

Employee retention through effective human resource management practices in Maldives: Mediation effects of compensation and rewards system

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Abstract

PURPOSE: The purpose of this study is to examine the effects of human resource management (HRM) practices on employee retention mediated by reward and compensation. Also, this study has examined the moderating role of performance appraisal, and training and development on the relationship between HRM practices and employee retention. **METHODOLOGY:** A sample of 250 respondents among the employees working in the retail sector in Capital City of Maldives was selected using the random probability sampling technique. A structured questionnaire was distributed, and data was collected. Structural equation modeling analysis was carried out to examine the causal effect of HRM practices on employee retention. **FINDINGS:** The results showed that reward and compensation (R&C) practices had significant and positive effects on employee retention. However, the study found no significant effect of career development, training and development, and performance appraisal on employee retention. In terms of mediating effects, R&C had significantly positive mediating effects on the relationship between training and development (T&D) and employee retention as well as on the relationship between performance appraisal and employee retention. However, there were no moderating effects between performance appraisal as well as T&D and employee retention. Therefore, it was concluded that increasing the positive perception towards HRM practices, particularly R&C practices in the retail sector of Maldives, causes an increase in employee retention (ER). Also, it was concluded that HRM practices such as R&C mediate the relationship between Training and Development (T&D) and Employee Retention along with the relationship between Performance Appraisal (PA) and ER. This means, indirectly PA and T&D can increase ER in the retail sector of Maldives. Similarly, we conclude that there is no moderating effect of PA and T&D in the relationship between HRM practices and ER. The overall conclusion is

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Received 30 September 2021; Revised 20 December 2021; Accepted 30 January 2022.

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that R&C has a partial mediating effect on the relationship between HRM practices and ER. **IMPLICATIONS:** This study contributes to the current knowledge of HRM by confirming that reward and compensation is a key determinant and a significant mediator for employee retention. This study contributes to developing new knowledge in the theoretical domains of HRM practices. In particular, the findings of the study strengthen Herzberg's Two-Factor theory by confirming that career growth opportunities, advancement and salary significantly determine employee retention. This showed that both motivators and hygiene factors are crucial in retaining employees. In practice, the findings also enable managers to make new organizational and HRM policy decisions on improving and enhancing employee retention. This study can be useful for organizational management to formulate effective reward and compensation policies. This study signifies the importance of training and development and performance appraisal by linking these with reward and compensation practices. **ORIGINALITY AND VALUE:** This could be one of the pioneering studies carried out in the retail sector of Maldives by examining the four constructs of human resource management practices to shed light on how retail sector business organizations in Maldives make decisions on improving employee retention. Furthermore, the current study indicated that reward and compensation have full mediating effects on the relationship between employee retention and training and development as well as performance appraisal. This filled the existing research gaps by adding value to the existing literature. Moreover, the current study adds practical values by confirming that reward and compensation should be emphasized to retain employees through other human resource management practices in the retail sector of Maldives.

Keywords: employee retention, rewards, compensation, training, career development, performance appraisal, human resource management, HRM

INTRODUCTION

Employee retention (ER) is considered as one of the most popular researched issues in the field of human resource management (HRM). Research has revealed that a substantial number of studies have aimed to clarify the term employee retention (ER) (Cherif, 2020; Naim & Lenka, 2018; Fahim, 2018; Imna & Hassan, 2015) and further attempted to identify the key HRM practices that could have an influence on employee retention (Akther & Tariq, 2020; Sirirwardhana et al., 2019; Nabi, Ahmed, & Rahman, 2017; Imna & Hassan, 2015). Employee retention is the opposite of employee turnover, and past research has confirmed that a high level of voluntary employee turnover has negative effects on productivity and profit margins (De Winne, Marescaux, Sels, Van Beveren, & Vanormelingen, 2019) and employee performance (Afsar, Shahjehan, & Shah, 2018). Therefore, it is essential to increase employee retention among the workforces. The rate of employee

retention implies the effectiveness of HRM practices of organizations (Abdul-Azeez, 2017). As most studies showed that a high level of employee retention has positive effects on an organization's social and economic process (Papa, Dezi, Gregori, Mueller, & Miglietta, 2018). While voluntary employee turnover has negative effects on an organization's social and economic process (De Winne et al., 2019), the importance of HRM is being appraised by increasing employee retention (Abdul-Azeez, 2017).

In the case of Maldives, the rapid changes due to COVID-19 and technological trends, have forced most Maldivian organizations to manage and utilize their resource in a sustainable manner, which poses many challenges in terms of economic and sustainable development (Suzana, Moosa, Rafeeq, & Usman, 2020). The retail food industry is considered very important, especially during COVID-19 when food supply becomes challenging. The retail food sector contributes around 7% of GDP (Suzana et al., 2020). Recent research showed that the second largest workforce in Maldives is employed in the retail industry (Van Driessche, 2020). The statistical report produced by UNDP and World Bank indicated that one of the highest employee turnover rates was found in the retail food sector of Maldives due to low pay, working conditions, lack of proper careers development and training, and this sector experiences a very low employee retention rate (Van Driessche, 2020; Imna & Hassan, 2015).

Despite the abundance of employee retention research in general, there is a lack of comprehensive studies of HRM practices on employee retention in the retail sector of Maldives. A handful of empirical, qualitative, and conceptual studies were carried out to examine the effect of HRM practices in Maldives (Najeeb, 2016; Imna & Hassan, 2015; Najeeb, 2013). The progress is observed in studies on employee retention in relation to HRM practices among employees in the tourism sector, where most of the studies found HRM practices influenced various employee behavioral outcomes such as retention, turnover, commitment, performance, and job satisfaction (Wijesiri et al., 2019; Imna & Hassan, 2015). Also, past studies that have been conducted, particularly in Maldives, lack methodological rigor in terms of the causal effect of HRM practices on employee retention. Most of the studies are conceptual, qualitative, and use a very small sample size that may not allow a generalization of the finding across industries and countries (Wijesiri et al., 2019). Only one study was found that empirically investigated the effects of HRM practices and their impact on employee retention in the retail sector of Maldives (Imna & Hassan, 2015). However, the study only partially established the link between HRM practices and employee retention.

Numerous HRM practices and related studies have been done in other parts of the world. Studies on examining the impact of HRM practices on

employee retention and other outcomes have burgeoned in the last two or three decades (Choy & Kamoche, 2021; Presbitero, Roxas, & Chadee, 2016). Differences in interpretations of responses toward HRM practices among employees vary in several ways (Santhanam et al., 2017). Most research in the past has heavily emphasised on examining how the perceived HRM practices effects employee and organisational behavioural outcomes (Aboramadan & Karatepe, 2021). The role of human resource management in employee retention and reducing voluntary turnover rates emerged in the early 20th century (Nelissen, Forrier, & Verbruggen, 2017). Indeed, much research has shown that a positive perception of HRM practices leads to high employee retention (Nelissen et al., 2017), low voluntary employee turnover (Nelissen et al., 2017), high trust in management (Afsar et al., 2018), commitment and procedural justice (Cugueró-Escofet, Ficapal-Cusí, & Torrent-Sellens, 2019), and engagement and high employee performance (Oluwatayo & Adetoro, 2020). Previous studies have demonstrated that compensation, reward, and recognition practices were the most studied HRM practice in relation to employee retention (Malik et al., 2020; Imna & Hassan, 2015), followed by training and development (Bibi et al., 2018), performance appraisal (Bibi et al., 2018), and career development (Sari & Dewi, 2020) respectively. The increasing number of empirical studies demonstrated that compensation, rewards or recognition have significantly increased employee retention rates (Rombaut & Guerry, 2020). Several studies showed training and development have a significant effect on employee retention (Sari & Nizam, 2020; Imna & Hassan, 2015) while other studies showed no significant effect on employee retention (Murtiningsih, 2020; Jehanzeb, Aldakhil, Hamid, & Khan, 2017) suggesting that past research was mixed and inconclusive. Similarly, performance appraisal in relation to employee retention was mixed (Boon, Den Hartog, & Lepak, 2019) as well as career development (Al-Ali, Ameen, Isaac, Khalifa, & Shibami, 2019; Nelissen, Forrier, & Verbruggen, 2017). This leaves a significant research gap for this study to fill in establishing the HRM practices and employee retention.

