

Impact of HRM Practices on Employee Retention with Moderating Role of Organizational Culture in the Banking Sector of Pakistan

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ABSTRACT

This study strives to investigate the impact of HRM practices on employee retention with the moderating role of organizational culture in Pakistan's banking sector. In this study, recruitment and selection, training and development, performance appraisal, and compensation were considered the independent variables, organizational culture being the moderator and employee retention being the dependent variable. The responses were recorded from 250 respondents through an adopted questionnaire based on the 5 point Likert scale. This research adopts a convenience sampling technique. Data were analyzed through statistical tests, including correlation, regression, and moderation analysis using SPSS Software. The research findings indicate that recruitment and selection, training and development, performance appraisal, and compensation positively correlate with employee retention. The regression analysis has proven to significantly impact recruitment and selection, training and development, performance appraisal, and compensation on employee retention. Moreover, moderation analysis has proved the moderating effect of organizational culture on the relationship between all variables under study. The study is helpful for the banking sector in ascertaining the impact of various HRM practices on employee retention. The study is equally beneficial for the researchers and academia in understanding the prevailing trends in the banking sector. Other service industry sectors may also benefit from the findings of this study. Future scholars may undertake a similar study for foreign banks operating in Pakistan and a comparative study between local and foreign banking sectors is also considered quite useful.

Keywords: *HRM Practices, Recruitment and Selection, Training and Development, Performance Appraisal, Compensation, Organizational Culture, Employee Retention.*

INTRODUCTION

Employees are becoming a crucial asset for organizations in the current competitive economic world. An organization's capacity to acquire, keep, and develop its workforce is a key factor in determining its success (Anwar & Abdullah, 2021). Being one of Pakistan's fastest-growing sectors, the banking industry has a sizable workforce. However, this sector is facing a significant difficulty with employee retention, as employee turnover is not only driving up the expenses but also lowering customer service standards within the sector (Saqib et al., 2022). To promote employee retention, banking institutions must create effective HRM practices and have an in-depth knowledge of the reasons that influence retention of employees (Aftab et al., 2022).

According to a study by (Papa et al,2020), HRM practices and organizational culture are two main factors that affect employee retention. Employee retention can be improved by better management of HRM practices such as recruitment, training and development, compensation,

and performance appraisal. Recruitment procedures that successfully screen applicants and match them with vacant positions can boost staff morale and loyalty of the workforce (Aburumman et al., 2020). Similarly, employee engagement and retention may be enhanced through training and development by improving employee skills and capabilities. Regular feedback and reward systems in performance appraisal procedures can help increase employee retention. Besides, fair and equity based compensation practices can motivate workers and strengthen their relationship with the organization (Hamouche, 2021).

Organizational culture is another key factor in employee retention. The common values, beliefs, and standards that influence employee behavior within an organization are included in organizational culture (Don-Solomon & Ayawei, 2022). Employee commitment to the organization may be increased by establishing a healthy organizational culture that appreciates employees' well-being, supports work-life balance, and promotes open communication (Paz et al., 2020). On the other side, a toxic organizational culture that accepts harassment, bullying, and discrimination can reduce employee satisfaction and boost turnover rate (Alqudah et al., 2022).

Among other challenges that banking industry in Pakistan is facing, high employee turnover is the most prominent factor drawing the attention of top management, especially in the prevailing intense competition. To promote employee retention, banking institutions need to create effective HRM practices and a thorough understanding of the factors that influence employee retention (Rehman & Khatoon, 2022). The current paper would look at how HRM practices affect employee retention in Pakistan's banking sector, with organizational culture acting as a moderator.

Research Gap

Even though employee retention is extremely important for businesses, there is still a huge research gap in our knowledge of how HRM practices impact employee retention in Pakistan's banking sector. There is no sufficient empirical research available regarding role of organizational culture as a moderator in this context, despite prior studies exploring the relationship between HRM practices and employee retention (Aman-Ullah et al., 2022). Investigating the effects of HRM practices on employee retention in the context of Pakistan's banking sector while taking the moderating effect of organizational culture into account is vital to closing this gap. A more thorough knowledge of the elements impacting employee retention may be attained by looking at how these variables interact (Hassan, 2022; Ghani et al., 2022).

Objectives of Study

Undermentioned are the main objectives of this study:

- To find out the impact of HRM practices (recruitment & selection, training & development, performance appraisal, and compensation) on employee retention, in banking sector of Pakistan.
- To investigate the influence of organizational culture as a moderator, on relationship between HRM practices and employee retention, in banking sector of Pakistan.

Research Significance

This research is important both from a theoretical and a practical standpoint because it advances the HRM literature, offers useful advice for HR professionals, directs talent

management and retention programs, encourages the growth of a positive organizational culture, enhances competitive advantage and financial performance, and influence policy decisions in Pakistan's banking sector.

