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***The Role of Employee Retention and Employee Productivity on the Performance of Oil & Gas Sector of Pakistan***

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**Highlights**

- Oil and Gas sectors of Pakistan are analyzed.
- Employee's retention ratio affects organizational performance.
- Employee's productivity is positively correlated with organizational performance.

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**Abstract**

**Purpose:** Human resource management practices are essential for managers to be followed that need to be implemented and new processes that continuously be practised by different level of employees. The objective of this study is to examine the association between the employee retention, and employee development along with organizational performance. **Methodology:** A five point Likert scale was used and 205 responses were processed. **Findings:** The results of the study show that employee retention as well as employee productivity are significantly related to organizational performance. **Recommendations:** The employees' outcomes can serve as a valuable predictor to the employee satisfaction for organization.

**Keywords:** Retention, Productivity, Organizational Performance, HRM

**JEL Classifications:** D24

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### ***I. Introduction***

The human resource has been given significant importance in context of investments and it is considered as an essential part for top management of the firms who are striving to enhance their usage. These practices play a key role for transformation to Personal Administration into the Personnel Management along with potential Human resource management. These approaches are concerned to many factors that include management style and collaboration and job dependence and variation. These factors are most important and have dynamic in nature that are associated to timeframe, and include work environment and have different perceptions. Cartwright and Coopers, (2002) argued that poor level of administration relevant to clients mix is essential having abrasion of right consumer for organization. The right consumer actually helps organization in completion of organization's goals and objectives. Employee retention is key element for improving the Employee's productivity. Employee retention may help organization performance to be improved and it is concerned to smoothing business process. In most of the jobs concerned to service type in its nature, the loss to original cost that are attached to turnover is loss for productivity that may discourages the customer satisfaction. Sacco and Schmitt, (2005) suggested that the cultural level of diversity should be guided to organizational performance at low level. They give opinion that the organizational level of diversity's is crucial that may affect the turnover organizational performance is also negatively affected. It is argued that the cultural level of integration and cooperation are most important that can help in altering the diverse level of workforce that is most essential for managerial level. Irene and Kaiser, (2004) empirically evaluated a model for development associated to employee productivity and organization decisions for reframing the workplaces and it can be redeployed the influences of any boundless for employee productivity. This research study focus the role of employee and its retention and also highlight the employee productivity and performance for Oil & Gas Sector in Pakistan. Human resource management is primarily concerned with the organisation's management and it take into consideration employees care in context of employee productivity and also retention by giving idea to the key personals that normally deal with improvement to organisation level, the motivation to staff, and taking care to the staff's safety measures as well as their benefits.

Oil & Gas Sector of Pakistan is enjoying the monopoly power in Pakistan's due its upstream of petroleum sector that is also promoting to the employees' retention as well as allocation for sufficient level of budget and employee's productivity as well as the development and requirement. The objective of this study is to examine the association between employee retention, and employee development along with organizational performance.

### ***II. Literature Review***

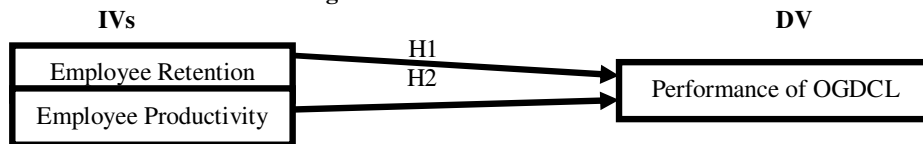
The most of studies have attempted to provide the link between the human resource management and organizational level of performance concerned to the firm. Best level of human resource practices are mostly fruitful relevant to high level of commitment of human resource level of management also attached to employee retention and the productivity that provide more efficient results to the organizations. Guthrie et al. (2001) identified that high-involvement that may increase the employee performance in the organization and it may lead to positive effects that are attached to organizational performance. Aspinall and Hamermesh, (2007) suggested that the matters attached to clarity and direction of the client's for keeping. They suggested that the retention of employees are specifically concerned to the larger level of organization, and also matter of business-to-business level of markets, but few level of respondents, and it is also the matter of markets for customer retention in the organization. Harter et al. (2002) argued that there is most prominent association between businesses to its profitability and there is combination of different level of products that are most important to employee combination. Appelbaum et al. (2000) concluded that the high level of performance in an organization might helpful the organizational staff and non-managerial staff for decision making. The high level of performance also requires boosting the human resource and its practices that can increase the employee skills and it may help employees for properly utilize their skills for decision making. Pfeffer, (1994) suggested that employees' participation is most important that effect positively to performance and it may increase the satisfaction and productivity to the employees. Ichniowski et al. (1997) identified that influence of human resource management for organization and its services quality to the system and that are mostly attached to their productivity of the employees and their output in steel producing firms.

The literature has also identified the significance of the human resource management and pattern that are essential for organizational performance and it may affect directly or indirectly. Furth more, the most extensive level of arguments can build that can associate the significance level of the human resource management crucial to organization. Batt et al. (2005) highlighted the most crucial importance for job environment that may enhance the inner level of quality concerned to the employees so they bitterly perform through the proper way of communication for organizational customers. Those organizations may enhance the service delivery to the sectors that can efficiently be managed for proper delivery to high quality level of services. Fey and Ingmar (2001) evaluated that organization performance can be enhanced through investment in human resource

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management. The human resource can play a substantial role for organization level of performance. Morgeson et al. (2008) also highlight the positive association to the job attitude and other factors of the job that are mostly concerned to the internal level of work motivation. Bailey et al. (2001) argued that high investment in human resource system could enhance the employees' skills that are most important for getting the organizational objectives. Delery and Doty (1996) also suggested that HR practices are crucial and it could enhance performance and it can be evaluated to the strategic level of human resource management. Bowen and Ostroff (2004) argued that in order to highlight the link to the HR system that may helpful in achieving the desired level of goals for organizational performance. It is most crucial to explain the shared level of climate for management and the importance of organizational reward. It is further argued that the work employees should focus HR practices for achieving organizational goals. They also focused that the deviation from predefined goals are related to HR practices and help to achieve the organizational goals. Bartel (2004) also highlighted the link between human resource management and organizational performance that are primarily concerned to manufacturing sector. Boon et al. (2005) argued that organizational trust, as well as teamwork, and customer organization normally attach to HR practices and it is highly relevant to organizational job satisfaction of employees. It is evaluated that, teamwork plays a dominant role for total quality management and that bring job satisfaction in organization. Hsin and Scinclair (2003) argued that performance measurement could be found as key factors for proper management to organizational learning as well as business strategic change.