Organizations, at the heart of which lie retailers, face challenges, including complex developments such as COVID-19, technological trends, globalization and emerging competition. These fast changes impose on retailers to manage their employees effectively in employee retention and employee voluntary turnover intention. It was found that when employees were satisfied with their job, they were successfully committed to their organizations and contributed to employee retention (Mahmood, 2013). Although HRM practices have increasingly been studied in connection with different organizational outcomes like employee retention and employee performance (Rahman et al., 2013; Choi & Lee, 2013; Nadarajah et al., 2012),

no empirical research was found to be conducted on the role of HRM and employee retention mediated by compensation and rewards, particularly in the Maldives retail sector. Therefore, there exists a significant research gap.

This study has formulated the following research questions (RQ) to bridge the research gap:

RQ1) Do HRM practices influence employee retention in the Maldivian retail sector?

RQ2) Do HRM practices, such as training and development, career development, and performance appraisal, influence compensation and reward practices in the Maldives retail sector?

RQ3) Do compensation and reward practices mediate the effect of other HRM practices on employee retention among employees in the Maldives retail sector?

RQ4) Does performance appraisal, and training and development, moderate the relationship between CR practices and employee retention?

LITERATURE REVIEW

Human resource management practices

The success of different organizations, large or small, such as food retailers, depends largely on the performance of employees (Uma et al., 2017), which emphasizes retaining employees with high skills and competences (Ong et al., 2019; Ong & Koh, 2018). HRM was conceived in the 1980s with a conceptual framework consisting of a number of underpinning theories (Armstrong & Taylor, 2017). Armstrong and Taylor (2017) argued that HRM practices comprise of overarching values and guiding principles to manage people in real activities, as well as HRM practices that involve developing and managing employees to ensure high performance and overseeing employee relationship. Human resource management (HRM) practices can be referred to as a set of internally coherent and consistent practices aimed at supporting and enhancing employee performance through retaining competent, committed, and motivated employees (Elrehail et al., 2019). Also, HRM practices, such as training and development, career development, performance appraisal and compensation and rewards, manage the retention of talents and skills to achieve organizations' goals (Ana et al., 2019). HRM practices are expected to create good working conditions and a positive

environment to accomplish organizations' goals where employees become highly committed to the organization by doing their best.

In previous studies, motivational theories, such as the Hierarchy of Needs and the Two-Factor theory of motivation, were used as a basis to determine the key practices of HRM that influence employee retention (Azeez, 2017). In terms of Maslow's Hierarchy of Needs theory, the motivating factors are divided into five levels (Azeez, 2017). These five levels of needs, which cause to motivate employees, are physiological, safety, love and belongings, esteem, and self-actualization (Ştefan, Popa, & Albu, 2020). The Hierarchy of Needs theory supports HRM practices such as career and development, as well as training and development along with reward and compensation (Aburumman, Salleh, Omar, & Abadi, 2020). Maslow argued that it is necessary for a lower-level need to be met and to have proceeded to a higher-level need in order to satisfy and motivate employee retention (Noltemeyer, James, Bush, Bergen, Barrios, & Patton, 2021).

Furthermore, Maslow's theoretical principles suggested that it is crucial for prepotent requirements to be satisfied before the next level needs emerge (Stefan et al., 2020). For example, having an adequate salary or wage as a part of a compensation package that enhances motivation of employees resulting in employee retention (Azeez, 2017). Similarly, rewards such as a bonus for recognizing the performance of employees enhances employee retention (Aburumman et al., 2020). Career development and growth are part of self-esteem and self-actualization needs that perfectly align with HRM practices that cause employee retention (Azeez, 2017). Therefore, HRM practices that lead to employee retention, act as motivating factors indicated by Maslow's Hierarchy of Needs theory.

Furthermore, Herzberg's Two-Factor theory, which comprises of "motivators" and "hygiene" factors that cause to improve employee retention, are well covered by HRM literature (Almaaitah, Harada, Sakdan & Almaaitah, 2017). Hygiene factors such as basic wages or salaries are factors that influence employee retention (Almaaitah et al., 2017). Under the compensation practices as a part of HRM practices, salary and wage strategies were determined and applied to influence employee turnover intention (Hanai & Pallangyo, 2020). Moreover, recognition, advancement and personal growth are considered as motivators that have significant effects on employee retention (Murtiningsih, 2020). HRM practices such as reward and compensation, career and development, as well as training and development are being applied to improve employee retention (Hanai & Pallangyo, 2020; Burnette et al., 2020). Therefore, HRM practices that were implemented in the organization to improve employee retention are well aligned with the

Two-Factor theory (Fahim, 2018). The employees' motivation to remain in the organization is well defined by various HRM practices.

As discussed earlier in the Introduction section, HRM practices are inclusive and kept on emerging various terms in defining the key HRM practices. Differences in the interpretation of HRM practices among the employees vary in several ways (Santhanam et al., 2017). Previous studies have indicated compensation, reward and recognition practices were the most cited HRM practice in relation to employee retention (Malik et al., 2020; Imna & Hassan, 2015), followed by training and development (Bibi et al., 2018), performance appraisal (Bibi et al., 2018), and career development (Sari & Dewi, 2020) respectively. A fair proportion of available empirical studies showed that compensation, rewards, or recognition have significantly increased employee retention rates (Rombaut & Guerry, 2020). Furthermore, several studies suggested that training and development have a significant effect on employee retention (Sari & Nizam, 2020; Imna & Hassan, 2015) while other studies showed no significant effect on employee retention (Murtiningsih, 2020; Jehanzeb, Aldakhil, Hamid, & Khan, 2017). This suggests that past research was mixed and inconclusive. Similarly, performance appraisal in relation to employee retention was mixed (Boon et al., 2019), as well as career development (Nelissen, Forrier, & Verbruggen, 2017). This leaves a significant conceptual gap for this study to fill in establishing the effect of HRM practices on employee retention.

Employee retention

Several researchers have attempted to define employee retention. In the early 1990s, employee retention was defined as a process that organisations or managers use to motivate employees to stay in the organisation for long periods of time (Hom & Griffeth, 1995). Similarly, employee retention was referred to as initiatives taken by the organization to ensure employees with crucial skills and competences are prevented from leaving through appropriate compensation and rewards, supportive work environment, career development opportunities, and building employee relationship (Cascio, 2003). Employee retention was also defined as a method used by organizations to encourage employees to stay in the organization for a long term (Giri, 2008). Also, it was defined as a feeling or commitment of employees towards the organisation to stay, based on the factors that have been offered by the organization (Kurdi & Alshurideh, 2020). Alternatively, employee retention refers to those who stay with an organization due to the positive work environment, and reward and compensation that satisfy their aspiration and need (Pittino, Visintin, Lenger, & Sternad, 2016).

Employee retention is determined by many factors that are attributed to HRM practices. Some of these factors include career development, supervisor support, work environment and rewards (Khan, 2020). Strategic human resource functions such as recruitment and selection are considered as crucial elements to retain employees (Boudlaie, Mahdiraji, Shamsi, Jafari-Sadeghi, & Garcia-Pereze, 2020). The effect of HRM practices on employee retention is discussed in detail below.