Theoretical Significance

By exploring the link between HRM practices, employee retention, and the moderating effect of organizational culture in the particular context of the banking sector in Pakistan, this research adds to the body of current HRM literature. It offers insights into their interactions and advances theoretical comprehension of the intricate dynamics between these factors. In addition, the study clarifies how organizational culture influences the relationship between HRM practices and employee retention. The study advances theoretical understanding of the complexities of this connection and the contingent impacts of organizational culture by examining how organizational culture changes the effectiveness of HRM practices on retention of employees.

Practical Significance

The research findings would help HR professionals in Pakistan's banking sector in understanding various HRM practices that affect employee retention as well as how corporate culture mitigates the relationship of these factors. It can help in formulating efficient HRM strategies and practices to improve employee retention in the industry. Moreover, the study would help Pakistani banking institutions create and carry out focused employee management and retention programs. Additionally, the study underlines the organizational culture's moderating function and the significance of developing a supportive and positive culture in the banking sector. The findings of the study can help regulators and policymakers of Pakistan's banking sector. It can serve as a guide for the creation of rules and regulations that support HRM practices and procedures that foster employee retention.

LITERATURE REVIEW

Significance of Employee Retention

Long term retention of competent employees is an obvious quest of every organization because it reduces the costs associated with staff turnover, preserves institutional knowledge, and boosts workers productivity and job satisfaction (Papa et al., 2020). Compensation, job security, professional growth opportunities, work-life balance, and organizational culture are just few examples of the variables that might influence retention of employees (Aburumman et al., 2020). Organizations may enhance performance by retaining their best employees, increasing employee engagement, and implementing effective employee retention methods (Hassan, 2022). Organizations use employee retention as a strategic tactic to retain their bright and competent personnel. It entails putting into effect measures that will improve employee satisfaction, develop loyalty and dedication, and foster a pleasant work environment. Employee retention acknowledges that keeping skilled and productive workers is essential for an organization's long-term success (Don-Solomon & Ayawei, 2022).

Employee retention is influenced by a number of important aspects. First, it may be boosted by providing competitive pay, performance-based bonuses, healthcare benefits, retirement plans, and other advantages (Ghani et al., 2022). Secondly, professional advancement opportunities are essential for retaining employees. It not only helps employees improve their abilities but also shows that the company cares about their long-term success to offer them

resources for professional development, training programs, mentor-ship facilities, and growth possibilities (Kumar, 2022). Thirdly, retaining employees requires a positive workplace culture and a work-life balance. Effective employee management through open communication channels, frequent performance reviews and feedback, awards for accomplishments, and chances for employee involvement and participation all play a role in employee retention (Narayanan et al., 2019).

Recruitment and Selection

Recruitment, being the first step towards hiring, is aimed at ensuring entry of talented candidates needed to achieve strategic goals of the organization (Kurniawaty et al., 2019). A number of steps are involved in recruitment & selection, including locating open positions, carrying out a job analysis, creating job descriptions and person specifications, posting open positions, screening applicants, conducting interviews, and choosing candidates (Elsafty & Oraby, 2022). Organizations use recruitment as a deliberate process to find, attract, and choose the best people as their workforce. Organizations use a variety of strategies to entice potential applicants after determining the job criteria. Internal job postings, outside advertising, online job boards, social media platforms, business networking sites, and recruiting firms are some of these techniques. By actively looking for people with the required abilities and credentials, organizations may also access passive prospects (Bibi, 2019).

The screening and selection procedure starts when applications or CVs are received. The credentials, experience, and compatibility of candidates with the job criteria are evaluated through reviews of resumes and other application materials. Interviews, which may be performed in person, over the phone, or through video conferencing, are frequently undertaken after this (Sepahvand & Bagherzadeh, 2021). Candidates' expertise, talents, and cultural fit inside the company can all be evaluated during tests and interviews. Before making a hiring choice, businesses may utilize extra selection techniques including skills tests, evaluations, and background checks to further examine prospects. Efforts are made to ensure that all applicants are given fair consideration based on their credentials and abilities and that the hiring process is devoid of prejudice and discrimination (Pham & Paillé, 2020). The right applicants are attracted when the recruiting process is well-designed and effectively represents the organization's objectives and requirements. Employees are more likely to be content and devoted to their employment when they fit well with the organization's values and work environment, which leads to higher retention (Abbasi et al., 2022).

The process of recruitment and selection that places a strong emphasis on chances for long-term career development and progress can increase employee retention. A clear map for growth and development inside the company encourages employees to stay engaged and motivated, which lowers turnover rates. A successful recruiting and selection procedure that includes good communication, openness, and fairness may aid in creating a good employee-employer connection right away (Hassan, 2022).

Training and Development

Improvement of knowledge, abilities, and skills of the workforce is likely to boost performance of individual employees as well as the organization at large; which highlights the significance of training and development (Cherif, 2020). Training is the name given to short-term learning activities that are designed to provide employees the specific information or skills they need to do their current jobs effectively. On the other hand, the focus of development is on

enhancing employees' potential for upcoming job positions and responsibilities (Kumar, 2022). There are several ways to offer training and development, including coaching, mentoring, e-learning, on-the-job training, and off-the-job training. Motivation, job satisfaction, and career development potential of the workforce may all be enhanced by well-designed training and development programs (Narayanan et al., 2019). To enhance an employee's performance in their present positions or to position them for future responsibilities within an organization, training and development refers to the systematic process of strengthening an employee's knowledge, skills, competences, and habits. It leads to enhancing staff competencies and promoting a culture of ongoing learning and development (Aburumman et al., 2020).