**Figure-1. Theoretical Framework**



H1: Employee Retention is positively associated with organizational performance

H2: Employee Productivity is positively associated with Organizational performance

### ***III. Research Methodology***

This study was done on the employees of Oil & Gas Sector of Pakistan that are used to estimate the HR practices. The sample size of the study was 280. Data was collected through questionnaire but 223 filled were received and 205 were processed for this study. The instrument was retrieved from the study of Manage (2006). The questionnaire was measured on the five point likert scale ranging from strongly disagree to strongly agree. SPSS was used to analyze the data. The casual research method was conducted for this study. Regression analysis properly utilized to highlight the importance for employee retention, employee productivity concerning to organization performance. The confidence interval used for study was 95 % with 5 % level of Significance (Table-1).

**Table-1. Reliability of Measurements (N=205)**

Variables	Items	Cronbach alpha
Employee Retention	8	0.704
Employee Productivity	8	0.791
Organizational Performance	8	0.854
Total	24	0.808

### ***IV. Results and Discussion***

Table-2 gives the information regarding the gender. Out of total 205 respondents 179 are male and 26 are female who participants in this study. Table-2 further reveals the information about the respondents' age brackets. Out of 205 respondents 28.3% have age bracket between 20-25 years old, 89 are in between 26-30 years old, whereas, 35 respondents have the age limit 31-35 years and only 23 respondents have age more than 35 years. So, more than one third respondents have the age bracket 26-30 years old.

**Table- 2. Frequency Distribution W R T "Gender and Age"**

Gender	Frequency	Percentage	Age	Frequency	Percentage
Male	179	87.3	20-25	58	28.3
Female	26	13.7	26-30	89	43.4
			31-35	35	17
			> 35	23	11.3
Total	205	100.0	Total	205	100.0

**Table-3. Multiple Regression Analysis**

Variables	$\beta$	S.E	t- value	Sig	F-Stat	Sig	R <sup>2</sup>	Adj. R <sup>2</sup>
Constant	.346	.141	2.46	.015	762.652	.000	0.553	0.534
Employee Retention	.735	.024	39.03	.000				
Employee Productivity	.218	.028	4.63	.029				

Dependent variable: Organizational performance

Multiple regressions are applied to check the significance of employee retention as well as employee productivity relevant to organizational performance. In the above Table-3 regression analysis depicts that there is positive and significant relationship among dependent and independents variables. R-square gives the information of goodness and fitness of the model that is 0.553, it means employee retention and employee productivity contributes 55% in the performance of organization. The results indicate that the overall model is statistically significant at 95% confidence level as well as on individual bases. The regression coefficient of employee retention is 0.735, which is argued that the organizational performance is most sensitive for employee retention. Thus, employee's retention variable contributes 73% a change to the organizational performance. The employee productivity is also statistically significant and it affects organizational performance. This validates both hypotheses H<sub>1</sub> (Employee Retention is positively related to organizational level of performance) and H<sub>2</sub> (Employee Productivity is positively linked with the Organizational level of performance). Furthermore, the results of the present study are relevant to the results evaluated by Guthrie, (2001) employee retention has positive effect on organizational performance. Irene and Kaiser, (2004) found that employee productivity is essential in term of objectivity, career advancement and employee satisfaction to the job. Harter, Schmidt and Hayes, (2002) argued that there is significant relationship between employee productivity and organizational performance.

#### **V. Conclusion and Recommendations**

The results concern to this study provide the managerial professionalism which can be linked with the systems and its implementation is important for supporting the employees who belong to good environments and reveal that how can the system become more influential for the employees outcomes in terms of employee retention, productivity of employees for organizational performance and better outcomes. The employees' outcomes can serve as a valuable predictor to the employee satisfaction for organization. It is compulsory that study is relevant to significant relationships to the employees retention, employees productivity concerning to organizational performance and outcomes. Employee retention as well as employee productivity is significantly related to organizational performance. On the basis of findings of the study strategies which are recommended for improvements, management must select on the basis of sincerity as well as parental behavior corresponding to the employees and this will create feelings of ownership. So, it is suggested that HR professionals should be considered for providing the initiatives for identification that is helpful in retaining employees to organizational performance. It is furthermore recommended that serious and sincere efforts be concerned to enhance productivity for the Oil & Gas Sector of Pakistan. Improvement relevant to productivity is essential parameter of the performance of Oil & Gas Sector of Pakistan. The organizational employees can be better motivated for collection of ending results for that it is also important for assuring their participation and activity in the Oil & Gas Sector of Pakistan's. The main limitation to this study is that only one sector is selected for primary data collection and this work focused only on two HR practices that may include (employee productivity and also employee retention), furthermore other HR practices could be evaluated that may include the job satisfaction, and job involvement, along with motivation, as well as correlations to the organizational commitment, for better turnover objectivity. Furthermore, the research study could be performed concerning to variety of organizations and sectors and further more the skilled and unskilled level of employees should be taken into consideration for better analysis.

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