Human resource management practices and employee retention

The available literature on HRM practices provides an explanatory framework to shed light on how HRM practices contribute to employee retention. HRM practices such as compensation and reward, and career development, were found to have significant effects on employee retention, particularly in the retail sector of Maldives (Imna & Hassan, 2015). The most studied HRM practices in the past ten years are considered to be compensation and rewards (Aleem & Bowra, 2020; Imna & Hassan, 2015). The only study that has been carried out in Maldives showed that reward and compensation practices (R&C) cause to increase employee retention among the employees in the retail sector of Maldives (Imna & Hassan, 2015). It was also found in other contexts that R&C practices have significant and positive effects on employee retention (Hanai & Pallangyo, 2020; Khalid & Nawab 2018). This means the perceived fairness of R&C practices by the management enhances employee retention (Kalyanamitra, Saengchai, & Jermisittiparsert, 2020; Malik, Baig, & Manzoor, 2020; Hanai, & Pallangyo, 2020; Khan 2020). Thus, we propose the following hypothesis:

H1: Reward and compensation (R&C) practices have a positive and significant effect on employee retention

The training and development (T&D) practice is the second most researched HRM practice in relation to employee retention. Most of the studies found that T&D had significant and positive effects on employee retention (Akther, & Tariq, 2020; Fletcher, Alfes, & Robinson, 2018). Also, it was found that perceived positive T&D practice causes to reduce the intent to leave (Aburumman et al., 2020; Santhanam, Kamalanabhan, Dyaram, & Ziegler; 2017). It was argued that T&D causes to enhance job satisfaction leading to increased employee retention (Nabi, Ahmed, & Rahman, 2017). However, in the case of the Maldives retail sector, Imna and Hassan (2015) found that T&D do not have significant effects on employee retention. Most of the studies conducted in linking T&D with employee behavioral outcomes

do not cover employee retention. Similarly, much research done in the past shows that the effect of T&D on employee turnover intention (Santhanam et al., 2017) or employee retention are not significant (Murtiningsih, 2020; Jehanzeb, Aldakhil, Hamid, & Khan, 2017). Similarly, some research failed to produce sufficient evidence that T&D has any significant effect on employee retention (Wijesiri et al., 2019; Ozolina-Ozola, 2014). Equally, many studies around the world show the positive and significant effect of T&D on employee retention (Kalyanamitra, Saengchai, & Jermsittiparsert, 2020; Jeffrey & Prasetya, 2019; Boon et al., 2019) and argued that T&D must be carried out to ensure an improved employee retention rate (Aburumman et al., 2020). This shows a significant research gap in terms of knowledge and methods in producing empirical evidence to examine the effect of T&D on employee retention. Thus, we propose the following hypothesis:

H2: Training and development (T&D) practices have a positive and significant effect on employee retention

Third, employee career development (CD) was found to have a positive and significant effect on employee retention (Sari & Dewi, 2020; Imna & Hassan, 2015) and reduce employee turnover intention (Manthi, Kilika, & Kimencu, 2018). The research done on the retail sector of Maldives shows that when employees perceived career development practices are more positive, it has a significant and positive effect on employee retention (Imna & Hassan, 2015). Similarly, most of the research shows that enhancing CD opportunities causes to increase employee retention (Ramadhani, Muis, & Amar, 2020; Sari & Dewi, 2020). Also, some studies found that when organizations poorly practice CD, although it has a significant and negative influence on employee turnover intention (Manthi, Kilika, & Kimencu, 2018). Similarly, it was found that CD contributes most to employee retention (Mbugua & Kamaara, 2017). However, some studies showed that CD has insignificant and negative effects on employee retention (Jehanzeb et al., 2017). This means that when an organization facilitates CD opportunities for employee growth, it causes to reduce employee retention rate. There are two possible reason for such outcomes: (1) The CD opportunities are increased but only few people can access these opportunities (Ramadhani et al., 2020; Nelissen, Forrier, & Verbruggen, 2017), (2) when CD opportunities are easily available, it opens better opportunities elsewhere due to an expanding network or connection through exiting employment (Burnette et al., 2020). Due to these inconclusive and mixed results, the following hypothesis is proposed

H3: Career development (CD) practices have a positive and significant effect on employee retention

The fourth HRM practice is performance appraisal (PA). Many researchers have established the link between PA and employee retention. In the Maldives retail sector, it was found that PA had no significant effect on employee retention (Imna & Hassan, 2015). Similarly, research done elsewhere, found no significant effect of PA on employee retention (Boon et al., 2019). However, research done in other parts of the world showed that PA has a positive and significant effect on employee retention (Malik, Baig, & Manzoor, 2020; Aleem & Bowra, 2020; Jeffrey & Prasetya, 2019). It is clearly seen that the past research was inconclusive and produced mixed results leaving significant room to be filled by applying appropriate methods to establish the causal effect of PA on employee retention. Thus, the following hypothesis is proposed

H4: Performance appraisal (PA) practices have a positive and significant effect on employee retention

Mediating effects of reward and compensation

Reward and compensation play a significant mediating role among other HRM practices such as PA on employee retention. Imna and Hassan (2015) argued that PA has indirect effects on employee retention through reward and compensation. Similarly, it was found that PA has a positive and significant effect on employee retention when PA is linked with reward and compensation (Kalyanamitra et al., 2020). Although there were limited studies on examining the mediating effect of reward and compensation on the relationship between HRM practices and employee retention, Riasat, Aslam and Nisar (2016) found that a reward system has significant but partial mediating effects on the relationship between intrinsic and extrinsic rewards, job performance and job satisfaction. For example, it was confirmed that reward and compensation mediated the relationship between employee involvement and job satisfaction (Bayraktar, Araci, Karacay & Calisir, 2017). Also, it was found that reward and compensation mediated the relationship between types of employee participation and employee retention (Khalid & Nawab, 2018). More recently, it was found that reward and recognition have a positive and significant impact (Rombaut & Guerry, 2020). Thus, the following hypothesis is proposed:

H5: Reward and compensation have a positive and significant mediating effect on the relationship between HRM practices and employee retention

Moderating effects of performance appraisal

Several studies argued that PA has an interactive role with other HRM practices and employee outcomes, such as retention, satisfaction and performance (Kalyanamitra et al., 2020; Imna & Hassan, 2015). Researchers have argued that PA moderates the causal relationship between CD and employee retention (Kalyanamitra et al., 2020). Also, it was found that PA effectiveness in moderating employee outcomes, such as affective commitment and turnover intention, depends on the perceived procedural and distributive justice of the PA process (Cugueró-Escofet et al., 2019). The appraiser should be independent, and employees perceived procedural and distributive justice of the PA process must be established in order to make the PA process effective in influencing employee outcomes (Birckcikli et al., 2016). Similarly, it was argued that PA moderated the relationship between leadership styles, such as transformation leadership behaviour and job performance (Hamid, Shah, Rahman, & Badlishah, 2020). According to Hamide et al. (2020), the significance of the moderation depends on the degree of procedural justice and fairness of the PA process in moderating the leadership style and job performance. Thus, the following hypothesis is formulated:

H6: Performance appraisal has a positive and significant moderating effect on the relationship between HRM practices and employee retention