Training and development initiatives encourage employee engagement by showcasing the organization's commitment to their success and professional development. Employees are more driven to support the aims and objectives of the business when they feel appreciated and encouraged through learning opportunities. High-potential individuals are retained thanks to programs in training and development that help discover and support them (Kurniawaty et al., 2019). Employees feel more engaged, fulfilled, and devoted to their positions when they have chances for ongoing learning, skill development, and career promotion (Ozkeser, 2019). Organizations may retain these excellent people who have the potential to make big contributions and take on leadership roles in the future by investing in their development. Training and development initiatives give staff members the knowledge and abilities they need to adjust to shifting business conditions, technological advancements, and consumer preferences (Don-Solomon & Ayawei, 2022). Employee retention rises as a result of their capacity to adapt, which raises their value to the company and lowers the probability that they would lose relevance in their positions (Cherif, 2020). Training and development initiatives improve workers' knowledge and abilities, enabling them to perform assigned duties more effectively and efficiently. The increased sense of achievement and job satisfaction brought about by this enhanced performance not only helps the company but also lessens the risk that employees would look for work elsewhere (Elsafty & Oraby, 2022).

Performance Appraisal

A formal procedure of measuring and evaluating employee performance against established standards or criteria is called performance appraisal (Hamouche, 2021). The purpose of appraisal is to recognize employees' strengths and flaws, offer criticism, and establish performance objectives and benchmarks. Setting performance standards, gathering performance data, giving feedback, and creating plans for performance improvement are just a few of the phases that make up the performance appraisal process (Ghani et al., 2022). Performance reviews may be used for several things, including determining pay and promotions, identifying areas that require training and development, and discovering organizational improvement opportunities (Aman-Ullah et al., 2022). Setting expectations and goals for performance, monitoring employee performance, gathering performance information, conducting performance reviews, and giving feedback are all standard components of performance appraisals. Depending on the organization's rules and procedures, the process may be carried out yearly, semi-annually, quarterly, or continuously (Aburumman et al., 2020).

Managers and supervisors evaluate an employee's performance against established performance criteria, such as work duties, objectives, key performance indicators (KPIs), and behavioral skills, during performance appraisals. Performance reviews offer a chance to commend and honor workers for their accomplishments and services (Kurdi & Alshurideh, 2020). The discussion of performance objectives, career goals, and developmental requirements

between staff members and management is facilitated through performance reviews. They provide a forum for candid discussions on work output, objectives, and career advancement. They incorporate two-way communication, enabling staff members to express their opinions and offer self-appraisals (Anwar & Abdullah, 2021).

According to a research by Ismail et al., (2019), a fairly conducted performance appraisal leads to a favorable influence on a company's ability to retain employees. Employees feel appreciated and driven to continue working at a high level when they get constructive criticism and recognition for their performance. Performance appraisal helps employees to focus their efforts and grasp what is expected of them when clear performance objectives are established (Aftab et al., 2022). Managers may assist staff members in improving their performance and overcoming obstacles by identifying areas for development and offering assistance and direction. Employees are more inclined to stick with the company and strive for growth if they feel encouraged in their professional development (Rehman & Khatoon, 2022).

Performance appraisal procedures that are honest, open, and founded on objective standards help to keep employees happy and motivated. Employees have faith in the system and believe that their efforts are suitably acknowledged and recognized and rewarded when they believe the appraisal process to be fair and objective (Alqudah et al., 2022). Employees feel interested in their job and involved in their professional development when they receive relevant feedback and are given opportunities to discuss how to improve performance (Ployhart, 2021). Higher retention rates are related to higher levels of motivation and engagement. The risk of turnover can be decreased by identifying and supporting these employees through targeted development programs and career possibilities (Saqib et al., 2022).

Compensation

Compensation package of employees comprises of all the financial and non-financial rewards received by the employees for their job. It includes wages, monthly salary, bonuses, benefits, and other forms of compensation, such as recognition and career development opportunities (Kurniawaty et al., 2019). Compensation is an essential aspect of human resource management, as it can influence employee motivation, job satisfaction, and retention (Elsafty & Oraby, 2022). Effective compensation strategies aim at providing fair and equitable rewards that are aligned with employee performance and contribute to the achievement of organizational goals. Compensation includes the monetary and non-monetary benefits that employees receive as a benefit of their job, including wages, salaries, bonuses, incentives, benefits, and other extras (Anwar & Abdullah, 2021). Compensation is essential for luring and keeping outstanding workers, inspiring them to give their best work, and promoting justice and equity within the workplace. Benefits including health insurance, retirement programs, paid time off, flexible work schedules, employee discounts, and chances for professional growth are considered non-financial compensation (Murtiningsih, 2020).

