satisfaction [25], [41], [46].

Retention can be influenced by the relationships with a boss or colleagues, job satisfaction, commitment, and employees’ visions of HRM practices [15]. Reference [47] has found that the employee retention is a result of the effective management programmes and strategies used in organisations to stimulate performance. When the improvement of the existing link between perception and attitudes is a matter for discussion, managers often choose to improve the adopted HRM practices and refer to the configurational approach even if it was not used previously. According to [48], managers focus on promoting retention because there are high costs associated with the loss of talented employees.

Still, HRM practices selected to promote retention can be rather different [49]. While [50] proposed to develop a comprehensive plan of new employees’ orientation and socialisation to help reduce stress, [51] found that the development of a positive organisational culture is instrumental in retaining the key staff. However, researchers have found that such standard factors as salary and promotion remain to play a critical role in employees’ commitment and retention [52]-[54].

E. Employees’ Perception, Job Satisfaction, and Employee Retention

The key theories on employee retention are the Human Capital Theory and the Social Exchange Theory. According to the Human Capital Theory, if a manager creates appropriate conditions for human resources to guarantee retention, employees positively evaluate HRM practices and proposed benefits. If the implemented HRM practices are perceived by employees as increasing their potential, it is possible to expect positive results of the employees’ performance and reduced turnover [55]. Thus, the Social Exchange Theory depends on the idea of evaluating expectations associated with management practices [53].

Reference [22] supported the relationship between employee perception and retention concluding that when HRM practices are implemented with the focus on employees’ needs, the personnel forms the positive perception that leads to increasing employee retention. The other researchers also state that if employees evaluate the implemented HRM practices positively, their direct intention is to stay with the organisation that addresses their needs [56]-[59]. Perceptions of employees depend on the completeness and nature of HRM practices, and effectively implemented practices in performance management, rewards and promotion, and training and development affect the employees’ vision of the organisation as meaningful, make them feel like part of the team and to have the intention to contribute to the organisation’s growth [60]-[64]. Such conclusions led to formulating the first hypothesis for the study:

- **H1**: Employees’ perception of effectiveness of the selected HRM practices in the HRM policy is positively contributing to employee retention in the public sector.

Researchers also have found that employees’ individual perceptions of HRM practices often lead to job satisfaction, and only then, to retention [62], [63]. According to recent studies, this relationship is based on the fact that employees become satisfied with their job position and organisation and become affectively committed to it if HRM practices are associated with opportunities for training, development, appraisal, and promotion [62], [65], [66]. Reference [67] states that performance appraisal, career opportunities, and promotion practices need to be discussed as high commitment practices used to stimulate the employees’ motivation. From this point, employees’ perception of HRM practices’ effectiveness can be discussed as an important factor to speak about job satisfaction [22], [68], [69]. The focus on job satisfaction as the mediating aspect led to formulating the second hypothesis for the study:

- **H2**: Employees’ perception of effectiveness of the selected HRM practices in the HRM policy has the positive effect on their job satisfaction, which in turn influences their retention in the public sector. However, according to [14], [70], there can be differences in the HRM practices’ implementation and employees’ perception of them in public and private sectors, while leading to different levels of retention. As a result, the third and fourth hypotheses for the study were formulated:
H3: The impact of the selected HRM practices in the HRM policy in the semi-private sector is likely to have the more positive effect on employee retention than in the public sector.

H4: The impact of the selected HRM practices in the HRM policy in the semi-private sector is likely to have the more positive effect on job satisfaction, which in turn influences employee retention, than it is in the public sector.

IV. DATA ANALYSIS AND DISCUSSION

The study’s questionnaires were distributed to seven public and semi-private sectors organisations to be completed by the employees in each organisation. The participants of this study were asked to rate their answers to the items from five constructs based on 5-point Likert scale ranging from 5 to 1, 5 - strongly agree, 4 – somewhat agree, 3 – neutral, 2 - somewhat disagree, 1 - strongly disagree. The variation in the targeted organisations will help to support the reliability of study outcomes; and that led by the involved organisations diversity.

Fig. 2 illustrates the participants’ distribution for the public and the semi-private sectors; while Fig. 3 represents the gender’s distribution of the participants. For the public sector, the males’ percentage is 26.3% and the females’ percentage is 73.7%. In the semi-private sector, the distribution as follows: males are 60.6% and females are 39.4%.

Majority of the employees working in public organizations are aged between 25 and 35 years. The majority of the employees working in semi-private organizations are aged between 25 and 45 years.

Fig. 4 shows the academic qualification for the participants. The majority of participants have Bachelor Degree, and they are distributed as follows: 62.3% of employees working in the public sector and by 51.1% of employees working in the semi-private sector. Fig. 6 details the distribution’s percentages of these qualifications for each sector.