Moderating effects of training and development

In the past, it was found that training and development (T&D) do not have direct effects on employee retention (Imna & Hassan, 2015). However, they found that when T&D was linked with CD HRM practices, it has a positive and significant effect on employee performance. This means T&D plays an interactive role in moderating the relationship between CD practices and employee retention (Imna & Hassan, 2015). Although, there was very little or limited research that examined the moderating effects of T&D on the relationship between HRM practices of CD practices and employee retention, several studies examined the moderating effects of T&D on employee outcomes, such as motivation to learn (Kodwani & Prashar, 2019) and employee performance (Abdulhabib & Al-Dhaafri, 2019). It was found that

a trainer's reaction towards training moderates the relationship between motivation to learn and training effectiveness (Kodwani & Prashar, 2019). Also, it was found that training has significant and positive moderating effects on employee performance among IT employees (Abdulhabib & Al-Dhaafri, 2019). Similarly, T&D had a positive and significant moderating effect on the relationship between foreign technology licencing and innovation (Nguyen-Van & Chang, 2020). Another study showed that T&D significantly moderated the relationship between talent management and job satisfaction (Aruldoss, Kowalski, Travis, & Parayitam, 2021). They also found that service-oriented training moderated the relationship between talent management and organizational commitments (Aruldoss et al., 2020), such as employee turnover intention. Therefore, T&D are crucial in promoting employee career growth, reward and compensation, talent retention and enhancement to improve service quality provision to the customers to achieve organizational goals (Aleem & Bowra, 2020). Thus, the following hypothesis is proposed:

H7: Training and development have a positive and significant moderating effect on the relationship between career development practices and employee retention

METHODOLOGY

Target population and sampling

The target population was employees working in the retail sector mainly concentrated in the Capital City of Maldives. The questionnaire was distributed among the employees through email and other social and electronic media (Facebook, Messenger, WhatsApp, and Viber) with the help of their current employers' assistance. A total of 380 questionnaires were distributed among the target population. The samples size was determined based on the items in the research instrument. The respondents were selected using a proportionate random probability sampling technique. The questionnaire had 25 items, and therefore the responses from 250 employees working in retailers located in Male' and Hulhumale city of Maldives were expected. This study managed to collect data from 272 respondents (employees from all levels in the retail stores) from 20 retailers. However, 22 respondents were eliminated from the sample due to incomplete responses. A detailed profile of the respondents is presented in Table 1.

The demographic aspects of the respondents indicated that 57.3 percent of respondents were female, and 43.8 percent of respondents were male.

This suggested that the perception of HRM practices that prevails could be influenced by the female responses. In terms of the age group of the respondents, 75.2 percent of respondents were below the age of 30 years. This indicated that the majority of the respondents who participated in the survey from the retail sector were young and dynamic employees.

Table 1. Profile of respondents

		Frequency	Percent	Cumulative Percent
Gender	Female	143	57.2	57.2
	Male	107	42.8	100.0
	Total	250	100.0	
Age (years)	18 - 23	103	41.2	41.2
	24 -29	85	34.0	75.2
	30 - 35	47	18.8	94.0
	>35	15	6.0	100.0
	Total	250	100.0	
Marital Status	Divorce	13	5.2	5.2
	Married	107	42.8	48.0
	Single	130	52.0	100.0
	Total	250	100.0	
Qualification	O Level	107	42.8	42.8
	A Level	89	35.6	78.4
	Undergraduate	23	9.2	87.6
	Postgraduate	5	2.0	89.6
	Professional	26	10.4	100.0
	Total	250	100.0	
Tenure	0 – 6 months	43	17.2	17.2
	6 -12 months	39	15.6	32.8
	1 – 2 years	54	21.6	54.4
	>2 year	114	45.6	100.0
	Total	250	100.0	
Salary range (MRF)	4000 - 6000	98	39.2	39.2
	7000 - 8000	64	25.6	64.8
	9000 - 11000	50	20.0	84.8
	>11,000	38	15.2	100.0
	Total	250	100.0	
Job Position	Junior	118	47.2	47.2
	Executive	24	9.6	56.8
	Senior	86	34.4	91.2
	Others	22	8.8	100.0
	Total	250	100.0	
Department	Admin	26	10.4	10.4
	Customer/Sales	118	47.2	57.6
	Human Resource	15	6.0	63.6
	Others	91	36.4	100.0
	Total	250	100.0	

Source: SPSS Output.

Generally the retention of employees is lower among the younger age groups (Pandey, Singh, & Pathak, 2021), particularly in the retail sector of Maldives. Since most of the employees participating in this survey are below 30 years, 52 percent of respondents are single. 78.4 percent of respondents attained G.C.E Ordinary Level or Advance Level certificates, which is aligned with the age group of the respondents as well as their marital status. Only 45.6 percent of respondents stayed in retail organizations for more than 2 years. This means 54.4 percent of respondents remained in the organization for less than 2 years. This retention of retail sector employees could be largely influenced by the salary range as 64.8 percent of respondents earned a salary that is below MVR 8000 (USD 519), which is a very low income compared to the current living standard of Male' City in Maldives. Furthermore, only 47.2 percent of respondents are in a junior position, justifying the age group as well as the salary range. The low salary suggested that most of the respondents are in the operational level. Moreover, only 47.2 percent of respondents are from the customer or sales department. This means the majority of the sample consists of respondents from the operational level of the organisation who are salespeople.

Measures

The survey instrument was adapted from Imna and Hassan (2015), which was confirmed with the validity and reliability tests. The instrument consists of 25 items, 20 items represent HRM practices, while 5 items represent employee retention, as shown in Table 2. Normality of the scale was measured using kurtosis and skewness. Hair et al. (2011) argued that data is normal if skewness is between negative (-) 2 and positive (+) 2. In the SEM analysis, kurtosis values less than 3.00 in magnitude may indicate that a variable is normally distributed (Westfall & Henning, 2013). The kurtosis values in the construct for each variable is less than 3 suggesting that data is normally distributed. Furthermore, the skewness values range between -2 to 2, suggesting that the variables are normally distributed. Table 2 shows the reliability of the scale. Correlation results suggest that there is no multi collinearity

Table 2. Reliability and validity of items

Dimension	Variables/Factors	Loading	Reliability	AVE
Career Development	In my organization there is a clear structure of succession planning	0.807	0.886	0.780
	In my organization there is a clear process of identifying and planning of the workforce development to retain key talents (employees)	0.766		
	In my organization leadership development programs are conducted to prepare employee for responsibilities	0.765		
	In my organization there are structured career development plans for employees	0.806		
	In my organization there is a self-assessment process practiced that helps to choose the appropriate career	0.756		
Training and Development	In my organization during working hours training programs are conducted regularly	0.659	0.767	0.635
	In my organization employees are given time-off from their job to attend training programs that are conducted out-side of the organization	0.596		
	In my organization there is a routine to transfer employees from one job to another in different departments to develop skills and experience.	0.678		
	In my organization a senior employee, manager or supervisor is assigned to help, support and guide when a new employee joins to work.	0.505		
	In my organization there is a structured employee development program, such as long-term training and scholarships offerings to develop the skills and knowledge of employees	0.737		
Performance Appraisal	In my organization feedback is provided to employees on what is expected from the duties assigned	0.786	0.855	0.739
	In my organization there is a clear structure of two-way communication between employees and managers regarding the employee performance	0.824		
	In my organization employees and managers are directly involved in setting targets and goals, and the agreed targets will be then clearly communicated to employees	0.597		
	In my organization every year there is a performance evaluation of the employees and managers to assess we have achieved the agreed targets	0.752		
	In my organization there is a periodic review and evaluation of employees and managers performance every year or 2 years	0.736		

Dimension	Variables/Factors	Loading	Reliability	AVE
Reward and Compensation	In my organization financial (monetary) rewards are given for good performance	0.694	0.883	0.683
	In my organization employees who excel in their tasks are recognized (giving awards such as employee of the month or year) by celebrating the achievement of employees.	0.707		
	In my organization employees are given paid leave and paid organizational trips and other non-financial benefits	0.619		
	In my organization pay rises, bonuses and other financial rewards are offered to employees based on their performance and length of service	0.724		
	In my organization employees are given meaningful tasks along with the freedom to make their own decisions in relations to the job the employee performs	0.669		
Employee Retention	I am very satisfied with my organization and intend to stay with the organization	0.880	0.931	0.854
	I am very happy and comfortable with my organization	0.829		
	I have no intension to leave the organization soon	0.857		
	I will not leave this organization	0.863		
	I am very committed to this organization and I think I will never leave this organization	0.843		

Source: Adapted from Imna and Hassan (2015).