Effective compensation plans are created while taking industry norms, market trends, and the organization's overall goals and strategies into account. To guarantee that compensation packages stay competitive in the job market and provide employees a sense of worth and appreciation, they should be routinely examined and altered (Kalyanamitra et al., 2020). Within a company, compensation fulfills a variety of functions. First and foremost, it serves as a system for rewarding and recognizing employees' accomplishments and inspiring them to reach high standards of performance. It fosters a sense of justice and fulfillment among workers, increasing engagement and productivity (Soomro et al., 2021). Additionally, pay is a factor in luring and

keeping personnel. Employee satisfaction and morale are also impacted by compensation. Employee dedication and loyalty to the company are better when they believe their effort is being adequately rewarded for, which increases job satisfaction and retention (Aman-Ullah et al., 2023).

Employee loyalty and commitment to the company increase when they believe that their pay is fair and commensurate with their value, which lowers the risk that they would look for work elsewhere (Ghani et al., 2022). The firm may maintain its competitiveness and retain its best employees by undertaking regular market research and adjusting pay packages (Hassan, 2022). Retention of employees is influenced by compensation structures that are seen as equitable and fair. Employees have more faith in the system and are more likely to stick with the company when they believe that pay choices are made based on objective factors, such as job duties, performance, and experience (Kumar, 2022).

Organizational Culture

Employees' attitudes, feelings, and behaviors at workplace are shaped by the established value system, traditions, beliefs, conventions, and behaviors that constitute make up the organizational culture (Alqudah et al., 2022). Organizational culture is an important part of human resource management because it can significantly influence employee motivation, job satisfaction, and employee retention (Don-Solomon & Ayawei, 2022). Organizational culture can be influenced by various factors, such as the organization's history, leadership style, and business strategy. Effective organizational culture can promote employee engagement, loyalty, and commitment to organizational goals (Paz et al., 2020). The working environment, employee behavior, and organizational performance are all impacted by organizational culture. It is the fundamental force behind good communication, cooperation, and employee commitment at workplace (Ilyas et al., 2020).

An effective company culture fosters worker well-being, engagement, and satisfaction. It develops a supportive and inclusive work environment, gives employees a feeling of purpose and belonging, and harmonizes their values with those of the company (Kim & Shin, 2019). Employees who identify with the company's culture are more likely to be driven, devoted, and eager to go above and beyond to further the company's objectives. The organizational culture establishes the parameters for moral behavior, determines how disputes are settled, and directs how staff members deal with customers, clients, and other stakeholders (Alshammari, 2020). Organizational culture can cultivate a favorable employer brand and draw in top personnel who share the company's values. It may encourage creativity, innovation, and adaptation, enabling businesses to flourish in a variety of dynamic and demanding business situations (Zhang et al., 2021).

The moderating effect of organizational culture refers to how the dynamics and traits of the culture have an impact on how specific circumstances or connections affect employee outcomes. The strength or direction of the link between various factors can be shaped and influenced by organizational culture (Ilyas et al., 2020). The link between the work environment and employee job satisfaction can be moderated by organizational culture. Even in demanding workplaces, a supportive and encouraging culture may increase job satisfaction by offering tools, networks, and chances for advancement (Khan et al., 2020).

The influence of diversity and inclusion programs on employee well-being can be tempered by organizational culture. Employee perception of the performance assessment

process as relevant and supportive of their growth and development can increase the motivating impact of the process in an environment that prioritizes fairness, transparency, and developmental feedback (Oh & Kim, 2022). The association between employee retention and reward and recognition programs can be moderated by organizational culture. Employee loyalty and dedication to the company may be strengthened through rewards and recognition when there is a culture that recognizes and appreciates employee efforts (Mufti et al., 2019).