The factor analysis was conducted to evaluate the factor structure of the groups of items in the proposed questionnaire and to assess each of the constructs, including Performance Management, Rewards and Promotion, Training and Development, Job Satisfaction, Employee Retention for public and semi-private sectors. The factor analysis was based on the principal component factor analysis and the varimax rotation approach [71], [72]. The results of the factor analysis allowed starting the correlational analysis of constructs and items in...
The complete correlational analysis for testing three conditions to determine whether the mediation was characteristic for the relationships between the variables was important to be conducted prior to starting the Multiple Regression Analysis. The three conditions under discussion were the following ones:

1. The Independent Variables (Performance Management, Rewards and Promotion, Training and Development) predict the Dependent Variable (Employee Retention).
2. The Independent Variables (Performance Management, Rewards and Promotion, Training and Development) predict the Mediating Variable (Job Satisfaction).
3. The Mediating Variable (Job Satisfaction) predicts the Dependent Variable (Employee Retention).

The conditions were tested for both the public and semi-private sector organizations. Focusing on the Pearson correlation analysis it was found that the correlation coefficients for each condition in each sector were highly and moderately statistically significant at p-value 0.01. The highest correlation of 0.619 was observed for the relationship between the mediating and dependent variables in the public sector, and of 0.588 in the semi-private sector. The lowest correlation of 0.455 was observed for the relationship between the Rewards and Promotion as the independent variable and the dependent variable in the public sector, and of 0.458 in the semi-private sector.

The Multiple Regression Analysis was conducted for each condition in order to determine what types of relationships between variables were most meaningful. It was found that there are significant relationships between HRM practices and Employee Retention in the public sector. According to the highest beta of .623, such independent variable as Performance Management most contributes to Employee Retention. Furthermore, there are moderately significant relationships between HRM practices and Job Satisfaction with the highest beta of .503, indicating the relationship between Rewards and Promotion and Job Satisfaction. Finally, there are significant relationships between Job Satisfaction and Employee Retention because of the beta of .611. It was also found that there are statistically significant relationships between employees’ perceptions of HRM practices and Employee Retention in the semi-private sector. Although, betas were almost equal for independent variables, the highest beta of .511 was determined for Rewards and Promotion, and it contributed to Employee Retention most of all. Significant relationships were observed between HRM practices and Job Satisfaction, with the focus on Rewards and Promotion having the highest beta of .880 to influence Job Satisfaction. The significant relationship between Job Satisfaction and Employee Retention with beta of .610 was also observed.

Referring to the received data, it is possible to state that in the public sector, employees can see the strong relationships between Performance Management practices and Employee Retention and Rewards and Promotion practices and Job Satisfaction. This conclusion is supported also with findings in the works by [71], [72]. Training and Development practices can be discussed as moderately meaningful for employees. This result is partially supported with references to the findings in the works by [34], [37]. It is also possible to state that Hypothesis 1 is supported with the found results. Such two conditions as the relationships between HRM practices and Job Satisfaction and Job Satisfaction and Employee Retention demonstrate that Hypothesis 2 is also supported because referring to the findings; it is possible to state that Job Satisfaction works as the mediating variable to influence Employee Retention while being influenced by three independent variables. These results are correlated with the data proposed in the works by [70], [73].

In order to conclude about whether the stated Hypothesis 3 and Hypothesis 4 are supported, it was necessary to apply the further analysis for the semi-private sector. It was found that Performance Management, Rewards and Promotion, and Training and Development worked almost equally to influence the factor of Employee Retention. However, the role of Rewards and Promotion was comparably higher to influence Job Satisfaction in this sector. These findings can be discussed as supported by the results of the studies by [14], [70]. The comparison of the results for the public and semi-private sectors indicate that Hypothesis 3 is not supported because HRM practices have no more positive effects on employee retention in the semi-private sector because of comparably moderate results in contrast to the accentuated focus on Performance Management practices in the public sector [14], [70]. Hypothesis 4 is supported only partially because only the role of Rewards and Promotion practices in the semi-private sector can be discussed as significant to influence Job Satisfaction, and then, Employee Retention. However, in both sectors, Job Satisfaction can be considered as leading to Employee Retention.

The study finds an absence of the significant difference between the implementation of the HRM practices in the public and semi-private sectors in Qatar, which could be a
reason to introduce specific challenges associated with the level of retention in the public sector. These challenges are results of the ineffective managerial approach to implementing the HRM practices, in contrast to possible weaknesses of the HRM policy. This idea is also proposed in the studies by [46], [74]. Therefore, referring to the results of the study, it is rather difficult to conclude about the challenges associated with the implementation of HRM practices in the public sector of Qatar, and the future research is necessary in this field. Much attention should be paid to possible challenges as well as to formulating the appropriate solution to address the identified issues.

V. CONCLUSION

The aim of the study was to determine how HRM practices in Qatar’s 2009 HRM policy could influence the employee retention in the public sector in comparison to the semi-private sector. The conducted study revealed that such HRM practices as Performance Management, Rewards and Promotion, and Training and Development had significant impact on job satisfaction and employee retention in both public and semi-private sectors. It was found that Performance Management most contributed to employee retention in the public sector, and Rewards and Promotion practices led to Job Satisfaction in the semi-private sector. However, there were not statistically significant results to state that HRM practices in the semi-private sector had the more positive effect on employee retention than the same practices in the public sector. Furthermore, the relationships between Job Satisfaction and Employee Relation were almost equal in both sectors. As a result, Hypothesis 3 was not supported, and Hypothesis 4 was supported only partially.

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REFERENCES