Reliability and validity of research instrument

In terms of a test for reliability, Cronbach's Alpha values exceeded 0.7, suggesting high internal consistency between the variables. This means all the items meet the expected reliability requirements, and thus all the items were retained.

In terms of convergent validity (Table 2), Average Variance Extracted (AVE) and Confirmatory Factor Analysis (CFA) factor loadings are used to test the convergent validity. Factors loading on each item are more than 0.5, suggesting that all the items of the research instrument are convergent valid. Also, in terms of AVE of each HRM practice and employee retention in the instrument is above 0.5, suggesting that it is convergent valid.

In terms of discriminant validity (Table 3), as Hair et al. (2011) suggested, the acceptable squared correlations value should be less than 1.00. Also, the squared correlations are lower than the AVE values, suggesting that there is sufficient discriminant validity (Hair et al., 2011). Alternatively, discriminate validity can be established by using Average Variance Extracted (AVE), Maximum Shared Variance (MSV), and Average Shared Variance (ASV). In

terms of MSV, the values are higher than the AVE values of CD, R&C, and T&D. Therefore, the construct has moderate discriminant validity in terms of MSV. However, in terms of ASV, most of the AVE values in the construct are higher than the ASV value (CD= 0.641<0.780, T&D=0.675>0.635, PA=0.593<0.739, R&C=0.634<0.683, ER=0.475<0.854). This suggests that the construct has high discriminant validity.

Table 3. Discriminate Validity

	Correlation				
	T&D	CD	R&C	PA	ER
Training and Development	1	0.857	0.689	0.666	0.489
Career Development	0.925	1	0.593	0.654	0.458
Reward and Compensation	0.830	0.770	1	0.677	0.578
Performance Appraisal	0.816	0.809	0.823	1	0.373
Employee Retention	0.699	0.677	0.760	0.611	1

The squared correlation is above the diagonal (1)

Source: AMOS Output.

As per Table 3, the correlations coefficient between performance appraisal and training and development ($r=0.816$), career and development ($r=0.809$), and reward and compensation ($r=0.823$) suggest that there could be a high chance of multicollinearity. Similarly, training and development have a high correlation coefficient with career and development ($r=0.925$) and reward and compensation ($r=0.830$). However, the correlation coefficient between independent variables (HRM practices) and the dependent variable (employee retention) are moderate or moderately low. Also, the collinearity statistics in terms of VIF are (CD=2.954; TD=2.822; PA= 2.612; RC=2.295) while in terms of tolerance are (CD=0.338; TD=0.354; PA=0.383 and RC=0.436). Since none of the tolerance value is less than or equal to 0.01, as well as the VIF values are below 10, this suggests that all the predictors assessing independent variables in this study, such as CD, TD, PA and RC, do not reach levels of multicollinearity (Ahmad, 2021). This means there is no multicollinearity existing among the independent variables or predictors. As confirmed by Kock (2015), if all the VIF resulting from a collinearity diagnose test are equal or less than 3.3 this suggests that the causal model is free from common method bias (CMB).

Analysis techniques

In this research, validity was examined using convergent and discriminate validity using Confirmatory Factor Analysis via AMOS22. Reliability and normality of the scale were examined using Cronbach Alpha values via SPSS. Similarly, a normality test was carried out using skewness and kurtosis via descriptive statistical analysis. The hypothesis or casual effect of the four HRM practices was tested to examine its effect on employee retention using structural equation modeling (SEM) via AMOS. The mediating effect and moderating effect were also tested using SEM via AMOS through bootstrapping techniques.

RESULTS

Confirmatory factor analysis

The CFA model is (Figure 1) considered to be a good fit as it meets all the expected model fitness indices. The normed chi-square is 2.312, which, as it is below 3.0, means it meets the model fitness indices (Kline, 2016). The RMSEA value is 0.073, which is lower than the threshold of 0.08, suggesting that the model is a good fit (Hu & Bentler, 1999). The CFI scored 0.911, which is more than 0.9 and means the model fitness is achieved (Hair et al., 2011). Also, all the factors loading are above 0.5, suggesting that the model meets all the model fitness indices.

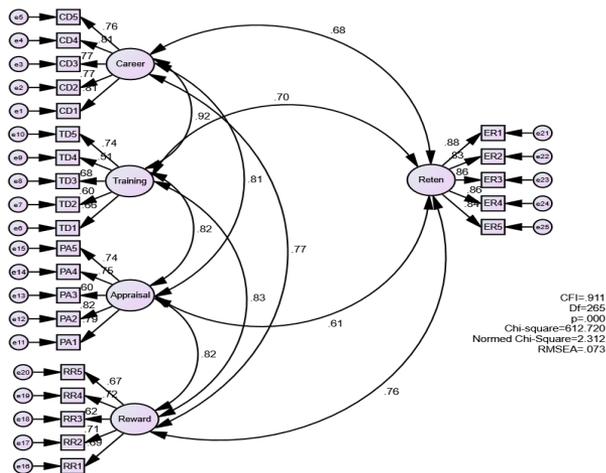


Figure 1. CFA-Measurement Model

Source: AMOS Graphics.

Structural equation model

The structural equation model (SEM) per Figure 1 was formulated to test the hypotheses. The validity of the structural model was used to examine it in various ways. First, it was examined through the indices, such as normed chi-square, chi-square, CFI, and RMSEA (Hair et al., 2011). Chi-square was significant with $p=0.000$ (chi-square is 612.720, $df=265$). The CFI scored 0.911, which is higher than the recommended threshold value of 0.9 (Hair et al., 2011), RMSEA is 0.073, which is less than the threshold value of 0.08, Normed chi-square is 2.312, which is less than 3. Since the model meets all the fit indices, the overall SEM is a good fit model to analyze the causal effect of HRM practices on employee retention.

The SEM analysis shows that only R&C has a significant and positive effect on employee retention (coefficient=0.677, $p=0.000$). Since the p-value is less than 0.05, R&C is considered to be significant, and it has a positive standardized coefficient value of 0.677. This means that a 1 (one) unit increase in R&C will cause to increase ER by 0.677 units. However, the rest of the HRM practices, such as CD, T&D and PA, have no significant effect on ER as the p-value exceeds 0.05.

Mediating effect of reward and compensation

When adding the mediator and analyzing the mediating effect of R&C on the relationship between the rest of the HRM practices and employee retention (ER), it was found that T&D and PA have a positive and significant effect on R&C with a standardized coefficient of 0.594 ($p=0.035$), and 0.460 ($p=0.000$) respectively.

This means that an increase of 1 (one) unit of T&D will cause to increase 0.594 unit of R&C, while an increase in 1 (one) unit of CD will cause to increase R&C by 0.460. The study did not find any significant effect of CD on R&C. This means that by enhancing CD opportunities available in the workplace it may not directly improve the R&C received by the employees. Also, employees may not perceive or expect that they might experience any significant improvement in R&C through career growth or CD (see Figure 2).

In terms of mediating effects, the result shows that T&D and PA have a significant and positive indirect effect on ER. T&D has a positive and significant indirect effect with a standardized coefficient of 0.402 ($p=0.035$), while PA has a positive and significant indirect effect with a standardized coefficient of 0.312 ($p=0.036$) on ER, respectively. This means that a 1 (one) unit increase in T&D will cause to increase 0.594 unit of R&C and to increase 0.402 (0.594×0.677 , $p=0.035$) units of ER.