Theoretical Framework

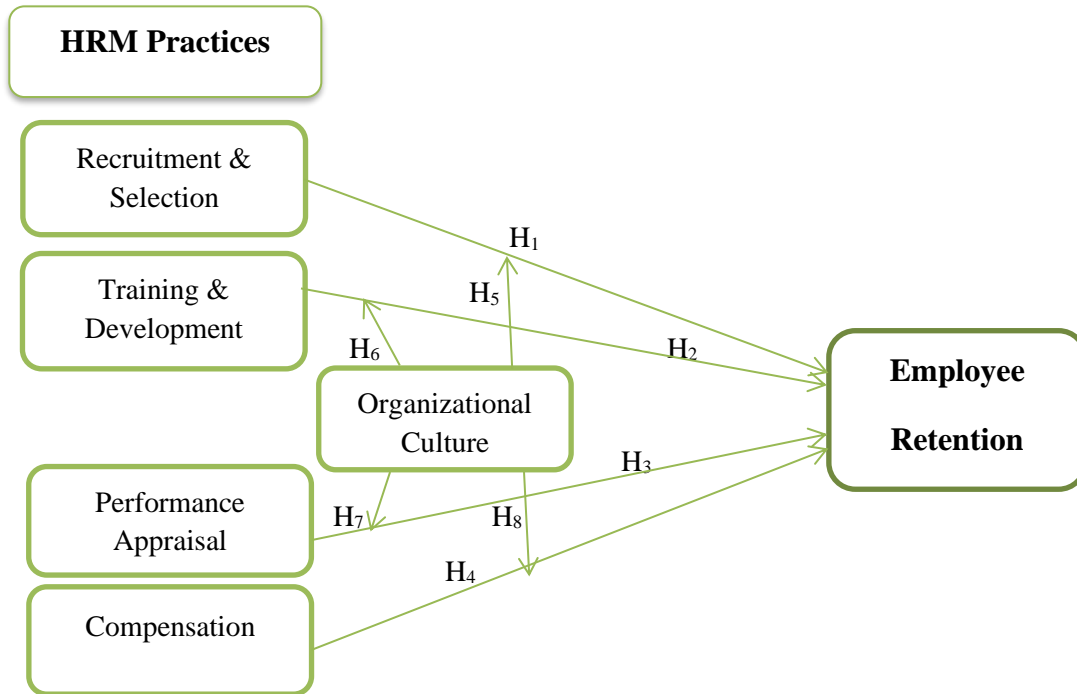


Figure 1: Theoretical Framework

Research Hypotheses

Following hypotheses have been formulated:

H₁: Recruitment & selection has a positive impact on employee retention

H₂: Training and development has a positive impact on employee retention

H₃: Performance appraisal has a positive impact on employee retention

H₄: Compensation has a positive impact on employee retention

H₅: Organizational culture moderates the relationship between recruitment & Selection and employee retention

H₆: Organizational culture moderates the relationship between training & development and employee retention

H₇: Organizational culture moderates the relationship between performance appraisal and employee retention

H₈: Organizational culture moderates the relationship between compensation and employee retention

METHODOLOGY

Research Design

Present study is explanatory, correlational and cross-sectional which focused on assessing the correlation between HRM practices, organizational culture and employee retention and also determining impact of the variables. Quantitative primary data were collected to examine the statistical relationship among HRM practices, organizational culture and employee retention. Non-contrived setting was used and positivism philosophy was adopted because in positivism studies, the role of scholar is merely data collection and interpretation (Acharyya & Bhattacharya, 2019). Unit of analysis for this study was individual employees working in the banking sector.

Population and Sampling

Research population comprised 715 employees working in four leading banks including Habib Bank Limited, Allied Bank Limited, United Bank Limited and Muslim Commercial Bank Limited. A sample of 250 respondents (at confidence level of 95% and margin of error 5%) was approached adopting convenience sampling technique as it helped in the data collection, without any hassle.

Research Instrument and Data Analysis Techniques

The research instrument was a questionnaire adopted from Abbasi et al. (2022), Don-Solomon & Ayawei (2022), Kurdi & Alshurideh (2020), Murtiningsih (2020), Ilyas et al. (2020), Arasanmi & Krishna (2019). All the items were measured on a five-point Likert Scale. Data were analyzed applying statistical tests including correlation, regression, and moderation analysis, with the help of software SPSS version 25.

ANALYSIS AND RESULTS

Reliability Analysis

Reliability test was conducted with the help of Cronbach's Alpha and following are the findings of reliability analysis:

Table 4.1: Reliability Analysis

Variable	Cronbach's Alpha	N of Items
Recruitment and Selection	.737	6
Training and Development	.798	6
Performance Appraisal	.782	6
Compensation	.811	6
Organizational Culture	.756	6
Employee Retention	.803	6
Collective Reliability	.781	36

Cronbach's Alpha values in this table indicate that the reliability of all individual variables is above threshold value of 0.7. Besides, overall reliability of complete questionnaire was also calculated, yielding a score of 0.781.

Descriptive Frequencies

A number of demographics, including gender, age, education, annual income, and tenure in the bank, were part of the questionnaire.

Table 4.2: Descriptive Frequencies

Demographics		Frequencies	Percentages	Cumulative Percentage
Gender	Male	178	71	71
	Female	72	29	100
Age (Years)	< 30	68	27	27
	30 - 45	122	49	76
	> 45	60	24	100
Education	Undergraduate	49	20	20
	Graduate	137	55	75
	Postgraduate	64	25	100
Annual Income	< 500,000	128	51	51
	500,000 to 1,000,000	79	32	83
	> 1,000,000	43	17	100
Experience	< 5 years	137	55	55
	5 to 10 years	78	31	86
	> 10 years	35	14	100

Based on gender, 178 respondents (71%) were males & 72 respondents (29%) were females. On the basis of age, 68 respondents (27%) were having the age less than 30 years, 122 respondents (49%) were between the age group of 30 to 45, 60 respondents (24%) were having age more than 45 years. In terms of education, 49 respondents (20%) were undergraduates, 137 respondents (55%) were graduates, 64 respondents (25%) were postgraduates. On the basis of annual income in Pakistani Rupees, 128 respondents (51%) were earning less than 500,000, 79 respondents (32%) were earning between 500,000 to 1,000,000, 43 respondents (17%) were earning more than 1,000,000. Regarding work experience, 137 respondents (55%) were having less than 5 years' experience, 78 respondents (31%) were having experience between 5 to 10 years and 35 respondents (14%) were having experience more than 10 years.

