

4th International Conference on Leadership, Technology, Innovation and Business Management

Total Rewards and Retention: Case Study of Higher Education Institutions in Pakistan

Ch. Shoaib Akhtar^a, Alamzeb Aamir^b, Muhammad Adnan Khurshid^c, Muhammad Moinuddin Qazi Abro^d, Jawad Hussain^e, a*

^{ae} *Universiti Teknologi Malaysia, Johor Bahru, Johor, 81310, Malaysia*

^{bcd} *King Saud University, Riyadh, Saudi Arabia*

Abstract

Societies expect that higher education systems contribute to the overall development, but this development depends upon qualified and competent staff of the higher education institutions. Retaining this resource is of utmost importance for higher educational institutions. However, higher educational institutions are finding it hard to retain competent and qualified faculty in the face of competition from the industry. Retention is becoming a big dilemma for developing countries. The present study investigates the relationship between total reward and retention of faculty members in higher education institutions in Pakistan. The data was collected from the faculty members of 10 universities located in the twin cities of Islamabad and Rawalpindi, Pakistan. Analysis was done on SPSS version 21. The results indicate a strong and positive relationship and influence of total reward on retention. The study is significant for the top management of the universities who are facing retention problems. The results could provide them with guidelines regarding total reward strategies and how they can be used for retaining of talented faculty members. Future recommendations have also been provided for the researchers interested in the area.

Keywords: Total rewards, Retention, Higher education institution, Pakistan

© 2015 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the International Conference on Leadership, Technology, Innovation and Business Management

1. Introduction

With massive technological changes happening at the work place, the focus of attention has been on knowledge workers to meet the changing needs of the society (Holbeche, 2009; Kuruvilla and Ranganathan, 2010). To attain competitive advantage, organizations are more concerned with the skills and the quality of their employees to ensure sustained performance (Harvey, 2009; Reiche, 2007) and retaining capable and quality employees are becoming the top strategic policy issue for many organizations (Heinan and O'Neill, 2004; Bersin, 2008; Holbeche, 2009). Literature is full of empirical researches indicating that organizations adopt various policies and strategies to retain employees (Sheridan, 1992; Pamela, 2003; Samuel and Chipunza, 2009; Price, 2003; Holland, et al., 2007; Hom, et al., 2008). One strategy that has been adopted in recent times is that of total rewards, which aims to maximize the

* Corresponding author. Tel. + 60-137411139

E-mail address: sachaudhry2@live.utm.my; csakhtar@gmail.com

combined effect of wide range of reward elements on motivation and commitment, and embraces all that employees value in their employmentship (Sweeney and Mcfarlin, 2005; Anku-Tsede and Kutin, 2013; Cao, et al., 2013; Kaplan, 2007; Armstrong, 2009). Total rewards includes the traditional pay and benefits employees receive as part of their employment, as well as other programs that help make the work experience more fulfilling that is work-life balance, career mobility, acknowledgement etc. (Cao, et al. 2013; Durrani & Singh, 2011; Medcof & Rumpel, 2007).

There are contradictory views as to the effectiveness of monetary rewards. Researches point out that employees in general and more experienced employees specifically are motivated through non-financial rewards like work life balance, personnel appreciation, challenging tasks, special projects etc. (Jeffords et al., 1997; Hytter, 2007; Zahra, et al. 2013). Thus, organizations are engaged in developing innovative compensation packages that not only includes financial benefits but also non-financial benefits to attract and retain employees (Gibson & Tesone, 2001; Muralidharan & Sundararaman, 2011; Zingheim & Schuster, 2007; Milkovich & Newman, 2008, Chen & Hsieh, 2006; Armstrong & Murlis, 2004). However, compensation packages in form of total rewards are tied skills and capabilities of individuals rather than experience in modern knowledge based economy (Chen & Hsieh, 2006; Bates, 2004).

Retention is not only problem for profit oriented organizations but not for profit organizations such as universities are also facing the dilemma of retaining capable and qualified academic staff. The internationalization of education has made higher education institutions competitive in their respective fields. Universities are in run for skilled staff with attractive reward packages. High quality academic staffs are the corner stone of any successful educational institution, as these are the highest source of knowledge and awareness production institutions in the country (Khalid, Irshad, and Mahmood, 2012). Previous researches highlight that academic staff focus more on their intrinsic satisfaction than extrinsic (Wu and Short, 1996; Place, 1997). However, research also emphasizes that both intrinsic and extrinsic satisfaction predict satisfaction of academic staff (Dvorak and Philips, 2001).

The present study investigates the relationship between total rewards and employee retention in the higher education institutions of Pakistan. Pakistan is a developing country and relies heavily on human capital prepared by higher education institutions. In Pakistan higher education system is highly competitive with more than 135 institutions in public and private sector are competing for the students and funding. In this scenario, having a capable, qualified and skilled academic staff on their payroll not only enhances their prestige and ranking in the country but also helps them enrol more students and be competitive. However, these educational institutions are competing among themselves as well as with the industry to attract and retain qualified employees. According to an estimate there is approximately 9 percent turnover of teaching staff in higher education institutions especially public sector universities. Thus, retention presents a huge problem for many higher education institutions in Pakistan, and is true for many developing countries as well. Previous researchers have highlighted that to increase the retention of employees, it is imperative to understand the behaviour and attitude of employees (Muller, et al. 2009). However, the studies that have been conducted in relation to higher education institutions faculty retention are scant in developing countries (Ghaffar, et al., 2013). Thus, present study is an attempt to bridge the gap by discussing total rewards and retention in a developing country context.

2. Literature Review And Hypotheses

2.1. Total Rewards

The main purpose of introducing reward system in an organization is to attract and retain qualified and competent employees and to control costs associated with repeated recruitments (Bergman and Scarpello, 2002; Asinoff, 2006; Milkovich and Newman, 2008). In this scenario, total rewards not only helps in retention but also motivates employees through a continuous process of psychological, sociological, economic and political exchanges (Gross and Friedman, 2004; Bergmann and Scarpello, 2002). Milkovich and Newman (2008) have suggested that pay plans associated with employee behavior would result in better individual and organizational performances. The employee behavior is linked to the reciprocal relationship that exists between employee and organization and the compensation system provides the basis for this exchange relationship. Chen and Hsieh (2006) have highlighted that in traditional reward system motivation remained a critical issue mainly due to seniority or length of service focus, which formed the criteria of rewards.

Total reward concept was first provided by the classical economist Adam Smith, who included pay, responsibility of results, learning difficulties, job protection and willingness to work (Armstrong, 2012) in total reward. Replicating Adma Smith's wisdom, Jiang et al (2009) have recently mentioned that the concept of compensation or total

Download English Version:

<https://daneshyari.com/en/article/1108117>

Download Persian Version:

<https://daneshyari.com/article/1108117>

[Daneshyari.com](https://daneshyari.com)