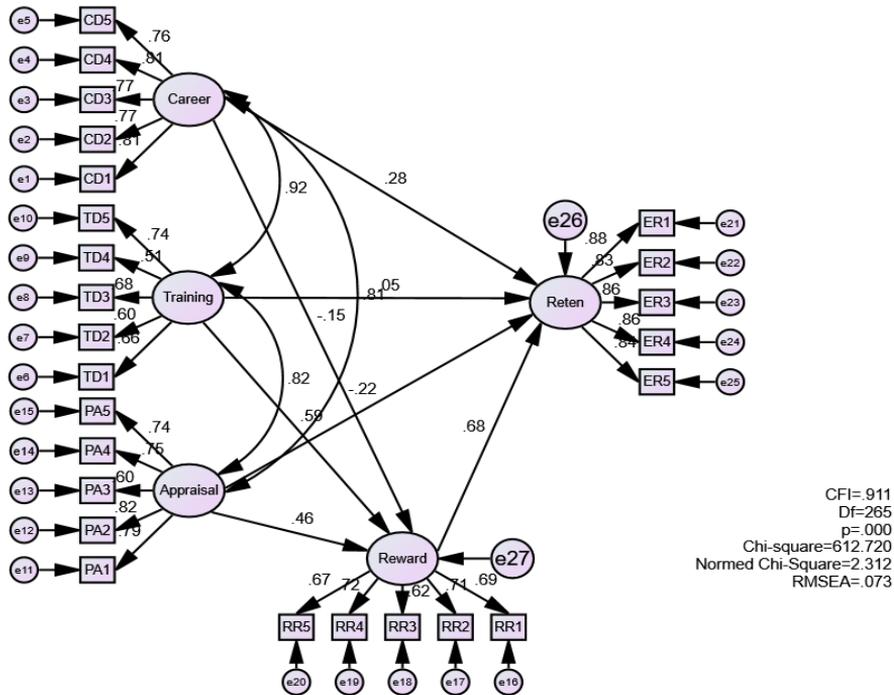


Figure 2. Direct and indirect effect of HRM practices on ER

Source: AMOS Graphics.

Furthermore, a 1 (one) unit increase in PA will increase 0.460 units of R&C, which in turn will increase ER by 0.312 units (0.460 x 0.677, p=0.036). This means R&C has a positive and significant mediating effect on the relationship between T&D and ER and, moreover, mediates the relationship between PA and ER. The current study did not find any mediating effect of R&C on the relationship between HRM practices and CD and ER (see Tables 4 and 5).

Table 4. Direct effect of HRM practices on ER

	Standardized Estimate	S.E.	C.R.	P	Hypothesis
ER <--- CD	0.284	0.265	1.162	0.245	H3
ER <--- T&D	0.053	0.396	0.177	0.860	H2
ER <--- PA	-0.218	0.155	-1.581	0.114	H4
ER <--- R&C	0.677	0.178	4.028	0.000	H1

Source: AMOS Output.

Table 5. Direct and indirect effect of HRM practices on ER

	Standardized Coefficient	S.E.	C.R.	P	Hypothesis
R&C <--- CD	-0.152	0.259	-0.600	0.548	H5a
R&C <--- T&D	0.594	0.355	2.106	0.035	H5b
R&C <--- PA	0.460	0.129	3.785	0.000	H5c
ER <--- CD	0.284	0.265	1.162	0.245	H3
ER <--- T&D	0.053	0.396	0.177	0.860	H2
ER <--- PA	-0.218	0.155	-1.581	0.114	H4
ER <--- R&C	0.677	0.178	4.028	0.000	H1
ER <-- R&C<--T&D	0.402	0.786	-	0.035	H5b2
ER <-- R&C<--PA	0.312	0.218	-	0.036	H5c2
ER <-- R&C<--CD	-0.103	0.527	-	0.638	H5a2

Source: AMOS Output

Moderating effects of PA and T&D

To analyse the moderating effect, there are two principal rules. First, the independent variable, moderating variable and interactive variable must be significant in relation to the dependent variable. Second, at least the moderation variable and interactive variable must have a significant effect on the dependent variable.

The current study has analyzed PA and T&D as moderators and found that neither PA nor T&D have any moderating effect on the relationship between HRM practices and employee retention. Despite that, the interactive variable (R&C_PA) has a significant effect on the relationship between R&C and ER, while PA does not have any significant effect on ER. Therefore, the Hypothesis (H6) is rejected. Similarly, it was found that there was no moderating effect of T&D on the relationship between CD and ER. Therefore, H7 was rejected as well.

DISCUSSION

In general, high employee turnover in various sectors is a major issue that most organizations have been facing over the years, and this is true for Maldives. During the COVID-19 pandemic, 5% of retail sector employees have been directly affected in terms of lay-off or salaries. Many attempts were made by the organizations and government of Maldives to improve the employee retention rate, despite the increasing job hoppers around the country, particularly in the retail sector. Based on this, our research

attempted to find the effect of perceived positive HRM practices on employee retention. It was found that only reward and compensation practices have a positive and significant effect on employee retention. This means that when retailers enhance the reward and compensation practices by ensuring the transparency, procedural and distributive justice associated with the reward and compensation, it causes to increase the employee retention rate. Our findings are very similar to many past studies, such as Imna and Hassan (2015), Verma (2017) and Aleem and Bowra (2020). This means that if the organization wishes to ensure that R&C practices enhance employee retention, then it is crucial for the management to take measures to strengthen the perceived fairness of R&C practices among the employees. This will cause R&C to improve retention by enhancing distributive justice of R&C practices (Hanai & Pallangyo, 2020; Khalid & Nawab 2018). Also, R&C are key essential elements of HRM practices that directly and indirectly influence employee intention to look for new jobs or to stay in the organisation. If the organization’s R&C practices are more fair and equivalent or create more economic benefits, employees tend to stay longer in the organization by enhancing employee retention (Kalyanamitra, Saengchai & Jermisittiparsert, 2020; Malik, Baig & Manzoor, 2020; Hanai & Pallangyo, 2020). Therefore, the H1 is supported (Table 6).

Table 6. Acceptance and rejection of hypotheses

		Standardied Coefficient	P	Hypothesis	Acceptance and Rejection of Hypothesis
R&C	<--- CD	-0.152	0.548	H5a	Rejected
R&C	<--- T&D	0.594	0.035	H5b	Accepted
R&C	<--- PA	0.460	0.000	H5c	Accepted
ER	<--- CD	0.284	0.245	H3	Rejected
ER	<--- T&D	0.053	0.860	H2	Rejected
ER	<--- PA	-0.218	0.114	H4	Rejected
ER	<--- R&C	0.677	0.000	H1	Accepted
ER	<-- R&C<--T&D	0.402	0.035	H5b2	Accepted
ER	<-- R&C<--PA	0.312	0.036	H5c2	Accepted
ER	<-- R&C<--CD	-0.103	0.638	H5a2	Rejected

In terms of CD, T&D, and PA practices, they were found to have no significant effect on employee retention. Therefore H2, H3, and H4 are rejected. Our findings contradict the majority of similar past studies. Especially in terms of T&D, most of the past studies confirmed that by

providing effective training that would allow employees to gain skills and competences, and enable employees to improve performance and open doors for growth causes to increase employee retention (Akther, & Tariq, 2020; Sari & Dewi, 2020). Therefore, T&D practices were used as strategies to reduce the intention to leave (Aburumman et al., 2020; Santhanam et al., 2017; Nabi et al., 2017). Similarly, the findings of many past studies were similar to our results, indicating that T&D does not have any significant effect on employee retention (Santhanam et al., 2017; Imna & Hassan, 2015) or employee retention is not significant (Murtiningsih, 2020; Wijesiri et al., 2019; Jehanzeb et al., 2017; Ozolina-Ozola, 2014). Thus, H2 could not be supported.