Correlation Analysis

To ascertain the direction and intensity of the association between the variables, Correlation analysis was used. Correlation coefficient (r) is considered the most effective tool for calculating relationship of the variables. Perfect positive correlation is denoted by +1, a perfect negative correlation is denoted by -1, whereas a value of 0 indicates no association.

Table 4.3: Correlation Analysis

	R&S	T&D	PA	C	OC	ER
Recruitment and Selection	1.000					
Training & Development	.429	1.000				
Performance Appraisal	.437	.458	1.000			
Compensation	.413	.441	.408	1.000		
Organizational Culture	.513	.488	.462	.439	1.000	
Employee Retention	.452	.475	.424	.481	.485	1.000

As per table 4.3, value of r for R&S is .452 which indicates that one unit change in R&S corresponds to .452 unit change in ER. Value of r for T&D is .475 which indicates that one change in T&D corresponds to .475 unit change in ER. Value of r for PA is .424 which indicates that one unit change in PA corresponds to .424 unit change in ER. Value of r for C is .481 which shows that one unit change in C corresponds to .481 unit change in ER. Value of r for OC is .485 which indicates that one unit change in OC corresponds to .485 unit change in ER. Overall correlation results indicate a direct/positive relationship of all variables with employee retention.

Regression Analysis

A statistical method used for assessing the strength of a link between two or more variables is regression analysis. It enables researchers to evaluate how independent factors affect a dependent variable and to express how strong and in what direction their connection is. Values of the of regression analysis are depicted in table below:

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.717a	.514	.507	.41372	2.374

a. Predictors: (Constant), Recruitment & Selection, Training & Development, Performance Appraisal, Compensation

The value of coefficient of determination (R-square) reveals how much the variation in dependent variable (employee retention) is accounted for by the predictive variables.

Based on the R-square value, recruitment and selection, training and development, performance appraisal, and compensation may have 51.4 percent of the variation in employee retention. Another important statistic in regression analysis is the Durbin Watson's value, which assesses the auto correlation present in the model.

The observed value of 2.374 is within the highly acceptable range of the Durbin Watson's value (0 to 4). The value of adjusted R-square value of 50.7 indicates that the theoretical model explains around 50.7% of variation in employee retention after accounting for the number of variables inside the model and degrees of freedom.

ANOVA was applies to compare the means of two or more groups to see whether there are any statistically significant differences between them.

Table 4.5: ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
	Regression	9.364	4	2.341	23.748	.000b
1	Residual	84.840	245	.346		
	Total	94.204	249			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Recruitment and Selection, Training and Development, Performance Appraisal, Compensation

ANOVA results indicate that theoretical model significantly affects employee motivation, job satisfaction, and retention. The observed value being less than the threshold level of 0.05, indicates that it is statistically significant. The F value, which is more than 4, further supports the statistical significance of the theoretical model.

Table 4.6: Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.283	.236		3.781	.001
Recruitment and Selection	.342	.079	.345	2.642	.001
Training and Development	.135	.058	.140	2.210	.000
Performance Appraisal	.436	.082	.431	2.728	.002
Compensation	.128	.057	.122	2.189	.001

a. Dependent Variable: Employee Retention

The values displayed in the table 4.6 being less than the threshold of 0.05 indicate that there is a significant relationship between the variables. This shows that employee retention significantly gets affected when there is a change in any of the HRM practices. The beta value of .342 in respect of first hypothesis indicates that impact of recruitment and selection on employee retention is positive and significant ($p < .05$). Similarly, beta value of remaining three IVs is .135, .436 and .128 indicated that all are having significant ($p < .05$) positive impact on employee retention.

Moderation Analysis

H₅: Organizational culture moderates the relationship between recruitment & selection and employee retention.

The result in table 4.7 depicts a strong association between recruitment and selection (X) and employee retention (Y) (Coeff. 0.8735, $p < 0.05$). However, there is a substantial link between organizational culture (M) and employee retention (Y) (Coeff. 0.7492, $p < 0.05$), and the interaction term (Recruitment and Selection x Organizational Culture) is significant (Coeff. 0.0783, $p < 0.05$). On the basis of these values, we may conclude that organizational culture is a major moderating variable in this model.

Table 4.7: Moderation Analysis

Model Summary					
R	R-Square	F	df1	df2	P
.6834	.4839	47.4865	3.0000	159.0000	.0000
Model					
	Coefficient	Standard Error	t	P	
Constant	1.1729	.5271	4.6491	.0012	
Recruitment and Selection	.7492	.3183	3.7463	.0004	
Organizational Culture	.8735	.3628	3.8928	.0009	
int_1	.0783	.0894	2.1273	.0024	
Interactions: int_1 = Recruitment and Selection x Organizational Culture					
Outcome Variable: Employee Retention					

H₆: Organizational culture moderates the relationship between training & development and employee retention.

Table 4.8: Moderation Analysis

Model Summary					
R	R-Square	F	df1	df2	P
.6416	.4117	42.1718	3.0000	159.0000	.0000
Model					
	Coefficient	Standard Error	t	p	
Constant	1.0127	.5173	4.1725	.0015	
Organizational Culture	.7018	.2426	3.6681	.0000	
Training and Development	.3042	.1697	2.7287	.0018	
int_1	.0487	.0217	2.0773	.0030	
Interactions: int_1 = Training and Development x Organizational Culture					
Outcome Variable: Employee Retention					

The result reveals a strong association between training and development (X) and employee retention (Y) (Coeff. 0.3042, $p < 0.05$). However, there is a substantial link between organizational culture (M) and employee retention (Y) (Coeff. 0.7018, $p < 0.05$), and the interaction term (Training and Development x Organizational Culture) is significant (Coeff. 0.0487, $p < 0.05$). On the basis of these values, we may conclude that organizational culture is a major moderating variable in this model, as organizational culture is not only significant with employee retention, but it is also significant when tested as an interaction term by multiplying with training and development.

H₇: Organizational culture moderates the relationship between performance appraisal and employee retention in banking sector of Pakistan.

Table 4.9: Moderation Analysis

Model Summary					
R	R-Square	F	df1	df2	P
.6912	.4776	48.4659	3.0000	159.0000	.0000
Model					
	Coefficient	Standard Error	t	P	
Constant	1.2781	.5362	4.8053	.0019	
Organizational Culture	.8163	.3287	3.8916	.0000	
Performance Appraisal	.9346	.3719	3.9962	.0012	
int_1	.0818	.0921	2.1439	.0034	
Interactions: int_1 = Performance Appraisal x Organizational Culture					
Outcome Variable: Employee Retention					

The result reveals a strong association between performance appraisal (X) and employee retention (Y) (Coeff. 0.9346, $p < 0.05$). However, there is a substantial link between organizational culture (M) and employee retention (Y) (Coeff. 0.8163, $p < 0.05$), and the interaction term (Performance Appraisal x Organizational Culture) is significant (Coeff. 0.0818, $p < 0.05$). On the basis of these values, we may conclude that organizational culture is a major moderating variable in this model, as organizational culture is not only significant but it is also significant when tested as an interaction term by multiplying with performance appraisal. As a result, there is a significant moderating effect of organizational culture on the relationship between performance appraisal and employee retention.

H₈: Organizational culture moderates the relationship between compensation and employee retention in banking sector of Pakistan.

Table 4.10: Moderation Analysis

Model Summary					
R	R-Square	F	df1	df2	P
.6182	.4027	40.3728	3.0000	159.0000	.0000
Model					
	Coefficient	Standard Error	t	p	
Constant	1.0038	.5027	3.9372	.0014	
Organizational Culture	.6892	.2381	3.5384	.0003	
Compensation	.3374	.1473	2.8362	.0014	
int_1	.0528	.0226	2.1375	.0026	
Interactions: int_1 = Compensation x Organizational Culture					
Outcome Variable: Employee Retention					

The result reveals a strong association between compensation (X) and employee retention (Y) (Coeff. 0.3374, $p < 0.05$). However, there is a substantial link between organizational culture

(M) and employee retention (Y) (Coeff. 0.6892, $p < 0.05$), and the interaction term (Compensation x Organizational Culture) is significant (Coeff. 0.0528, $p < 0.05$). On the basis of these values, we may conclude that organizational culture is a major moderating variable in this model, as organizational culture is not only significant with employee retention, but it is also significant when tested as an interaction term by multiplying with compensation. As a result, we may infer that our findings suggest a significant moderating impact of organizational culture on relationship between compensation and employee retention.

Hypothesis 1: Recruitment & selection has a positive impact on employee retention

According to the table 4.6, the beta coefficient value of independent variable Recruitment and Selection is 0.342, which means that 1 unit increase in Recruitment and Selection will cause 34 percent change in the dependent variable i.e., Employee Retention, with the significance value less 0.05. Findings of current study through correlation and regression analysis have proved that recruitment & selection is positively correlated with employee retention. Hypothesis H_1 stands accepted. These results are similar to the results of the study conducted by Cherif (2020).

Hypothesis 2: Training & development has a positive impact on employee retention

According to the table 4.6, the beta coefficient value of 'Training and Development' is 0.135, which means that 1 unit increase in Training and Development will cause 13.5 percent change in the dependent variable i.e., Employee Retention, with the significance value less 0.05. The results of the analysis are like the study of Anwar & Abdullah (2021). Findings of current study through correlation and regression analysis have proved that training & development was positively correlated with employee retention, accepting H_2 .