Similarly, the current study did not find any significant effect of career development (CD) on employee retention. Our finding is similar to many past studies, such as Sari and Dewi (2020) and Jehanzeb et al. (2017). However, our finding is contradictory to Imna and Hassan (2015), who found that employees perceived career development practices had a significant and positive effect on employee retention. Similarly, most of the research shows that enhancing CD opportunities causes to increase employee retention (Ramadhani et al., 2020; Sari & Dewi, 2020). There are many possible reasons that the current study did not find any significant effect of CD on employee retention (ER) in Maldives, one being that, due to the small society, most of the workers in various sectors are strongly connected. As a result the free flow of information about potential jobs are highly demanded in terms of better opportunities, position and rewards that encourage the existing employee leave their current job to join competitors. In the case of Maldives, the CD opportunities should be better than the competitors in order to retain talented employees; otherwise, the employee might leave the company earlier than expected (Burnetten et al., 2020; Ramadhani et al., 2020; Nelissen et al., 2017). Therefore, H4 could not be supported.

In terms of performance appraisal, the current study did not find any significant effect on employee retention (ER). Our finding is similar to past research such as Imna and Hassan (2015), where they found that PA has no significant effect on employee retention. Also, studies done by Kalyanamitra et al. (2020) found no significant effect of PA on ER. However, our finding is contradictory to some studies, such as Aleem and Bowra (2020), Jeffrey and Prasetya (2019), and Malik et al. (2020), who found that PA has a positive and significant effect on employee retention. It is not surprising that our result failed to establish the connection between PA and ER, as there is a lack of awareness about PA, especially in the private sector such as retail organizations in Maldives. PA is done very unofficially in Maldives. Despite many efforts made by the government and others, the practice of PA is very limited in the retail sector as well as in the whole country. It is argued that the PA framework in

Maldives needs to be more flexible in differentiating between high performers and low performers to instill an improvement in an employee who is slack in performance (Asim, 2001). Therefore, H4 could not be supported.

In terms of the mediating effect of reward and compensation (R&C) on the relationship between the rest of the HRM practices (PA, T&D, CD) and employee retention (ER), it was found that only R&C mediates the relationship between T&D and ER, and the relationship between PA and ER. The current study did not find any significant mediating effect of R&C on the relationship between CD and ER. Our finding is similar to previous studies done in Maldives, such as Imna and Hassan (2015), who found PA has an indirect effect on employee retention. Furthermore, studies done by Kalyanamitra et al. (2020) and Imna and Hassan (2015) found that when PA is linked with R&C, it causes to increase ER. The current study did not find the HRM practices such as PA, T&D and CD has any direct significant effects on employee retention. Therefore, the current study concluded that only R&C has a partial mediating effect on the relationship between HRM practices and ER. This is similar to studies such as Riasat et al. (2016), who found the reward system has a significant but partial mediating effect on the relationship between intrinsic & extrinsic rewards, job performance, and job satisfaction. Our finding contradicts with studies such as Khalid and Nawab (2018) as they found R&C had a significant mediating effect on employee retention along with other behaviour outcomes. Therefore, H5 could be partially supported.

In terms of moderating effect of PA and T&D, the current study did not find any significant moderating effect of PA on the relationship between HRM practices and ER as well as the moderating effect of T&D on the relationship between CD and PA. Our finding contradicts with many past studies done besides Maldives. Studies such as Kalyanamitra et al. (2020) found PA moderates the relationship between HRM practices and the behavioral outcomes of employees. In Maldives PA implementation is very limited until today. Employees' perception of the fairness associated with the PA process and outcomes is poor in Maldives. Also, employees do not see any career progression or a significant improvement in their compensation package with career development nor the performance (Asim, 2001). Hamide et al. (2020) found that the significance of the moderation depends on the degree of procedural justice and fairness of the PA process. Therefore, H6 is rejected.

In terms of the moderating effect of T&D on the relationship between CD and ER, our finding is similar to Imna and Hassan (2015) but contradicts some studies, such as Kodwani and Prashar (2019), Abdulhabib and Al-Dhaafri (2019) and Aruldoss et al. (2021), who found T&D has a significant moderating effect on the relationship between CD and employee outcomes, such as innovation, commitment, and performance. Therefore, H7 could not be supported.

Overall, the result of the study suggested that most of the respondents are significantly motivated and satisfied with their reward and compensation (R&C). This shows that most of the employees are highly motivated and satisfied with the lowest level needs in Maslow's Hierarchy of Needs. The demographic table (Table 1) suggested that most of the employees are under 30 years of age, as well as that most of them are single. Therefore, in the retail sector of Maldives, most of the employees (respondents) have an unfulfilled desire or need to be met. This is based on reward and compensation (Azeez, 2017). Furthermore, reward is a motivator in the case of Hertzberg's Two-factor theory (Azeez, 2017). This means, career development, growth and reward are consisted of to be motivators that significantly enhance employee motivation as well as satisfaction (Aburumman et al., 2020). Highly satisfied employees tend to remain in the organization (Pang & Lu, 2018).

CONCLUSION

Overall, it was concluded that increasing the positive perception towards HRM practices, particularly R&C practices in the retail sector of Maldives, causes to increase employee retention. Also, it was concluded that HRM practices such as R&C mediates the relationship between T&D and ER along with the relationship between PA and ER. This means, indirectly, PA and T&D can increase employee retention (ER) in the retail sector of Maldives. Similarly, it was concluded that there is no moderating effect of PA and T&D in the relationship between HRM practices and employee retention (ER). The overall conclusion is that R&C has a partial mediating effect on the relationship between HRM practices and employee retention.

The following are our recommendation to the retail sector of Maldives: (1) the retailers in Maldives, while formulating their reward and compensation policies should not only focus on the compensation package, but enhance a positive work-environment and fairness in the allocation of rewards and any increment must be based on performance, (2) the compensation package must be competitive or better than the existing ones available in the market to retain key talented staff, (3) HR managers must consider new and enticing ways to retain and motivate employees through an effective reward and compensation structure that has a wide range of benefits designed to enhance employee performance, (3) HR managers must ensure the organisation uses various methods to support the employee's education and personal development, (4) HR managers should introduce generous benefits like post-retirement medical treatment, regular promotion, and job security as tools to retain employees with key talents, (5) HR managers must

introduce a regular performance appraisal process and must take necessary actions through follow-up measures and must link R&C with the results of PA.

Theoretical implications

The results of this study increase the level of understanding and knowledge about HRM practices and enable organizations to focus on ways to improve employee retention through various HRM practices. This means that by enhancing a positive perception towards HRM practices employee retention may increase. Also, this study contributes to developing new knowledge in the theoretical domains of HRM practices. The findings also enable managers to make new organizational and HRM policy decisions on improving and enhancing employee retention by improving HRM practices as well as by facilitating and guiding managers to adopt the most appropriate HRM practices.

Furthermore, the findings from this study emphasize on establishing the performance appraisal (PA) and Training and Development (T&D) system as two key determinants of reward and compensation (R&C). This study also confirms that PA and T&D have only an indirect effect on employee retention. This means the study contributes to HRM theory with new findings indicating that R&C has complete mediation on the relationship between other HRM practices and employee retention. Since many studies have been undertaken to study various aspects of HRM practices, the present study has chosen R&C, T&D, C&D and PA as a key HRM construct that is relevant to study employee retention. Since HR managers working in the retail sector of Maldives are constantly employing people from all over the country, HR managers need to link PA and T&D with R&C to make effective and efficient decisions that increase employee retention. Most retail organizations in food and other industries operating in Maldives contribute significantly to GDP growth. The food retail sector has grown bigger during past years. To ensure sustainability of these organizations, HR managers must understand the effects of HRM practices on employee retention, especially the mediating role of R&C among the employees working in the retail sector of Maldives.