Hypothesis 3: Performance appraisal has a positive impact on employee retention

According to the table 4.6, the beta coefficient value of 'Performance Appraisal' is 0.436, which means that 1 unit increase in Performance Appraisal will cause 43.6 percent change in the dependent variable i.e., Employee Retention, with the significance value less 0.05. The results of the analysis are like the study of Papa et al. (2020). Findings of current study through correlation and regression analysis have proved that performance appraisal was positively correlated with employee retention, accepting H_3 .

Hypothesis 4: Compensation has a positive impact on employee retention

As indicated in table 4.6, the beta coefficient value of 'Compensation' is 0.128, which means 1 unit increase in Performance Appraisal will cause 12.8 percent change in the dependent variable i.e., Employee Retention, with the significance value less 0.05. The results of the analysis are like the study of Junça & Coelho (2022). Findings of current study through correlation and regression analysis have proved that compensation was positively correlated with employee retention, accepting H_4 .

Hypothesis 5: Organizational culture moderates the relationship between recruitment & selection and employee retention

As depicted in table 4.7, the interaction value of Recruitment and Selection with Organization Culture is 0.0783 with significance less than 0.05. Findings of current study through moderation analysis have proved that organizational culture significantly and positively

moderates the relationship between recruitment & selection and employee retention similar to Don-Solomon & Ayawei (2022) , accepting H₅.

Hypothesis 6: Organizational culture moderates the relationship between training & development and employee retention

According to the table 4.8 the interaction value of Training and Development with Organization Culture is 0.0487 with significance less than 0.05. Findings of current study through have proved that organizational culture significantly and positively moderates the relationship between training & development and employee retention similar to the study conducted by Anwar & Abdullah (2021), accepting H₆.

Hypothesis 7: Organizational culture moderates the relationship between performance appraisal and employee retention

According to the table 4.9 the interaction value of Performance Appraisal with Organization Culture is 0.0819 with significance less than 0.05. Findings of current study have proved that organizational culture significantly and positively moderates the relationship between performance appraisal and employee retention; it is similar to the study by Paz et al. (2020), accepting H₇.

Hypothesis 8: Organizational culture moderates the relationship between compensation and employee retention

According to the table 4.10 the interaction value of Compensation with Organization Culture is 0.0528 with significance value less than 0.05. Findings of the study have proved that organizational culture significantly and positively moderates the relationship between compensation and employee retention; it is similar to the study conducted by Murtiningsih, (2020), accepting H₈.

Data Findings

Hypothesis	Statement	Accepted/ Rejected
H ₁	Recruitment & selection has a positive impact on employee retention	Accepted
H ₂	Training and development has a positive impact on employee retention	Accepted
H ₃	Performance appraisal has a positive impact on employee retention	Accepted
H ₄	Compensation has a positive impact on employee retention	Accepted
H ₅	Organizational culture moderates the relationship between recruitment & Selection and employee retention	Accepted
H ₆	Organizational culture moderates the relationship between training & development and employee retention	Accepted
H ₇	Organizational culture moderates the relationship between performance appraisal and employee retention	Accepted
H ₈	Organizational culture moderates the relationship between compensation and employee retention	Accepted

CONCLUSION

This study was aimed at examining the impact of HRM practices on employee retention with moderating role of organizational culture, in banking sector of Pakistan. HRM practices including recruitment and selection, training and development, performance appraisal, and compensation were considered as the independent variables. Organizational culture was used as moderator. All hypotheses of the study have been accepted and proved significant. Moderation analysis has proved that improvement in organizational culture strengthens the relationship between HRM practices and employee retention and vice versa.

Practical Implications

Results of the study offer the managers of Pakistani banking sector useful advice because these managers may create HRM plans and develop healthy organizational culture to increase employee retention. Banks may use the study's results to better understand the role that HRM practices play in encouraging employee retention. Banking sector may effectively allocate resources and give these practices top priority in their HRM strategies by identifying the particular practices that have a beneficial influence on retention, such as recruitment and selection, training and development, performance appraisal and compensation. These implications can ultimately assist banking sector in designing and putting into practice HRM practices that improve employee retention.

Theoretical Implications

Examining the link between HRM practices and employee retention adds to the theoretical understanding. It sheds light on the precise processes by which organizational culture affects the relationship between HRM practices and employee retention. This can add to the body of knowledge already available on HRM and employee retention in the context of Pakistani banking sector. Additionally, this study adds to our understanding of how important each HRM practice is towards improving retention of employees. The study also highlights the importance of organizational culture and guides the banking sector to improve employee retention by creating conducive organizational culture.

Suggestions For Future Research

Future researchers may include the entire banking sector of Pakistan and may also add more HRM practices. Besides, a comparative study of both foreign and domestic banking sectors may also be undertaken. Moreover, future studies should use longitudinal or experimental methods to more accurately evaluate the causal links between HRM practices, organizational culture and employee retention. Furthermore, future study may examine the moderation of organizational culture in relationship between HRM practices and employee retention across different service sectors. Finally, future researchers may use mixed-method techniques that integrate self-reported data with observational or behavioral assessments to reduce self-report bias.

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