The results of this study contribute to the literature on HRM and employee outcomes by providing insights into the level of employee retention in a developing country context like Maldives. Though the highly fair reward and compensation system – a combination of human resources practices intended to enhance employee retention – has been found effective in Maldives retail sector organizations, it does not always produce the same degree of positive outcomes in other national contexts. The study's findings would help in assuming that HRM is more likely to be viewed as a representation of the genuine goodwill of an employer when employees

have more trust in management. As a result, employees should be more willing to stay in the organization. Hence, the results of this study can assist HR managers in gaining a better understanding of the benefits of employee retention, as well as how to best use HRM practices.

Practical implications

The findings of this study emphasize the need for a practical approach when managing employees' perceptions of HRM practices in improving employee retention through reward and compensation (R&C). When an organization demonstrates its commitment to employees by putting in place favourable HRM, these actions may be well interpreted by the employees. This study provides evidence to enhance the belief that organizations can increase employee retention through reward and compensation policies and practices when their HRM is well understood by their employees. Such insight may enrich HRM theories, providing support for the employee outcomes of HRM as well as recognizing HRM as a key determinant of employee retention. Moreover, the study's findings corroborate the arguments that R&C mediates the relationship between HRM and employee, showing that R&C is a mediator between HRM (PA and T&D) and employee retention.

The findings of this study enable HRM professionals to realize that PA and T&D do not work separately. To make PA and T&D enhance employee retention, it is important to ensure appropriate reward and compensation (R&C) policies are formulated and implemented. This means that when employees are given training, they may not be willing to stay in the organization unless, HR managers provide sufficient R&C to increase the employees' intention to stay. The findings of this study provide Maldives' retail organizations with a concrete understanding of HRM practices and their applicability in the retail sector for an improved economy. Rigorous implementation of high commitment HRM practices may accompany better employee retention. The results suggest that retail management must concentrate more on commitment-focused HRM to make employees stay instead of leaving after gaining skills through training.

Limitations and future research directions

This study has some limitations. First, although the study used a random probability sampling method, it only selected respondents from 10 organizations in the Capital City of Male. Therefore, the findings of the study have limited generalizability. Second, as a cross-sectional study, there has to be caution in making any generalization of the results. Future researchers should

get more respondents from wider geographical locations, i.e., from different retail sectors, including private and public retailers in other cities. Furthermore, survey questionnaires were used to collect data from respondents. Moreover, to overcome the potential issues raised due to the research instruments, a multicollinearity test was performed and ensured that the instrument is free from common method bias. It is recommended that future researchers use other intensive methods such as personal or telephone interviews to collect data. Hopefully, this empirical study will create greater awareness and interest in conducting more such studies in other nations and cultures and contribute to the literature on international HRM.

Acknowledgment

This research is not sponsored by any institution. The research for this publication was fully carried out by the researcher and independently.

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Abstrakt

CEL: Zbadanie wpływu praktyk zarządzania zasobami ludzkimi (ZZL) na utrzymanie pracowników za pośrednictwem nagród i wynagrodzeń. Zbadano również moderującą rolę oceny wyników, szkoleń i rozwoju i ich związku z praktykami ZZL a utrzymaniem pracowników. **METODYKA:** Próba 250 respondentów spośród pracowników zatrudnionych w sektorze handlu detalicznego w stolicy Malediwów została dobrana metodą losowej próby. Rozesłano ustrukturyzowany kwestionariusz i zebrano dane. Przeprowadzono analizę modelowania równań strukturalnych w celu zbadania wpływu przyczynowego praktyk ZZL na retencję pracowników. **WYNIKI:** Wyniki pokazały, że praktyki nagradzania i wynagradzania (R&C) miały znaczący i pozytywny wpływ na utrzymanie pracowników. Jednak badanie wykazało, że rozwój kariery, szkolenia i rozwój oraz ocena wyników nie miały znaczącego wpływu na utrzymanie pracowników. Jeśli chodzi o efekty pośredniczące, R&C miało znacząco pozytywny wpływ pośredniczący na związek między szkoleniem i rozwojem (T&D) a zatrzymaniem pracowników, a także na związek między oceną wyników a zatrzymaniem pracowników. Nie zaobserwowano jednak moderujących efektów między oceną wyników a T&D i utrzymaniem pracowników. W związku z tym stwierdzono, że zwiększenie pozytywnego postrzegania praktyk ZZL, zwłaszcza praktyk R&C w sektorze detalicz-

nym Malediwów, powoduje wzrost retencji pracowników (ER). Stwierdzono również, że praktyki ZZL, takie jak R&C, pośredniczą w relacji między szkoleniem i rozwojem (T&D) a utrzymaniem pracowników, a także relacją między oceną wyników (PA) a ER. Oznacza to, że pośrednio PA i T&D mogą zwiększyć ER w sektorze detalicznym Malediwów. Podobnie dochodzimy do wniosku, że nie ma moderującego efektu PA i T&D w relacji między praktykami ZZL a ER. Ogólny wniosek jest taki, że R&C ma częściowy wpływ mediacyjny na relacje między praktykami ZZL a ER. **IMPLIKACJE:** Niniejsze badanie przyczynia się do poszerzenia aktualnej wiedzy na temat ZZL, potwierdzając, że wynagrodzenie jest kluczowym wyznacznikiem i znaczącym mediatorem utrzymania pracowników. Niniejsze badanie przyczynia się do rozwijania nowej wiedzy w teoretycznych domenach praktyk ZZL. W szczególności wyniki badania wzmocniają teorię dwóch czynników Hertzberga, potwierdzając, że możliwości rozwoju kariery, awans i wynagrodzenie znacząco determinują utrzymanie pracowników. To pokazało, że zarówno motywatory, jak i czynniki higieniczne mają kluczowe znaczenie dla zatrzymania pracowników. W praktyce wyniki pozwalają również menedżerom na podejmowanie nowych decyzji dotyczących organizacji i polityki zarządzania zasobami ludzkimi w zakresie poprawy i zwiększenia retencji pracowników. Badanie to może być przydatne dla kierownictwa organizacji do formułowania skutecznych polityk nagradzania i wynagrodzeń. Badanie to wskazuje na znaczenie szkolenia i rozwoju oraz oceny wyników poprzez powiązanie ich z praktykami nagradzania i wynagradzania. **ORYGINALNOŚĆ I WARTOŚĆ:** Może to być jedno z pionierskich badań przeprowadzonych w sektorze detalicznym na Malediwach poprzez zbadanie czterech konstrukcji praktyk zarządzania zasobami ludzkimi, aby rzucić światło na sposób, w jaki organizacje biznesowe sektora detalicznego na Malediwach podejmują decyzje dotyczące poprawy retencji pracowników. Co więcej, obecne badanie dostarcza ram teoretycznych, które wskazują, że wynagrodzenie i nagradzanie mają pełny wpływ pośredniczący na związek między utrzymaniem pracowników a szkoleniem i rozwojem, a także oceną wyników. Wypełniło to istniejące luki badawcze, dodając wartość do istniejącej literatury. Co więcej, obecne badanie potwierdza, że należy położyć nacisk na nagradzanie i nagradzanie, aby zatrzymać pracowników poprzez inne praktyki zarządzania zasobami ludzkimi w sektorze detalicznym Malediwów.

Słowa kluczowe: utrzymanie pracowników, nagrody, wynagrodzenia, szkolenia, rozwój kariery, ocena wyników, zarządzanie zasobami ludzkimi, ZZL

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Conflicts of interest

The author declares no conflict of interest.

Citation (APA Style)

Hassan, Z. (2022). Employee retention through effective human resource management practices in Maldives: Mediation effects of compensation and rewards system. *Journal of Entrepreneurship, Management and Innovation*, 18(2), 137-173 <https://doi.org/10.7341/20221825>